

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

TERI O'CONNOR
NJAC President
Monmouth County Administrator

JOHN G. DONNADIO, ESQ.
Executive Director

STATE HOUSE NEWS

November 23, 2022

CIVIL SERVICE REFORMS

NJAC and county officials from across the State certainly appreciate the original intent of the protections afforded public sector workers under the State's civil service system; however, the Civil Service Commission (CSC) has transformed into an overly burdensome and outdated bureaucracy that prevents the effective and efficient operation of government. With additional details to follow shortly, the rules, regulations, and directives imposed on local governments as employers by CSC present enormous challenges in the hiring, promoting, transferring, and disciplining of public sector employees. Moreover, as the State of New Jersey continues to struggle with controlling the highest property taxes in the land, CSC rules, regulations, and directives disincentivize the regionalization and sharing of services as meaningful strategies for saving valuable taxpayer dollars.

Although initially established to create fair and equal opportunities for all employees, public sector workers in the Garden State now enjoy multilayered and unparalleled protections through the collective bargaining process, the Public Employment Relations Commission (PERC), the "Workplace Democracy Enhancement Act," several layers of paid leave laws, and countless other workplace protections. With this in mind, NJAC submits that county and municipal governments should have the ability to opt-out of civil service and the provisions of Title 11A provided that the governing body in a county or municipality passes a resolution to opt-out accordingly and the decision is supported by the majority of the voters in the county or municipality as a binding referendum question at a General Election.

Regardless of whether a county or municipality forgoes adopting such a resolution or voters in a county or municipality do not support the binding referendum question, NJAC is urging the Executive Branch, State Legislature, and CSC to enact the following fair and reasonable changes as the time has come to streamline and modernize the State's civil service system. In summary, these recommendations as presented by county administrators, counsels, personnel directors, and elected officials from across the State, include: conducting regional and localized testing; improving the open competitive and promotional process; extending appointments for temporary seasonal employees; expanding the working test period; modifying disciplinary review appeals and special reemployment lists; and, eliminating reconciliation plans and bumping rights.

HEALTH BENEFIT INCREASES

Earlier this month, NJAC, *the New Jersey State League of Municipalities (NJLM)*, *New Jersey Conference of Mayors (NJCM)*, *New Jersey Urban Mayors Association (NJUMA)*, *New Jersey Municipal Management Association (NJMMA)*, *Government Finance Officers Association of New Jersey (GFOA)*, *New Jersey Association of County Finance Officers (NJACFO)*, *New Jersey Association of County Administrators (NJACA)*, *New Jersey Association of County and City Health Officials (NJACCHO)*, *THE Southern New Jersey County Commissioners Association (SNJCCA)*, *AND Constitutional Officers Association of New Jersey (COANJ)* urged Governor Murphy to provide immediate financial relief for the estimated \$350,000,000.00 in local health benefit cost increases as approved by the State Health Benefits Commission (SHBC) in September or face certain property tax rate hikes, cuts in essential services, and the furlough or layoff of public employees.

As has been widely reported, the Administration and public sector labor unions representing most State employees reached an agreement whereby State employees will see health benefit rate increases of only 3% with the State to absorb the additional costs. Unfortunately, the agreement does not include counties and municipalities participating in the State Health Benefits Program (SHBP) nor has the State changed the plan design to achieve any savings at the local level. Moreover, it does not appear as if the Administration did not extend the open enrollment period despite pleas from local government officials and labor unions Without any immediate relief from the Administration with borrowed or federal monies held in reserve for emergencies such as this, property taxpayers should expect to see even greater increases in their tax bills in the coming year.

Importantly, any immediate relief must be accompanied by long-term structural reforms enacted by the State Legislature such as adopting referenced based pricing to effectively manage costs, incentivizing employees to select lower cost plan designs, modifying co-pays for specialists and urgent care to further reduce long-term expenses, and implementing other innovative cost containment measures. Given this year's rate approval process, the Legislature must also provide local governments with a voice on the SHBC as it would undoubtedly improve the Commission's responsibility to report annual rate hikes to all stakeholders in a more accurate, transparent, and timely manner.

