

A decorative graphic consisting of two concentric circles, one green and one white, is positioned at the top center of the page, just above the main title.

***“STATE BUDGET REVIEW”***

**TUESDAY, MARCH 7, 2017**

**MICHAEL CERRA, ASSISTANT EXECUTIVE DIRECTOR  
JON MORAN, SENIOR LEGISLATIVE ANALYST  
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# Agenda



- **STATE BUDGET ADDRESS**
- **MUNICIPAL PROPERTY TAX RELIEF FUNDING**
- **TRANSPORTATION FUNDING**
- **PENSION AND HEALTH BENEFITS**
- **LOOKING AHEAD**

# State Budget



- **GOVERNOR CHRISTIE DELIVERED HIS PROPOSED BUDGET ON FEBRUARY 28.**
- **FULL TEXT:**  
**[HTTP://NJ.GOV/GOVERNOR/NEWS/NEWS/552017/APPROVED/20170228C.HTML](http://NJ.GOV/GOVERNOR/NEWS/NEWS/552017/APPROVED/20170228C.HTML)**

# Municipal Property Tax Relief Funding (or what they call "State Aid")



- **\$35.5 BILLION STATE BUDGET FOR FISCAL YEAR (FY) 2018.**
- **"MUNICIPAL AID,"**
  - the overall funding will remain flat at \$1.5 billion,
  - slight increase in the Consolidated Municipal Property Tax Relief Act (CMPTRA)
  - slight decrease in "transitional aid," down to approximately \$93 million.
- **STATE AID CERTIFICATIONS -**  
**[HTTP://WWW.NJ.GOV/DCA/DIVISIONS/DLGS/LFNS/17/2017-05.PDF](http://www.nj.gov/dca/divisions/dlgs/lfns/17/2017-05.pdf)**
  - **Distribution Schedule?**
- **APPLICATIONS FOR CALENDAR YEAR MUNICIPALITIES SEEKING TRANSITIONAL AID WILL BE DUE IN MARCH; FISCAL MUNICIPALITIES MAY APPLY IN THE FALL.**
  - **<http://www.nj.gov/dca/divisions/dlgs/lfns/17/2017-04.pdf>**
- **CY 2017 BUDGET MATTERS -**  
**[HTTP://WWW.NJ.GOV/DCA/DIVISIONS/DLGS/LFNS/16/2016\\_20.PDF](http://www.nj.gov/dca/divisions/dlgs/lfns/16/2016_20.pdf)**

# Municipal Property Tax Relief Funding (or what they call “State Aid”)



- **PROPOSED \$2.51 BILLION CONTRIBUTION TO THE STATE PENSION FUND.**
  - Governor will have contributed \$8.8 billion over his 2 terms.
- **FY 2018 PROJECTED REVENUES \$1.2 BILLION,**
  - 3.65% Increase
  - 75% to 78% will be directed towards pension and health benefits.
- **MUNICIPALITIES IN THE STATE HEALTH BENEFITS PLAN ACHIEVED SIGNIFICANT SAVINGS**
  - resulting from the plan design reforms during FY 2017 budget.
  - Such savings have not been replicated for the school education health plan.

# Municipal Property Tax Relief Funding



- **ON FEBRUARY 26, THE DCA/DLGS POSTED THE CY 2016/SFY 2017 PROPERTY TAX RELIEF CERTIFICATIONS.**
- **MUNICIPALITIES MUST OBTAIN THEIR CERTIFICATION THROUGH THE WEBSITE. THEY WILL NOT BE MAILED.**
- **CY 2017 BUDGET MATTERS - [HTTP://WWW.NJ.GOV/DCA/DIVISIONS/DLGS/LFNS/16/2016\\_20.PDF](http://www.nj.gov/dca/divisions/dlgs/lfns/16/2016_20.pdf)**

# Budget Projections



➤ **PROPOSED BUDGET ASSUMES:**

- **3.65% Revenue Growth**
- **\$125 Million in Savings, Due to Public Employee Health Benefit Reforms.**

