

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

SHANEL Y. ROBINSON  
NJAC President  
Somerset County Commissioner

JOHN G. DONNADIO, ESQ.  
Executive Director

## STATE HOUSE NEWS

12/12/25

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### HEALTH BENEFITS

We could dedicate this entire month's edition to health benefits reform as something has to give with the unsustainable growth in healthcare costs. We'll start with some positive news: led by the Governor's Office, management, labor, and partisan staff have held a series of productive meetings to discuss the State Health Benefits Program (SHBP) and health benefits in general. Although the devil is always in the details, the group found unanimity, in concept, on many meaningful and long-term structural reforms concerning pool stabilization, transparency, reference-based pricing, Health Savings Accounts, Flexible Spending Accounts, local representation on plan designs, and funding for loan forgiveness and reserves.

These meetings followed Governor Murphy's proposed legislative solution to address the 37% premium increase to SHBP that would, in part, appropriate \$200.0 million to forgive the amount due from the Local Portion of SHBP to the State Portion, which should reduce the 2026 premium increase by several percentage points. This provision would take effect in plan year 2026 and is a significant investment by the Administration to alleviate the fiscal pain felt by local governments and employees. The Governor's proposal would also appropriate \$60.0 million to replenish the Claims Stabilization Reserve, which should make it less likely that the Local Portion of SHBP would have to borrow funds from the State Portion of SHBP in 2026. This provision would take effect in plan year 2026. The total investment made by the Administration would equal \$260.0 million for plan year 2026 and would help stabilize rates. The proposal would also eliminate all current SHBP Local Portion Plans (50) and replace them with three new distinct choices, which include a PPO, a high-deductible plan with an HSA, and a tiered network plan. This provision would take effect in plan year 2027 and all healthcare networks would remain the same. Although management and labor agree that SHBP needs to drastically reduce the number of plans being made available, we intend to revisit this matter in the next Administration as a phase II to overall health benefit reform.

In other health benefit reform news, the Senate Health, Human Services, and Senior Citizens Committee favorably reported to the Senate Budget and Appropriations Committee **S-4299** (*Vitale D-19/Gopal D-11*), which would create the Health Care Cost Containment and Price Transparency Commission (Commission), the Office of Healthcare Affordability and Transparency (Office), and hospital price transparency regulations.

In addition to implementing other necessary structural reforms to the State's health benefits system, such as reducing or eliminating costly plan designs, adopting a reference based pricing health insurance model, restricting out-of-network healthcare coverage and the use of GPL-1 drugs, increasing co-pays and deductibles, streamlining the use of Health Savings Accounts and Flexible Spending Accounts, maintaining local government's ability to negotiate cost savings under the current statutory structure of Chapter 78, and implementing other innovative cost containment measures, NJAC supports S-4299 as the measure would provide important transparency in hospital pricing and ultimately reign-in medical costs for local governments, employees, and property taxpayers. In General, the Office would provide support, staffing, infrastructure, and expertise to the Commission, and would comprehensively address health care cost growth while also establishing data analytics and public reporting mechanisms to ensure healthcare affordability, informed policymaking, and access for future generations. The Office would further establish guidelines for health care entities to submit necessary data for the yearly evaluation of total health care expenditures, their incremental growth, pricing information, pricing incremental growth, the formulation of the healthcare cost growth benchmark and the hospital price benchmark, and for publishing relevant data publicly.

In summary, the 18 member commission would: monitor, analyze, and contain health care prices by identifying drivers of health care cost growth including hospital price growth; establish and adopt a health care cost growth benchmark and a hospital price growth benchmark; identify health care entities that exceed the benchmark or benchmarks; and address increases in excess of the benchmark or benchmarks through public transparency, opportunities for remediation, and other actions, including civil penalties. The Commission would also set a cost growth benchmark for health care entities and impose civil penalties on health care entities that either fail to respond to the Commission's request to submit a corrective action plan or comply with the requirements of a corrective action plan. NJAC would have a seat on the Commission. The Assembly Financial Institutions and Insurance Committee favorably reported the companion version **A-5376 (Reynolds-Jackson D-15/Carter D-22)** in June, and the measure is currently in the Assembly Appropriation Committee awaiting consideration

#### **SNAP FUNDING CHANGES**

In addition to the fast-approaching changes in the amount the federal government will reimburse for the administrative costs associated with providing vital services to residents in need under the Supplemental Nutrition Assistance Program (SNAP), NJAC is concerned with the brewing battle between the federal government and the State of New Jersey where the United States Department of Agriculture (USDA) is requesting extensive personal data (*names, SSNs, addresses, income, etc.*) on SNAP beneficiaries from states to combat fraud. However, New Jersey along with 20 other states have filed legal challenges over concerns about privacy, data security, and immigration enforcement. As such, the Trump Administration is threatening to withhold federal funds until states comply with the request.