LOCAL EMPLOYER PENSION OBLIGATIONS INCREASE

In addition to unprecedented health benefit insurance rate hikes of up to 24% for local governments participating in SHBP as noted above, local government employers are also facing double digit pension contribution rate increases.

As reported last month, the Division of Pension and Benefits recently released the local government employer pension contribution rates for 2023 at 17.11% for employees enrolled in the Public Employees Retirement System (PERS) and 36.51% for employees enrolled in the Police and Fireman's Retirement System (PFRS). These numbers equate to an unsustainable

increase of 10% at the countywide. As an example, for a public employee enrolled in PERS earning \$100,000.00 per year, a local government is responsible for paying \$17,110.00 in retirement benefits in 2023, which is a significant increase from the 15.98% paid in 2022 but does not include employee health or other fringe benefits that place the overall cost at an estimated \$150,000.00. For a public employee enrolled in PFRS, the cost increases to \$36,510.00 on a \$100,000.00 salary and easily tops \$175,000.00 per year with health and other fringe benefits. The employer pension contribution rate for PFRS also increased in 2023 as noted above from 33.25% in 2022.

Although NJAC appreciates the fact that Governor Murphy and the State Legislature fully funded the pension systems during the past two budget cycles for the first time in 25 years, counties, municipalities, and property taxpayers continue to suffer from the States longstanding mismanagement and underfunding of the systems since 1996. Despite fulfilling their fiduciary duties for more than a decade, local governments across the State will once again experience substantial increases in total employer pension contributions as summarized in the tables and footnotes below. Although the annual increases may, in part, be explained by underperforming investments, a reduction in the assumed rate of return for long-term investments, and other relevant factors, NJAC contends that the State continues to use local property taxpayer dollars to subsidize the massive unfunded accrued liability it created.

TABLE 1 - COUNTY GOVERNING BODY PERS CONTRIBUTIONS 2023

COUNTY	2022 NORMAL COST ¹	2022 UNFUNDED LIABILITY ²	2022 TOTAL PENSION ³	2023 NORMAL COST	2023 UNFUNDED LIABILITY	2023 TOTAL PENSION
Atlantic	924,652	6,359,768	7,284,420	1,238,463	6,540,626	7,779,089
Bergen	1,826,659	12,563,783	14,390,442	2,502,882	13,218,332	15,721,214
Burlington	899,593	6,187,412	7,087,005	1,216,048	6,422,246	7,638,294
Camden	1,280,397	8,806,583	10,086,980	1,696,825	8,961,346	10,658,171
Cape May	693,626	4,770,768	5,464,394	931,854	4,921,350	5,853,204
Cumberland	491,328	3,379,356	3,870,684	654,343	3,455,746	4,110,089
Essex	2,969,391	20,423,493	23,392,884	4,151,891	21,927,157	26,079,048
Gloucester	999,624	6,875,421	7,875,045	1,484,075	7,837,761	9,321,836
Hudson	2,218,839	15,261,200	17,480,039	3,079,528	16,263,745	19,343,273
Hunterdon	401,692	2,762,842	3,164,534	550,035	2,904,872	3,454,907
Mercer	1,213,872	8,349,027	9,562,899	1,597,513	8,436,858	10,034,371
Middlesex	1,537,229	10,573,080	12,110,309	2,037,945	10,762,888	12,800,833
Monmouth	1,898,114	13,055,247	14,953,361	2,547,580	13,454,393	16,001,973
Morris	1,237,593	8,512,176	9,749,769	1,702,653	8,992,129	10,694,782
Ocean	1,678,429	11,544,253	13,222,682	2,389,389	12,618,949	15,008,338
Passaic	1,438,032	9,890,799	11,328,831	1,960,205	10,352,322	12,312,527
Salem	254,885	1,753,103	2,007,988	373,796	1,974,107	2,347,903
Somerset	1,137,642	7,824,714	8,962,356	1,546,673	8,168,359	9,715,032
Sussex	402,086	2,765,554	3,167,640	554,074	2,926,200	3,480,274
Union	1,407,839	9,683,131	11,090,970	1,884,782	9,953,995	11,838,777
Warren	383,207	2,635,702	3,018,909	519,716	2,744,750	3,264,466

