

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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HEALTH BENEFIT INCREASES

Earlier this month, NJAC and the New Jersey State League of Municipalities (NJLM) met with Administration officials to discuss the September 13th decision of the State Health Benefits Committee (SHBC) to approve unprecedented health benefit insurance rate hikes of up to 24% for local governments participating in the State Health Benefits Program (SHBP).

Although we appreciate the meeting, NJAC is urging the Administration to use American Rescue Plan Act (ARPA) monies or other unrestricted reserve or surplus funds to temporarily offset the extraordinary increases as the Administration should provide the same relief that was granted to State employees to local governments, property taxpayers, and local government employees already struggling to make ends meet. As you may recall, 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. This agreement does not include counties and municipalities participating in the SHBP for reasons we're still not clear about. NJAC is also urging the Administration to extend the open enrollment period set to expire on October 30th for an additional 30 days as it will provide counties and towns with additional time to educate employees on the pending increases and the opportunity for employees to choose less expensive plans. It will also provide local governments with the opportunity to shop around.

Importantly, any immediate relief must be accompanied by long-term structural reforms such as adopting referenced based pricing to effectively manage costs, incentivizing employees to select lower cost plan designs, and modifying co-pays for specialists and urgent care to further reduce long-term expenses. Additionally, NJAC strongly supports **S-3033** (*Ruiz D-29/Sarlo D-36*), which would appoint county and municipal officials to the SHBC as management does not currently have a voice on the Commission and it most certainly should - particularly in the light of this year's rate approval process where our members remain alarmed with the Commission's lack of transparency, accountability, and foresight to accurately project substantial rate increases with such far reaching consequences. Without any immediate relief and long-term structural reforms, NJAC is advising members to leave SHBP if feasible. **S-3033** is currently in Senate State Government, Wagering, Tourism and Historic Preservation Committee awaiting consideration with the companion version **A-4552** (*Pintor Marin D-29*) in the Assembly State and Local Government Committee.

CLAIMS EXPERIENCE DATA

On October 13th, the Senate State Government, Wagering, Tourism, and Historic Preservation Committee amended and favorably reported **S-3049** (*Beach D-6/Greenstein D-14*), which would require the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) to provide public employers with claims experience data.

NJAC supports this important and timely initiative as the SHBP provides participating local government employers with only one claims experience report each year and charges an estimated \$2,000 for additional reports. Moreover, the data provided is not utilization specific, so employers never know what's driving costs or how to mitigate the damages. In general, this legislation would require claims experience data to include: a medical claims summary report by classification; the top 50 drugs or medicines that require a doctor's prescription by total number dispensed; the top 50 drugs or medicines that require a doctor's prescription by total dollars paid; the number and type of ongoing maintenance prescriptions by mail order and retail; the prescription utilization summary; the prescription executive summary report; the prescription trend performance summary for each plan design; and a prescription key performance indicator report.

Current law requires the SHBP to issue claims experience data only in a manner that complies with the privacy requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and related regulations. As such, the bill would further specify that no information would be released in such form as to result in the identification of an individual or in such form as to adversely affect personal privacy rights. **S-3049** is on Second Reading in the Senate with the companion version **A-4670** (*Lopez-D19*) in the Assembly State and Local Government Committee.

LOCAL EMPLOYER PENSION OBLIGATIONS INCREASE

Someday, somewhere, I'll write about something positive, but to make matters worse for now, 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).

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. As we've done for the past two years, NJAC will provide an overview of where each county stands in terms of the annual percentage increases in overall pension obligations that appear to range between 6% - 18%

Although NJAC certainly 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. 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.

MANDATORY VACCINATIONS FOR COUNTY CORRECTIONAL POLICE OFFICERS

NJAC and the New Jersey County Jail Wardens Association (NJCJWA) are urging Governor Murphy to rescind Executive Order No. 283, which in part, requires all employees, contractors, and others working in county correctional facilities to demonstrate that they have received their COVID-19 vaccinations and booster shots or face possible termination.

As county jails across the State continue to struggle with double digit job vacancy rates, overtime costs, employee leave challenges, and ongoing COVID-19 vaccination and testing related expenses no longer imposed on teachers, school staff, and state workers pursuant to Executive Order No. 302, morale among county correctional police officers has plummeted and it has become even more challenging to attract, hire, and train new candidates for the job. Moreover, the requirements of EO 283 have only served to make an already untenable situation at the county jails far worse with the termination, retirement, and transfer of additional officers. Both associations have all along objected to the fact that EO 283 inequitably mandated the vaccination and booster of officers charged with a duty to serve and protect the public but did not require the vaccination of those incarcerated or of local law enforcement officers responsible for transporting prisoners to the county jails for processing. For the reasons set forth above, NJAC and NJCJWA are urging the Governor to rescind EO 283, so that the county jails may operate more effectively, efficiently, and safely.

ELECTRIFICATION OF BOILERS

NJAC recently sent letters of support to the sponsors of **S-2671/A-3935** (*Gopal D-11/Schepisi R-39*)(*Moriarty D-4*), which would prohibit any State agency from adopting rules and regulations that mandate the use of electric heating systems or electric water systems as the sole or primary means for heating or providing hot water to buildings.