In the meantime, NJAC recently testified before the State Department of Human Services at the Department's budget hearing on how changes to the administrative fee formula will impact county governments in New Jersey particularly hard as the Garden State is one of only ten states nationwide where county welfare agencies and boards of social services process SNAP applications and have historically been reimbursed by the federal government for administrative expenses at 50%. Under the One Beautiful Bill Act (OBBA) signed into law earlier this year, the federal government will now reimburse SNAP administrative expenses at a rate of 25% leaving county governments responsible for the 75% balance as outlined in the table below prepared by the New Jersey Department of Human Services (NJDHS) and based on the fact that the federal government reimbursed counties \$156.0 million to process SNAP applications in 2024. Importantly note that county governments must begin preparing for this additional financial burden in their calendar year 2026 budgets as the SNAP administrative fee shift will take effect in Federal Fiscal Year 2027, which begins on October 1, 2026.

COUNTY	ADDITIONAL ADMINISTRATIVE BURDEN
Atlantic	\$2,166,000
Bergen	\$2,790,000
Burlington	\$3,206,000
Camden	\$8,215,000
Cape May	\$1,102,000
Cumberland	\$2,230,000
Essex	\$10,199,000
Gloucester	\$1,478,000
Hudson	\$6,295,000
Hunterdon	\$425,000
Mercer	\$6,458,000
Middlesex	\$4,835,000
Monmouth	\$3,031,000
Morris	\$1,871,000
Ocean	\$4,565,000
Passaic	\$6,610,000
Salem	\$799,000
Somerset	\$1,870,000
Sussex	\$551,000
Union	\$8,680,000
Warren	\$670,000
<b>TOTAL</b>	<b>\$78,045,000</b>

With this in mind, NJAC recommended that: DHS provide grant funding to counties to address the \$78.0 million administrative cost shift contingent on using the monies to fund necessary staff, software, information technology, and more as recommended by this working group; DHS develop an inventory, best practices, or guidelines to mitigate payment error rates along with having the Department provide monthly error rate reports to all twenty-one counties; DHS to establish guidance on the use of Artificial Intelligence (AI) to help alleviate worker caseload and streamline services; and, DHS to enhance its case processing software, systems, and applications.

NJAC plans to meet with legislative leadership on both sides of the aisle along with the new Administration to discuss implementing these much-needed recommendations. With respect to payment error rates for SNAP, the federal government has historically paid 100% of SNAP benefits, separate from the administrative fee summarized above. However, beginning in 2028, the federal government will anchor federal funding to the following payment error rates:

PAYMENT ERROR RATE	STATE MATCH PENALTY
< 6%	0%
6% - 8%	5%
8% - 10%	10%
> 10%	15%

For example, New Jersey's monthly federal SNAP allotment in October of 2025 for all twenty-one counties equaled \$161,798,401 for 795,674 people. If the State's payment error rate averaged 7% during the month, the federal government would require the State to pay 5% of the federal SNAP allotment at \$8,089,920 or \$97,079,040 if the payment error rate remained at 7% for the entire year. That's a substantial amount of taxpayer dollars, so our county welfare agencies and boards of social services are working closely with DHS to make sure that they're adequately staffed and have enough resources to make vital eligibility determinations and avoid these costly penalties. Stay tuned for additional details.

#### **PRIVATIZATION CONTRACTS**

On December 1<sup>st</sup>, NJAC testified before the Senate Labor Committee in opposition to **S-1518 (Turner D-15)** which would effectively prohibit the use of privatization contracts by requiring county governments to pay new employees' wages and benefits at a rate not less than the wages and benefits paid to displaced employees.

NJAC strongly opposes this measure as it would effectively prohibit the use of privatization contracts by requiring county governments to pay new employees' wages and benefits at a rate not less than the wages and benefits paid to displaced employees. As noted below, counties enter into privatization contracts to recognize important cost savings in salary, wage, pension, and health benefit costs that make up approximately 65% of overall operating budgets. At a time in which counties, municipalities, and school districts across the State are struggling with double digit health benefit increases, pension payments, utility expenses, property and casualty insurance coverage, and the cost of goods and services, this legislation eliminates one of the only limited resources available for local governments to control the ever-increasing property tax burden. NJAC is also alarmed that this legislation would create an overly burdensome, adversarial, and unnecessary level of bureaucracy by requiring the Office of the State Comptroller (OSC) to review and approve privatization contracts. Moreover, local governments should retain autonomy to enter into such agreements that they believe serve the best interest of constituents.