FOOTNOTES - TABLE 1

1. "Normal Cost" represents the present value of benefits that have accrued on behalf of the members during the valuation year.
2. "Unfunded Liability" consists of the employer's share of the pension system's total unfunded actuarial liability amortized over a 30-40 year period. The unfunded actuarial liability of a retirement system at any time is the excess of the system's actuarial liability over the value of its assets. An unfunded actuarial liability can either be generated or increased in a number of ways, including enhancements to the pension benefits payable or the occurrence of actuarial losses. Actuarial gains or losses occur when actual experience of the system differs from the actuarial assumptions used to project the pension system funding requirements.
3. "Total Pension" equals the sum of the normal cost and unfunded liability but do not include NCGI, Chapter 19, ER1, ER2, ER3 payments, and retroactive contract settlement costs, all of which increase total contributions. Additionally, the figures do not include the pension payments by the following county governmental system entities, which may be funded in whole, or in part, by the county governing body and of which substantially increase the numbers accordingly: county improvement authorities, special services school districts, utility authorities, vocational schools, welfare boards, board of social services, housing authorities, soil conservation districts, AVA commissions, educations services commissions, pollution control, county colleges, bridge commissions, economic development corporations, regional health commissions, and mosquito extermination commissions.
4. All figures and definitions may be found on the website of the New Jersey Division of Pension and Benefits at www.state.nj.us/treasury/pension

TABLE 2 - COUNTY EMPLOYER PERS INCREASES 2023

COUNTY	NORMAL COST \$ INCREASE ⁴	NORMAL COST % INCREASE ⁵	UNFUNDED LIABILITY \$ INCREASE	UNFUNDED LIABILITY % INCREASE	TOTAL CONTRIBUTION \$ INCREASE	TOTAL CONTRIBUTION % INCREASE
Atlantic	313,811	33.9%	180,858	2.8%	494,669	6.8%
Bergen	676,226	37.0%	654,549	5.2%	1,330,772	9.2%
Burlington	316,455	35.2%	234,834	3.8%	551,289	7.8%
Camden	416,428	32.5%	154,763	1.8%	571,191	5.7%
Cape May	238,228	34.3%	150,582	3.2%	388,810	7.1%
Cumberland	163,015	33.2%	76,390	2.3%	239,405	6.2%
Essex	1,182,500	39.8%	1,503,664	7.4%	2,686,164	11.5%
Gloucester	484,451	48.5%	962,340	14.0%	1,446,791	18.4%
Hudson	860,689	38.8%	1,002,545	6.6%	1,863,234	10.7%
Hunterdon	148,343	36.9%	142,030	5.1%	290,373	9.2%
Mercer	383,641	31.6%	87,831	1.1%	471,472	4.9%
Middlesex	500,716	32.6%	189,808	1.8%	690,524	5.7%
Monmouth	649,466	34.2%	399,146	3.1%	1,048,612	7.0%
Morris	465,060	37.6%	479,953	5.6%	945,013	9.7%
Ocean	710,960	42.4%	1,074,696	9.3%	1,785,656	13.5%
Passaic	522,173	36.3%	461,523	4.7%	983,696	8.7%
Salem	118,911	46.7%	221,004	12.6%	339,915	16.9%
Somerset	409,031	36.0%	343,645	4.4%	752,676	8.4%
Sussex	151,988	37.8%	160,646	5.8%	312,634	9.9%
Union	476,943	33.9%	270,864	2.8%	747,807	6.7%
Warren	136,509	35.6%	109,048	4.1%	245,557	8.1%

FOOTNOTES - TABLE 2

1. "\$ Increase" generally means the dollar amount increase in contributions from 2022 to 2023.
2. "% Increase" generally means the percentage increase in contributions from 2022 and 2023.
3. All figures and definitions may be found on the website of the New Jersey Division of Pension and Benefits at www.state.nj.us/treasury/pension.

