

August 30, 2016

Re: Update on Executive Orders

- I. Health Benefit Savings Release Sequestered Transitional Aid
- II. Please Act to Protect Local Aid Funding as TTF Talks Restart III. ‘Best Practices’ Penalties

Dear Mayor:

As you may recall, when the Governor signed the FY 2017 budget he inserted new language, including changes regarding the “Best Practices” program, and issued two Executive Orders impacting municipalities. (See [June 30 letter](#)) Below is an update:

I. Health Benefit Savings Release Sequestered Transitional Aid

[Executive Order 209](#) included the sequestering of half of the Transitional Aid until the State Health Benefits Program Plan Design Committee approved benefit reforms in order to produce savings for public employers in Fiscal Year 2017, and beyond.

Yesterday the State Health Benefits Program (SHBP) Plan Design Committee met and adopted the following resolutions, by title only:

- Move Retirees Into Medicare Advantage Program
- Adopt Generic Prescription
- Open Formula Prescription Management
- Preferred Drug Prescription
- Out-of-network restrictions for physical therapy
- Extend State Contract with Pharmacy Benefits Manager
- Pilot Program to provide financial incentives for select tier networks

The [committee](#), which includes no management representative from local government, voted 7-3-1 on all the resolutions. The vote was down “party lines” (State management on one side, public employee unions on the other), with the exception of the PBA, which was the only labor organization to agree with management on the resolutions. The representative from FMBA was absent for the vote.

The resolutions adopted by the SHBP Plan Design Committee were unavailable at the meeting and will not be available until the minutes of the meeting are adopted at their next meeting, which is currently scheduled for October 21st. We are in the process of attempting to obtain copies of the resolutions.

We would also note that the School Employees’ Health Benefits Program (SEHBP) Plan Design Committee attempted to meet yesterday as well; however, they were unable to achieve a quorum

as the Union (NJEA & AFT) representatives did not show. As a result, the changes made to the SHBP have yet to be adopted by the SEHBP Plan Design Committee.

After the meeting, the Governor issued a press release announcing the immediate release of all transitional aid funds as a result of the SHBP Plan Design Committee actions.

We will continue to keep you posted.

Contact: Lori Buckelew, Sr. Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

II. Please Act to Protect Local Aid Funding as TTF Talks Restart

The Press reports that discussions on the Transportation Trust Fund (TTF) crisis have restarted in Trenton. Yesterday, Governor Christie met with Speaker Vince Prieto. Later this week, he plans to meet with Senate President Steve Sweeney.

All three have agreed on the need to increase motor fuel taxes, in order to provide sufficient, reliable funding to meet our State's transportation infrastructure needs. As they work towards a compromise on how best to off-set those increases with corresponding ("tax fairness") decreases in other assessments, we have no way of knowing where those talks might lead. We need to guard against any eventuality.

Our paramount concern must be to preserve the proposed increase in the Local Aid component of the TTF. To date, all proposals to breathe new life into the TTF have featured a doubling of annual Local Aid. That \$400 million a year would provide crucial benefits to New Jersey drivers, to our State's economy and to our property taxpayers.

Please contact your State Legislators and the Governor's Office, urging them to act on a TTF reauthorization that would: provide long-term, adequate, reliable funding for essential work on our vital transportation infrastructure; double funding for Local Aid, in recognition of the fact that local roads and bridges bear more than half of all traffic in our Garden State; and provide a measure of relief to our over-burdened property taxpayers.

With each passing day, the need for investment, and the cost of stalled projects, grows. We thank all of you who have already reached out to your Legislators and the Governor on this matter. Your efforts have made a huge difference in the final analysis. But more needs to be done. We urge you to; again, contact your Legislators and the Governor's Office, without delay.

Contacts: Mike Cerra, Assistant Executive Director, mcerra@njslom.org, 609-695-3481 x120 or Jon Moran, Sr. Legislative Analyst at 609-695-3481 x121, jmoran@njslom.org

III. 'Best Practices' Penalties

Included among the changes made by the Governor's line item veto of the Appropriations Act, was an amendment that could put a serious hole in virtually every municipal budget in the State. Specifically, the language puts at risk the total amount of every municipality's Consolidated Municipal Property Tax Relief (CMPTRA) allocation through budget language changes to the Best Practices checklist. As we read the new language, authority has been given to the Director of DLGS: to add any requirement to the 'Inventory', as he sees fit; to determine, at his own discretion, a minimum acceptable score; and to withhold, as to him shall seem appropriate, any or all of a municipality's SFY 17 CMPTRA funding (See [August 11 blog post](#)). At this time, no additional information has been provided on the Best Practices checklist.

Contacts: Jon Moran, Sr. Legislative Analyst at 609-695-3481 x121, jmoran@njslom.org or Lori Buckelew, Sr. Legislative Analyst at 609-695-3481 x112,

lbuckelew@njslom.org Sincerely,

Michael J. Darcy, CAE Executive
Director