# Total PTR Funding

## In Millions

Type of Aid	FY 2017 Adjusted	FY 2018 Proposed	Change
School	\$13,302.8	\$13,826.0	\$523
Municipal	\$ 1,529.9	\$ 1,531.6	\$ 1.7
Other Local	\$ 878	\$ 1,078.1	\$200.1
Direct PTR	\$ 1,045.4	\$ 1,012.8	\$ (32.5)
<b>Total</b>	<b>\$16,756</b>	<b>\$17,448.5</b>	<b>\$ 692.5</b>



# What is “Level Funding”

- Level since FY 2011.
- FY 2011 “level funding” was less than FY 2010, which was lower than FY 2009, which was lower than FY 2008.
- Total loss of \$320 million.
- Total inflation FY 2011: 11%
- See link: <http://www.njslom.org/energy-tax-resource-center.html>

# Transportation Trust Fund



- **SUPPLEMENTAL APPROPRIATION FOR CURRENT BUDGET (FY 2017) OF \$400 MILLION FOR MUNICIPALITIES, COUNTIES AND NJ TRANSIT.**
  - Unclear as to how this will be distributed
  
- **NEW TTF LAW CALLS FOR \$400 MILLION APPROPRIATION IN FY 2018,**
  - Municipal share, per statute, would be just under half.
  - Gas Tax revenues constitutionally dedicated for transportation.

# Pension and Health Benefits Lottery To Fund Pensions



- **Contribute the Revenue from Lottery to Eligible Pension Plans**
- **Immediate effect of**
  - **Reducing the unfunded liability**
  - **Increase the fund ratio of the entire pension system**
- **30 year Transfer**

# Health Benefit Reforms



- **Out of network reforms**
- **Modest Reforms**

# PBA/FMBA Pension Proposal



- **Transfer Management of PFRS**
- **Labor Management Board**
  - 7 Labor Representatives
  - 5 Management Representatives
- **Responsible for Proper Operation of the PFRS**

# PBA/FMBA Proposal



- **THE BOARD MAY, IN ITS DISCRETION AND AT SUCH TIME AND A MANNER, AS IT DETERMINES:**
  - Enhance any benefit set forth in N.J.S.A. 43:16A-1 et seq.; or
  - Modify any such benefit as an alternative to an increase in the member contribution rate; or
  - Reinstate, when appropriate, such reduced benefit to the statutory level without an additional contribution by the member.



## Police and Fire Retirement System

	<b>State</b>	<b>Local</b>
Fund Ratio	41.2%	74.5%
Active Police	6,866	27,453
Active Fire	45	6,425
Retired	5,574	30,143
Avg. Retirement Age - All	56.4	52.7
Avg. Retirement Age - New	54.1	50.8
Avg. Retirement Pay - All	31,132	41,381
Avg. Retirement Pay – New	42,931	55,504



## Public Employee Retirement System

	State	Local
Fund Ratio	37.8%	71.4%
Active Members	77,661	177,024
Retired Members	51,217	104,579
Avg. Retirement Age - All	60.3	62.8
Avg. Retirement Age - New	61.7	64.1
Avg. Retirement Pay - All	26,300	17,195
Avg. Retirement Pay – New	33,197	21,574



# Looking Ahead



- **“BUDGET RECESS” MID-MARCH TO EARLY MAY.**
- **MOST LEGISLATIVE REFERENCE COMMITTEES WILL NOT MEET SO BUDGET HEARINGS WILL PROCEED**
- **LEAGUE TO TESTIFY:**
  - **Senate Budget: Tuesday, March 14**
  - **Assembly Budget, Wednesday, March 22**

# Looking Ahead- Other Related Issues



- **Costs of Bail Reform Mandates**
- **Request to Horizon for \$300 million**
- **Next Generation 9-1-1 Investments**
- **Future of Urban Enterprise Zone Program**
- **Sunset of 2% Interest Arbitration Cap at end of 2017.**

# Monitor Developments



**PLEASE MONITOR LEAGUE ALERTS**  
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“Town Crier” Legislative Blog:  
<https://njlmblog.wordpress.com/>

“Town Crier” Calls to Action:  
<http://www.njslom.org/votervoices/>



## **THANK YOU!**

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