TABLE 3 - COUNTY GOVERNING BODY PFRS CONTRIBUTIONS 2023

COUNTY	2022 NORMAL COST ¹	2022 UNFUNDED LIABILITY ²	2022 TOTAL PENSION ³	2023 NORMAL COST	2023 UNFUNDED LIABILITY	2023 TOTAL PENSION
Atlantic	2,622,283	5,760,380	8,382,663	3,071,260	6,343,820	9,415,080
Bergen	6,998,564	15,373,771	22,372,335	8,204,120	16,945,961	25,150,081
Burlington	1,621,784	3,562,579	5,184,363	1,838,149	3,796,775	5,634,924
Camden	6,624,280	14,530,869	21,145,149	7,600,552	15,699,267	23,299,819
Cape May	1,156,109	2,539,629	3,695,738	1,419,615	2,932,276	4,351,891
Cumberland	1,353,073	2,972,302	4,325,375	1,337,122	2,761,883	4,099,006
Essex	9,014,307	19,801,762	28,816,069	10,448,146	21,581,093	32,029,239
Gloucester	1,403,522	3,051,422	4,454,944	1,611,229	3,328,063	4,939,292
Hudson	5,419,660	11,905,388	17,325,048	6,735,604	13,912,679	20,648,283
Hunterdon	341,931	751,121	1,093,052	407,411	841,524	1,248,934
Mercer	3,192,174	7,012,262	10,204,436	3,475,217	7,178,210	10,653,428
Middlesex	3,902,007	8,571,555	12,473,562	4,408,423	9,105,786	13,514,209
Monmouth	4,837,377	10,586,199	15,423,576	5,590,693	11,547,816	17,138,509
Morris	2,335,593	5,130,605	7,466,198	2,772,085	5,725,862	8,497,948
Ocean	3,465,922	7,613,605	11,079,527	4,141,597	8,554,647	12,696,246
Passaic	5,371,756	11,800,158	17,171,914	6,251,173	12,912,066	19,163,240
Salem	1,279,542	2,810,773	4,090,315	1,605,135	3,315,476	4,920,611
Somerset	1,877,489	4,124,288	6,001,777	2,197,775	4,539,598	6,737,373
Sussex	771,926	1,695,694	2,467,620	866,028	1,788,817	2,654,845
Union	5,019,071	11,025,413	16,044,484	4,965,889	10,257,256	15,223,143
Warren	688,482	1,512,392	2,200,874	798,664	1,649,675	2,448,339

FOOTNOTES - TABLE 3

1. "Normal Cost" represents the present value of benefits that have accrued on behalf of the members during the valuation year.
2. "Unfunded Liability" consists of the employer's share of the pension system's total unfunded actuarial liability amortized over a 30-40-year period. The unfunded actuarial liability of a retirement system at any time is the excess of the system's actuarial liability over the value of its assets. An unfunded actuarial liability can either be generated or increased in a number of ways, including enhancements to the pension benefits payable or the occurrence of actuarial losses. Actuarial gains or losses occur when actual experience of the system differs from the actuarial assumptions used to project the pension system funding requirements.
3. "Total Pension" equals the sum of the normal cost and unfunded liability but do not include NCGI, Chapter 19, ER1, ER2, ER3 payments, and retroactive contract settlement costs, all of which increase total contributions. Additionally, the figures do not include the pension payments by the following county governmental system entities, which may be funded in whole, or in part, by the county governing body and of which substantially increase the numbers accordingly: county improvement authorities, special

services school districts, utility authorities, vocational schools, welfare boards, board of social services, housing authorities, soil conservation districts, AVA commissions, educations services commissions, pollution control, county colleges, bridge commissions, economic development corporations, regional health commissions, and mosquito extermination commission.

