

# 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

In light of the fact that the Administration and State Legislature have yet to agree on providing any immediate financial relief or long-term structural reforms to address the 24% increase in health benefit expenses imposed by the State Health Benefits Program (SHBP), NJAC is exploring the possibility of establishing county health insurance funds in the northern, central, and southern regions of the State as permitted under current law.

According to information shared by PERMA Risk Management Services, the advantages of health insurance funds include: the ownership and governance by members as opposed to SHBP where local governments have no voice in the decision-making process; stable and renewable premium rates unlike what occurred this past year; and, early renewals to assist with budgeting timeframes instead of having to pay for certain data as is the current practice. Moreover, health insurance funds provide for lower operating expenses and annual profits; the flexibility to maintain or alter plan designs; the potential for dividend distributions; premium rates determined in the best interest of members by the fund's actuary; and, all professionals selected and appointed by fund commissioners subject to public bidding requirements. PERMA further submits that health insurance funds have a documented track record of stability and strong financial performance that offer an effective long-term solution for managing and delivering employee health benefits.

As you may recall, late last year, NJAC, the New Jersey State League of Municipalities (NJLM), the New Jersey Conference of Mayors (NJCM), the AFL-CIO, the CWA, the PBA, and many more, joined forces in an unprecedented coalition of management and labor to make fair and equitable recommendations that would have mitigated the \$350.0 million in health benefit rate increases approved by the State Health Benefits Commission (SHBC) in September of 2022. In addition to providing immediate financial relief to property taxpayers, local governments, and public employees already struggling to make ends meet, the reasonable and attainable solutions included much needed structural reforms that would have resulted in substantial long-term costs savings. As noted above, the Administration and State Legislature have yet to agree on a solution.

## COUNTY 911 FUNDING

As Governor Phil Murphy is preparing to deliver the fiscal year 2024 state budget address on February 28<sup>th</sup>, NJAC is once again urging the Governor to include \$21.0 million in funding to county 911 centers with a \$1.0 million grant being made available for each county to maintain, upgrade, or regionalize its 911 system.

Although NJAC certainly appreciates the fact that for the first time since 2009, last year's budget included \$10.0 million in funding for "Public Safety Answering Upgrades and Consolidation" through the "Office of Emergency Telecommunications Services within the Office of Information Technology..." the clear intent of the 2004 law that imposed a monthly telecommunication surcharge of .90 cents on every telephone line in the State was to build a cutting edge and fully funded 911 system with revenues collected from the surcharge. Unfortunately, administrations on both sides of the aisle have instead diverted 90% of this funding to pay for general operating expenses in the Department of Law and Public Safety to the tune of \$1.5 billion.

As previously reported, local government first responders handle the vast majority of the State's 911 calls through local Public Safety Answering Points (PSAPs) and have come to inequitably rely on the collection of local property taxpayer dollars to improve, operate, and maintain 911 systems. County governments alone spent an estimated \$175.0 million and counting over the last several years on capital improvements for facility upgrades, telephone systems, computer aided dispatch, location mapping technology, voice recording technology, data analytics, and NG911 upgrades. Counties also spend an estimated \$100.0 million per year on general operating expenses for salaries, staff training, system maintenance, and network security. In addition to laying the groundwork for an imminent public safety crisis, the State's long-standing diversion of 911 fees has imposed an inequitable system of double taxation on residents already burdened with paying the highest property tax bill in the land.

With this mind, NJAC is also urging members of congress to adopt the "Report and Recommendations" of the "Ending 911 Fee Diversion Now Strike Force (911 Strike Force) established by the Federal Communications Commission (FCC) as the State remains the worst offender of diverting 911 fees in the entire nation. In summary, the Strike Force concluded that 911 fee diversion negatively impacts the ability of the public to access emergency assistance via reliable 911 services and technology; 911 fee diversion negatively impacts public safety, 911 operations, first responders, and the fiscal sustainability of 911 service; 911 fee receipts and expenditures should be distinguishable and auditable to ensure 911 fees are used for eligible activities directly related to the provision of 911 services; and, 911 systems require significant capital and recurring operational investments to accomplish the mission. You may review the "Report and Recommendations" of the 911 Strike Force in its entirety at [www.fcc.gov](http://www.fcc.gov).

## **LOCAL EMPLOYER PENSION OBLIGATIONS**

NJAC is also urging Governor Murphy to make full contributions to the state's pension systems in the fiscal year 2024 state budget to preserve the long-term health, viability, and solvency of the retirement systems.

