

Board of  
Chosen Freeholders

Louis Cappelli, Jr.  
Freeholder Director



Making It Better, Together.

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December 6, 2017

The Honorable Phil Murphy  
Governor-Elect, State of New Jersey  
20 West State Street  
PO Box 002  
Trenton, New Jersey 08608

**RE: CAPS ON BINDING INTEREST ARBITRATION AWARDS**

Dear Gov.-elect Murphy:

The Camden County Board of Freeholders are writing to strongly encourage you to support the extension or permanent implementation of the 2% cap on police and fire interest arbitration awards. As you are undoubtedly aware, the current extension of the 2% arbitration cap expires in less than a month; this has already caused significant uncertainty in labor negotiations and, by extension, preparation of our municipal budgets.

The 2% cap on binding interest arbitration awards first enacted in 2010 and extended for an additional three years in 2014, empowers county governments across the State to effectively control public safety employment salaries and personnel costs. In general, county governments dedicate the majority of their overall annual operating budgets to employee salaries, wages, health benefits, and other related costs. In addition to these considerable expenses, county governments face a restrictive 2% property tax cap levy where they must prepare budgets pursuant to two comprehensive cap calculations and use the more restrictive one. Counties also face significant regulatory and statutory State mandates, which include implementing Criminal Justice Reform, operating judicial and prosecutorial facilities, providing courthouse security, housing inmates in county jails, delivering health and human service programs, maintaining county roads and bridges, funding county colleges and vocational-technical schools, conducting primary and general elections, and much more.

Importantly, the 2% cap on binding interest arbitration awards has leveled the playing field in negotiations between collective bargaining units and local governing bodies. Prior to the 2% cap, arbitrators routinely awarded contracts with double digit increases in certain counties. These awards took into consideration base salary, step increments, and longevity pay all of which are now included under the cap. In addition to effectively controlling personnel costs, the cap on interest arbitration awards has been a critical tool for negotiating reasonable successor contracts as parties are closer to reaching an agreement from the onset of negotiations avoiding further legal and administrative costs. As such, failure to permanently extend the 2% cap on binding interest arbitration awards will allow arbitrators to once again award generous contracts that will force county governments throughout the State to further reduce or even eliminate essential services, critical personnel, and long-overdue infrastructure improvement projects.

We look forward to working collaboratively with your administration on this issue and others that impact our local communities.

Sincerely,

**Camden County Board of Freeholders**

The Honorable Louis Cappelli, Director	The Honorable Edward T. McDonnell, Deputy Director
The Honorable Jeffrey L. Nash, Freeholder	The Honorable Carmen Rodriguez, Freeholder
The Honorable Jonathan Young, Freeholder	The Honorable Susan Shin Angulo, Freeholder
The Honorable William Moen, Freeholder	

cc: The Honorable Stephen Sweeney, President, New Jersey Senate  
The Honorable Vince Prieto, Speaker, New Jersey General Assembly  
The Honorable Craig Coughlin, Speaker-Designate, New Jersey General Assembly  
Michael F. Cerra, Assist. Executive Director, New Jersey State League of Municipalities  
John Donnadio, Executive Director, New Jersey Association of Counties  
The Honorable Fred Madden, New Jersey Senate  
The Honorable Gabriella Mosquera, New Jersey General Assembly  
The Honorable Paul Moriarty, New Jersey General Assembly  
The Honorable Nilsa Cruz-Perez, New Jersey Senate  
The Honorable Arthur Barclay, New Jersey General Assembly  
The Honorable Patricia Egan-Jones, New Jersey General Assembly  
The Honorable James Beach, New Jersey Senate  
The Honorable Pamela R. Lampitt, New Jersey General Assembly  
The Honorable Louis Greenwald, New Jersey General Assembly  
The Honorable Diane B. Allen, New Jersey Senate  
The Honorable Herb Conaway, Jr., New Jersey General Assembly  
The Honorable Troy Singleton, New Jersey General Assembly  
The Honorable Dawn Marie Addiego, New Jersey Senate  
The Honorable Joe Howard, New Jersey General Assembly  
The Honorable Marie Rodriguez-Gregg, New Jersey General Assembly