

Legislative Report

July 20, 2010

Overview

The Legislature is working in a rare “summer session” to analyze the proposed “toolkit” of employee/employer relations and government management changes proposed by Governor Christie. The Senate and Assembly have so far approached this review differently with the Senate scheduling meetings into late August and the Assembly breaking the review down in “issue areas” Chaired by Assembly members. There appears to be no immediate movement of bills though consideration of some form of the “toolkit” is expected by the Fall. However, when combined with the recent pension and benefit changes and the 2% property tax cap, this discussion further adds to the weight of this unprecedented summer legislative activity.

There can be little doubt that the onslaught to impact the existence of collective bargaining, employee rights and protections and pensions is well underway and that the Governor and Legislature have so far not distinguished between police and other types of public employees despite their public comments to the contrary.

2% Cap

As you are aware, Governor Christie signed into law on July 13th a bill to change the property tax cap law. The bill provides that local governments, counties and school districts can't raise their property tax levy by more than 2% per year. The bill lowered the existing cap from 4% to 2% and eliminated nearly all the exceptions and the ability for a local government to request a waiver for costs impacting on the health, welfare or public safety of a community. The new cap law provides exceptions only for pension cost increases, health benefit increases, debt service and capital construction. The cap can only be exceeded by a 50% plus 1 vote of the public in a referendum for that purpose. The cap does not make exception for existing contracts. Though the Governor had signaled supporting language to do just that, his conditional veto of the legislation that created the law failed to include it. This will likely put additional pressure on PBA locals next year when the cap takes effect as local governments look for more layoffs and givebacks.

The State PBA, which opposed the original 4% cap, provided testimony before the Senate and Assembly Budget Committee's in opposition to Senate Bill 29 on July 2nd. The testimony warned that layoffs and retirements have significantly impacted police departments and public safety throughout the State and that a lower cap would lead to even more massive layoffs beginning next year. During the testimony, the PBA argued for an exemption that would allow a local government to take any officers to be laid off outside the cap. Unfortunately, the Legislature, led by Senate President Sweeney, worked behind the scenes with Governor Christie on a compromise bill that led to less exemptions than were even originally proposed in S-29.

The deal between the Governor and Senator Sweeney took the proposed 2.5% Property Tax Cap Constitutional Amendment off the table and replaced it with the law described above

that, in essence, lowers the cap below what the Governor originally proposed, restricts local governments ability to obtain exemptions to exceed the cap and requires voter approval for most spending above the cap. The deal does not, however, take into consideration the impact of a hard cap on public safety or on how to avoid layoffs short of waiting through the process of an election to vote on the subject.

The State PBA will now be working to better understand the impact of the new 2% cap on future collective bargaining agreements and will be discussing with the Delegates options for addressing cap override votes. We have continued to express our concern that this new cap will lead to layoffs everywhere in the State.

Tool Kit

The Governor had proposed a 33 bill package known as the “tool kit” to supplement the property tax cap law. The bills are intended to give local government’s significant control over collective bargaining, employee discipline and deciding on the existence of civil service. To date, some but not all the ideas proposed in the bill package have been formally introduced. Among the issues of concern to the State PBA are:

Binding Arbitration reform – the proposals would prohibit the award of contracts greater than 2% per year, would give the State control over appointment and selection of arbitrators and would eliminate the right of labor and management to agree to an arbitrator

Civil Service reform – the proposals permit towns to “opt out” of Civil Service by ordinance or referendum, increases Civil Service fees, prohibits appeal of suspensions of less than 30 days and makes it easier for towns to layoff/furlough employees

Collective Bargaining – the proposals cap existing sick leave at \$15,000, eliminate terminal leave, eliminate longevity and limits the bargaining for raises to 2% or less.

The Senate Budget Committee began meetings on several tool kit issues on July 19th including discussions on changing the furlough process (S2206), giving the Civil Service Commission Chair more power (S2154) and capping sick leave (S2173). These bills were only up for discussion and did not move. State PBA President Wieners testified before the Committee on these bills and had a number of significant meetings with Legislative leaders and key Budget Committee members. The Senate Budget Committee is scheduled to resume work on reviewing similar issues on July 26th and we will advise you of bill proposals as they are scheduled.

The Assembly has not scheduled meetings to consider tool kit issues as of this date but they should begin over the next few weeks.

Recent PBA Activity

We have been operating on a 7 day per week schedule recently, including working through the July 4th weekend, to address the cap and related issues. This activity has included:

- Marketing of TV Commercial on Property Tax Cap
- Preparation of research and analysis of impact of Property Tax Cap in other States
- Meetings/Telephone conferences with Legislative Leaders/Bill Sponsors/Committee Members
- Media Interviews/Statements (AP, Star Ledger, Asbury Park Press, Politickernj)
- Draft and presentation of amendments and legislative proposals
- Testimony before Senate and Assembly Budget Committee (July 2nd testimony on S-29 can be heard at www.njleg.state.nj.us)
- Tracking over 400 bills, of which more than 100 deal with contracts, benefits and pensions

This and similar activity will continue for the remainder of the summer.

Analysis

The Governor is riding a high supported by national and State media for his efforts to take on property taxes and labor. The Democratic majority in the Legislature have now on two occasions (pension reform and tax cap) adopted the Governor's agenda nearly in its entirety. The Republicans, even those that disagree with the Governor's approach, as expected have fully supported the Governor's agenda. The political decision making and the theater that results from it have pushed quickly through proposals that likely need more analysis and amendment than have been allowed. The State PBA, therefore, must approach each of these issues with that in mind but must continue to offer our expertise as a resource while pointing out the reality resulting from current and future layoffs. However, the first seven months of 2010 seem like only the beginning of a long process that is expected to follow.