Despite fulfilling their fiduciary duties for more than a decade and full pension payments for consecutive budget cycles, local government employers will once again experience significant increases in total pension contributions in 2023. As reported late last year, the Division of Pension and Benefits 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). Although these 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, the main culprit is the massive unfunded accrued liability that the State created by underfunding the pensions systems in varying degrees since 1996. Unfortunately, local government employers and property taxpayers must endure the financial burden of the State's long-standing mismanagement.

County governments in particular are responsible for paying bills with increases from 4.9% to 18.4% in total pension contributions, which the New Jersey Division of Pension and Benefits (Division) generally defines as the sum of "normal costs" and "unfunded liability." With respect to normal costs, which the Division defines as the present value of benefits that have accrued on behalf of the members during the valuation year, county governments will see increases between 31.6% - 48.5%. Additionally, county governments will see a 1.1% - 14.0% increase in the unfunded liability, which the Division defines as the employer's share of the pension system's total unfunded actuarial liability amortized over a 30-40 year period. NJAC is happy to share its data that summarizes the increases in contributions by county governments to the PERS upon request and all referenced materials may be found on the Division's website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Even more alarming for local government employers is the fact that the unfunded accrued liability once again increased in 2024 to a staggering \$31.45 billion for PERS alone. Additionally, the funded ratio for the Local Part of PERS remains stagnant at 67.9%, with the State Part funded 33.2%, and the combined rate a disconcerting 52.9% far below the target funded ratio of 75.0%. In addition to full funding, NJAC has long supported establishing a new board of trustees for the Local Part of PERS to provide direct property tax relief and to preserve the structure and integrity of the more solvent Local Part as a new board of trustees would have the ability to determine or modify member benefits, direct policies and investments to achieve the target funded ratio, and serve as the fiduciary of system.

## **PREPAID ELECTION POSTAGE**

On February 2<sup>nd</sup>, the Senate State Government, Wagering, Tourism and Historic Preservation Committee favorably reported and second referenced to the Senate Budget and Appropriations Committee for consideration **S-1235** (*Greenstein D-14/Zwicker D-16*), which would require the outer envelope for the mailing of vote-by-mail ballots to include prepaid postage.

In general, this bill would require that that the cost of mailing a vote-by-mail ballot by a voter to cast a vote during any election be paid for by the county and reimbursed to the county by the State. Under current law, a voter who votes by mail using a mail-in ballot must affix the proper postage to the outer envelope containing the inner envelope, the voted ballot, and the required certification. Counties may supply a postage prepaid outer envelope, but are not required to do so. This bill would require the county clerk to affix the proper and necessary first-class or air-mail prepaid postage to the outer envelopes used by the voters to return the voted mail-in ballot prior to mailing the ballots to the voters. To avoid an unfunded mandate and a challenge under Article VIII, Section II, paragraph 5 of the New Jersey Constitution, the measure would require that these costs be reimbursed to the county by the State upon application for reimbursement to the Secretary of State and approval of the application by the Department of the Treasury. The companion version in the General Assembly **A-3104** (*Jaffer D-16/Stanley D-18*) is currently in the Assembly Appropriations Committee awaiting consideration.

## **RECLAIMED ASPHALT**

On January 19<sup>th</sup>, the Assembly Transportation and Independent Authorities Committee second referenced to the Assembly Oversight, Reform, and Federal Relations Committee for consideration, **A-4797** (*Karabinchak D-18/Benson D-14*), which would increase the percentage of reclaimed asphalt pavement (RAP) that may be used for local road projects.

In general, current law requires counties and municipalities receiving State funds for transportation projects to permit, for public highways under their jurisdiction, the use of a maximum of 25% of RAP, by weight, for base and intermediate pavement courses and the use of a maximum of 15% of RAP, by weight, for surface pavement courses. This bill would increase, to 50%, the maximum amount of RAP that can be used for base and intermediate pavement courses, and to 35%, the maximum amount of RAP that can be used in surface pavement courses, for these purposes.

The bill would also require local contracting units, at a minimum, when entering into a contract for a local road project, to allow the contracted party to use up to 50% RAP, by weight, for base and intermediate pavement courses, and up to 35% RAP, by weight, for

surface pavement courses. However, nothing would prohibit a local contracting unit, in its discretion, from entering into a contract that authorizes RAP to be used at higher percentage rates, for a local road project, than the maximum rates required under the bill. The bill defines a “local road project” to mean a transportation infrastructure project that is authorized by a county or municipality and involves the construction, repair, renovation, restoration, replacement, or extension of a highway which is owned, controlled, or maintained by the county or municipality.