4. All figures and definitions may be found on the website of the New Jersey Division of Pension and Benefits at www.state.nj.us/treasury/pension

TABLE 4 - COUNTY EMPLOYER PFRS INCREASES 2023

COUNTY GOVERNING	NORMAL COST \$ INCREASE ⁴	NORMAL COST % INCREASE ⁵	UNFUNDED LIABILITY \$ INCREASE	UNFUNDED LIABILITY % INCREASE	TOTAL CONTRIBUTION \$ INCREASE	TOTAL CONTRIBUTION % INCREASE
Atlantic	448,977	17.1%	583,440	10.1%	1,032,417	12.3%
Bergen	1,205,556	17.2%	1,572,190	10.2%	2,777,746	12.4%
Burlington	216,365	13.3%	234,196	6.6%	450,561	8.7%
Camden	976,272	14.7%	1,168,398	8.0%	2,154,670	10.2%
Cape May	263,506	22.8%	392,647	15.5%	656,153	17.8%
Cumberland	-15,951	-1.2%	-210,419	-7.1%	-226,369	-5.2%
Essex	1,433,839	15.9%	1,779,331	9.0%	3,213,170	11.2%
Gloucester	207,707	14.8%	276,641	9.1%	484,348	10.9%
Hudson	1,315,944	24.3%	2,007,291	16.9%	3,323,235	19.2%
Hunterdon	65,480	19.2%	90,403	12.0%	155,882	14.3%
Mercer	283,043	8.9%	165,948	2.4%	448,992	4.4%
Middlesex	506,416	13.0%	534,231	6.2%	1,040,647	8.3%
Monmouth	753,316	15.6%	961,617	9.1%	1,714,933	11.1%
Morris	436,492	18.7%	595,257	11.6%	1,031,750	13.8%
Ocean	675,675	19.5%	941,042	12.4%	1,616,719	14.6%
Passaic	879,417	16.4%	1,111,908	9.4%	1,991,326	11.6%
Salem	325,593	25.4%	504,703	18.0%	830,296	20.3%
Somerset	320,286	17.1%	415,310	10.1%	735,596	12.3%
Sussex	94,102	12.2%	93,123	5.5%	187,225	7.6%
Union	-53,182	-1.1%	-768,157	-7.0%	-821,341	-5.1%
Warren	110,182	16.0%	137,283	9.1%	247,465	11.2%

FOOTNOTES - TABLE 4

1. "\$ Increase" generally means the dollar amount increase in contributions from 2022 to 2023.
2. "% Increase" generally means the percentage increase in contributions from 2022 and 2023.
3. All figures and definitions may be found on the website of the New Jersey Division of Pension and Benefits at www.state.nj.us/treasury/pension.

FIRST RESPONDER PTSD PROTECTIONS

On November 21st, the General Assembly passed by a vote of 74-0 **A-2886** (*Moen D-5/Stanley D-18*), which would establish employment protections for paid first responders who are diagnosed with certain cases of work-related post-traumatic stress disorder (PTSD).

Under the bill, an employer would be prohibited from discharging, harassing, or otherwise discriminating against an employee, or threatening to do so, with respect to the compensation, terms, conditions, duties, or privileges of employment on the basis that the employee took or

requested any leave related to a qualifying diagnosis of PTSD. The bill would require a licensed physician or licensed mental health professional to determine that the PTSD diagnosis arose as a direct result of the employee experiencing or witnessing a traumatic event during and within the scope of the performance of regular or assigned duties of the employee; or, due to vicarious trauma experienced by the employee as a direct result of the performance of regular or assigned duties of the employee. The measure would provide that if an employer violates its provisions, an employee or former employee would be authorized to institute a civil action in Superior Court with the following relief: an assessment of a civil fine of \$5,000 and \$10,000 for each subsequent violation; an injunction to restrain the continued violation of any of the provisions of the bill; reinstatement of the employee to the same position or to a position equivalent to that which the employee held prior to unlawful discharge or retaliatory action; reinstatement of full fringe benefits and seniority rights; compensation for any lost wages, benefits and other remuneration; and payment of reasonable costs and attorney's fees.