As previously reported, regulations set to take effect at the end of this year as promulgated by the New Jersey Department of Environmental Protection (DEP) and part of Governor Murphy's Energy Master Plan (EMP), will require the electrification and necessary facility retrofitting of boilers with 1 MMBTUs or greater in every building in the State of New Jersey beginning on January 1, 2025. In addition to apartment complexes, educational institutions, commercial properties, and more, the proposed regulations will impact 195 county-owned facilities across

the State. According to an example provided by the Fuel Merchants Association of New Jersey (FMANJ), the regulations will cost an estimated \$2.0 million for the owner of a building to replace a 1.5 MMBTU natural gas boiler with an electric boiler as the owner will need to make an initial capital investment and then conduct *“a complete retrofit of the building, which includes dedicating an autonomous electric source, demolishing the existing boiler, increasing ampacity, and installing switch gears and transformers.”*

As a recent example, NJ Transit spent \$3.25 million to retrofit a bus garage in Camden and an additional \$4.33 million to retrofit another garage in Maplewood. DEP has not refuted these costs nor has the Department conducted a comprehensive fiscal analysis on the overall financial impact the regulations will impose on businesses, local governing bodies, and property taxpayers. Moreover, the recently published Energy Master Plan Ratepayer Impact Study conducted by the Brattle Group on behalf of the New Jersey Board of Public Utilities (BPU) did not *“include capital costs associated with clean energy investments, nor any new federal incentives available through the Inflation Reduction Act.”* With this in mind, NJAC is also urging DEP and the Administration to halt implementation of the regulations until an extensive, objective, and transparent cost benefit analysis is conducted with input from stakeholders on all sides of the issue as required under **S-2671/A-3935**.

Importantly, the legislation would require the Department of Community Affairs (DCA) to work in collaboration with DEP and BPU by holding at least six public hearings throughout the State, within 18 months after the bill's enactment, to solicit information on topics related to the costs and benefits of electric heating systems and the reduction of greenhouse gas emissions from residential and commercial buildings in the State. NJAC also supports the fact that the bill would require DCA, in consultation with DEP and the BPU, to publish, within 24 months after the bill's enactment, a report that summarizes the information submitted at the public hearings and to make legislative and regulatory recommendations. **S-2671** is currently in the Senate Community and Urban Affairs Committee awaiting consideration and **A-3935** is in the Assembly Community Development and Affairs Committee.

PENSION FORFEITURE

On October 3rd, the General Assembly unanimously passed **A-4641** (*Moriarty D-4/Jaffar D-16*), which would change the factors for consideration by the boards of State or locally administered retirement systems hearing pension forfeiture cases concerning public employees. In general, when considering the forfeiture of a person's pension, this legislation would authorize such boards to forfeit a pension based on the following factors: the nature of the misconduct; the relationship between the misconduct and the person's public duties; and, the person's moral turpitude. The measure would also provide that additional factors may only be used to mitigate a full forfeiture to a partial forfeiture. Where a forfeiture is warranted, this bill would require that the person receive a refund of their contributions, but allows for the boards to determine whether that refund is with or without any accrued interest.

Additionally, the bill would require the forfeiture of the pension or retirement benefit of a person if the person is convicted of any crime of the first or second degree, or the equivalent under the laws of another state or of the United States, when the offense is related to the person's performance in or circumstances flowing from the public office or employment held by the person. The bill would also specify that a pension forfeiture would apply in cases that result in qualifying guilty or nolo contendere pleas, in addition to convictions. Finally, the measure would also open a person's public pension to garnishment in order to fulfill court ordered restitution of public funds when a person has been convicted of, or plead guilty or nolo contendere to, certain offenses. **A-4641** is in the Senate State Government, Wagering, Tourism, and Historic Preservation Committee awaiting consideration along with the companion version **S-3188** (*Corrado R-40*).

UPCOMING NJAC EVENTS: We hope you can join us on December 16th for NJAC's Summit on Human Trafficking where key law enforcement officials will examine how it has grown into one of the largest criminal enterprises in the world and where leading experts will present critical strategies on how to prevent a trafficking situation along with vital resources available for victims. *Registration is free for county, municipal, state, and other public officials.*

The Top 20 Greatest Halloween Movie & TV Show Monster Villains of All-Time

- 20) Stay Puff Marshmallow Man 1984**
- 19) Pinhead 1987**
- 19) Scooby Doo's Red Beard's Ghost 1970**
- 18) The Invisible Man 1933**
- 17) Penny Wise 1990**
- 16) The Blob 1958**
- 15) Scooby Doo's Miner Forty Niner 1970**
- 14) Large Marge 1985**
- 13) Brundle Fly 1986**
- 12) Chucky 1988**
- 11) Jason Voorhees 1980**
- 10) Leather Face 1974**
- 9) Michael Meyers 1978**
- 8) Freddy Krueger 1984**
- 7) Scooby Doo's the Creeper 1969**
- 6) The Mummy 1932**
- 5) Godzilla 1954**
- 4) The Creature from the Black Lagoon 1954**
- 3) The Wolfman 1941**
- 2) County Dracula 1931**
- 1) Frankenstein 1931**

"Believe nothing you hear, and only one half that you see."
Edgar Allan Poe