Special thanks to Monmouth County engineers Joe Ettore and Tom Lombardi, Mercer County engineers Sunny Muzaffar and Jason Mildenberg, and NJAC Transportation Consultant Robert Werkmeister for taking the time out of their busy schedules to meet with the New Jersey Asphalt and Pavement Association (NJAPA) and share the concerns with the measure of the New Jersey State Association of County Engineers (NJSACE). NJAPA submits that using higher levels of RAP on local projects will provide significant cost savings and is durable with similar levels of RAP being used in New York City, Pennsylvania, Ohio, and more. However, NJSACE is concerned with the quality of the product and is requesting that the legislation includes a product warranty, performance bonding, testing, or best practices. The groups will meet again on March 14<sup>th</sup> where NJAPA will provide an overview of RAP to NJASCE membership. The companion version **S-3255** (*Diegnan D-18/Oroho R-24*) is currently in the Senate Environment and Energy Committee awaiting consideration.

#### **CYBER SECURITY INCIDENTS**

On January 26<sup>th</sup>, both houses unanimously passed and sent to the Governor **S-297** (*Greenstein D-14/Madden D-4*)(*Murphy D-7/Benson D-14*), would require public agencies and government contractors in the State to report cybersecurity incidents to the New Jersey Office of Homeland Security and Preparedness (OHSP).

In summary, the measure would require public agencies and government contractors to report within 72 hours to OHSP when a public agency or government contractor reasonably believes that a cybersecurity incident has occurred. Under the bill, the Director of OHSP would be required to establish cyber incident reporting capabilities to facilitate submission of timely, secure, and confidential cybersecurity notifications from public agencies, government contractors, and private entities. The bill would further provide that any cybersecurity incident notification submitted to OHSP would be confidential and exempt from the provisions of the law under the Open Public Records Act (OPRA), as well as from evidentiary and subpoena purposes except legislative subpoenas. OHSP would also be required to develop privacy and protection procedures, which are to be based on procedures outlined in the federal Cybersecurity Information Sharing Act of 2015.

The bill would further require OHSP to submit an annual report to the Governor and the Legislature which is to include, at a minimum, information on the number of notifications received and a description of the cybersecurity incident types and associated mitigating measures taken during the one-year period preceding the publication of the report; the categories of public agencies and government contractors that submitted cybersecurity reports; and any other information required in the submission of a cybersecurity incident notification, noting any changes from the report published in the previous year. Governor Murphy is likely to sign the measure into law.

**UPCOMING NJAC EVENTS:** Don't miss NJAC's Annual Celebration of County Government set for May 3<sup>rd</sup> through May 5<sup>th</sup> at Caesar's in Atlantic City. Please visit our website at [www.njac.org](http://www.njac.org) for additional details and the action-packed schedule of events.

**TOP 7 MOVIE, TV SHOW, SONG, OR WORLD LEADER QUOTES TO SHARE WITH YOUR ADULTISH MIDDLE CHILD WHO ON A REGULAR AND CONSISTENT BASIS ARGUES THAT YOU NEED TO BECOME MORE ENLIGHTENED AND CHANGE WITH THE TIMES JUST SO HIS NEW GIRLFRIEND CAN SLEEP OVER INSTEAD OF HAVING TO DRIVE HOME THE ENTIRE 10 MINUTES IT TAKES AT 11:00 P.M. WHEN ALL VISITORS MUST VACATE THE PREMISES BECAUSE YOU WAKE UP AT 5:30 A.M. EACH MORNING TO START YOUR DAY.**

1. "I am serious and don't call me Shirley." *Dr. Rumack, Airplane*
2. "I am the opposite of progress. I am the wall it bashes against. And I will not be the one who breaks." *John Dutton, Yellowstone*
3. "Well, I don't know what to say, except that it's Christmas and we're all in misery." *Clark Griswold, Christmas Vacation*
4. "A grown man made a wager. He lost. He made another one—he lost again. End of story." *Tony Soprano, Sopranos*
5. "I don't make the rules ma'am. I just think them up and write them down." *Eric Cartman, South Park*
6. "I'm in favor of progress, it's change I don't like." *Mark Twain*
7. "I remember the time I was kidnapped and they sent a piece of my finger to my father. He said he wanted more proof." *Rodney Dangerfield*

*"Real liberty is neither found in despotism or the extremes of democracy, but in moderate governments." Alexander Hamilton*