The legislation would define “a “first responder” to include a law enforcement officer, paid firefighter, or paid member of a duly incorporated first aid, emergency, ambulance, rescue squad association, emergency medical technicians, paramedics, and 9-1-1 first responder dispatchers. Additionally, the legislation would define “law enforcement officer” is defined in the bill as a person employed as a permanent full-time member of any federal, State, county or municipal law enforcement agency, department, or division of those governments who is statutorily empowered to act for the detection, investigation, arrest, conviction, detention, or rehabilitation of persons violating the criminal laws of this State or of the United States and statutorily required to successfully complete a training course approved by the Police Training Commission or certified by the commission as being substantially equivalent to an approved course. The Senate companion version **S-703** (*Beach D-5/Greenstein D-14*) is currently on Second Reading in the Senate.

CERTIFIED COPIES OF DEATH CERTIFICATES

On November 21st, both houses unanimously passed and sent to the Governor **A-2002** (*Conaway D-7/Jimenez D-32*)(*Pou D-35*), which would require the State registrar in the Department of Health (DOH) to permit a county surrogate upon request, and on behalf on an authorized person, to have access to the necessary vital statistic records in order for the county surrogate to provide a certified copy of a death certificate to the authorized person.

The bill would require the authorized to be otherwise engaged in receiving services provided by the requesting county surrogate. Under current law, an authorized person includes the following: the parent, legal guardian or other legal representative of the subject of that record; the subject's spouse, child, grandchild or sibling, if of legal age, or the subject's legal representative; an agency of State or federal government for official purposes; a person possessing an order of a court of competent jurisdiction; or a person who is authorized under other emergent circumstances as determined by the commissioner. The bill would further clarify that an authorized person may obtain a certified copy of a death certificate from a county surrogate upon request. Governor Murphy is expected to sign the measure into law.

UPCOMING NJAC EVENTS

Don't miss NJAC's Summit on Human Trafficking set for December 16th at the Trenton Country Club in West Trenton. Registration is free for public officials, but space is limited, so make sure to visit our website at www.njac.org for additional details.

TOP 10 BEST THANKSGIVING FOODS OF ALL TIME!

- 10) Real Cranberry sauce
- 9) Sauteed mushrooms and onions
- 8) Lumpy brown gravy
- 7) Fluffy banana cream pie
- 6) Turkey drumsticks with crispy skin
- 5) Garlic mashed potatoes
- 4) Toasted buttermilk biscuits
- 3) Homemade Manicotti
- 2) Stuffing with chorizo sausage
- 1) Antipasto platter with sopressata, prosciutto, peperoni, wet mozzarella, provolone, asiago, roasted peppers, olives, and green stuffed peppers with provolone and prosciutto

DISHONORABLE MENTION TERRIBLE THANKSGIVING FOODS: Yams, sweet potatoes, creamed corn, creamed string beans, any roasted green vegetable, cauliflower macaroni and cheese, pecan pie, and my Uncle Joe's undercooked turkey and stuffing in 1986 that gave me food poisoning for 72 brutal hours.

BONUS SECTION ON THINGS TO AVOID AT ALL COSTS ON THE DAY AFTER THANKSGIVING: Decorating the entire house for Christmas way too early; playing cards or board games or spending any additional time with family members that may have slept over and stayed just a minute too long even though you really do love them most of the time but so much more when they're not home; and, sharing your opinion that it should not have taken until the end of the awful Christmas Hallmark movie for these ridiculous people to hook up under the mistletoe in front of their cheering great grandparents and other long lost relatives and that the world famous supermodel should have stayed with her rich and handsome fiancé in the big city instead of cheating on him with the broke brew master, candlemaker, glassblower, or down on his luck handyman in her run down hometown that she left decades ago.

"Thanksgiving is an emotional time. People travel thousands of miles to be with the people they only see once a year. And then discover that once a year is way too often."

Johnny Carson