As a means to deliver often mandated services in a more cost effective and creative manner, and without impacting the level of service provided, counties throughout the State have carefully

chosen to privatize various services and functions that may include: medical, dietary, and laundry services at county jails and juvenile detention facilities; maintenance services at county administrative, judicial, and prosecutorial facilities; home health services; risk management services; and, much more. Importantly note that several counties have considered privatizing welfare services and transportation services for the aged and disabled, but decided against it after conducting comprehensive feasibility studies. Despite opposition from NJAC, the New Jersey State League of Municipalities (NJLM), the New Jersey School Boards Association (NJSBA), the New Jersey Chamber of Commerce (NJCC), the New Jersey Business and Industry Association (NJBIA), and more. The Committee Second Referenced **S-1518** to the Senate Budget and Appropriations Committee for consideration and the companion version **A-919** (Reynolds-Jackson) is currently in the Assembly Appropriations Committee.

#### **WORKING TEST PERIOD**

On December 1<sup>st</sup>, the Senate State Government, Wagering, Toursim, and Historic Preservation Committee favorably reported **S-3892** (*Polistina R-2*), which would extend the Working Test Period (WTP) for local governments from three months to four months along with the ability to extend the WTP to six months at the discretion of the Civil Service Commission (CSC).

For the past three years, NJAC has been working with the Chair/CEO of CSC, Allison Meyers, who has made many positive changes to streamline the antiquated hiring, evaluation, and promotional procedures long imposed by the CSC. As an integral component of these initiatives, the Chair/CEO and Commission implemented a Pilot Program in Atlantic County to extend the WTP from three months to four months. In general, the CSC defines the WTP as the period of time following a regular appointment from a certified list or appointment to a non-competitive title. CSC considers WTP as a continuation of the examination process and as an opportunity for local governments to properly evaluate prospective employees. County officials contend that this brief period of time hampers human resource professionals from properly evaluating potential employees and making accurate recommendations accordingly. Moreover, current law provides the State of New Jersey as an employer with a four-month WTP, so any permanent changes to the law would create uniformity among all levels of government. NJAC submits that this modest change to the law would provide personnel and human resource departments in local governments across the State with additional time to adequately evaluate and recommend qualified employees for full-time employment. **S-3892** is on Second Reading in the Senate, and the companion version **A-5146** (*Guardian R-2*) passed the General Assembly in June. NJAC is optimistic that the Senate will consider the measure at one of its upcoming voting sessions and that Governor Murphy will sign the bill into law.

#### **BUDGET OPERATIONS**

On December 8<sup>th</sup>, the General Assembly unanimously passed **A-5240** (*Egan D-17/Schnall D-30*), which would make various changes to local budget processes and related operations. NJAC

supports the measure as it would implement important best practices designed to streamline budget operations.

In general, this legislation would extend the statutory deadlines for: (1) the mayor or municipal manager, as applicable, to submit a recommended budget to the council of a municipality from January 15<sup>th</sup> to February 28<sup>th</sup> of the calendar fiscal year; (2) the governing body of a local unit to introduce and approve the annual budget from January 26<sup>th</sup> to March 31<sup>st</sup> for a county and February 10<sup>th</sup> to March 31<sup>st</sup> for a municipality operating on a calendar fiscal year. The bill would also provide that a governing body of any municipality or county may introduce and approve the annual budget at the next regularly scheduled meeting of the governing body after the dates specified in the statute; (3) to adopt the annual budget from February 25<sup>th</sup> to April 30<sup>th</sup> for a county and from March 20<sup>th</sup> to April 30<sup>th</sup> for a municipality operating on a calendar fiscal year. The bill would also require that a governing body of any municipality or county may introduce and approve the annual budget at the next regularly scheduled meeting of the governing body after the dates specified; (4) the annual audit of a municipality or county from six months to eight months after the close of the fiscal year; and, (5) the annual statement on the financial condition of the local unit from February 10<sup>th</sup> to March 10<sup>th</sup> for municipalities operating on a calendar fiscal year.

The measure would establish a 90-day deadline and clarifies procedures to fill vacancies in the following roles with budget-related responsibilities: municipal chief financial officer, county chief financial officer, municipal tax collector, municipal clerk, and principal public works manager. In certain circumstances, the Director of the Division of Local Government Services (DLGS) would be permitted to extend the 90-day deadline. Additionally, under current law, members of a local unit governing body are subject to a personal penalty of \$25 for failure or refusal to comply with certain statutory responsibilities related to local unit budget processes and operation of a local unit. This bill would increase the personal penalty to \$100 for these violations and establish a personal penalty of \$100 for failure or refusal to comply with additional existing requirements.

For counties and municipalities operating on a calendar fiscal year, the bill would increase the permissible amount of a temporary budget, which is adopted in the first month of the fiscal year and in effect for approximately three months, from 26.25 percent to 35 percent of the previous year's total appropriations. Under current law, the governing body or chief executive officer of any municipality may request a review by the DLGS Director of the behavior or practices of certain individuals serving the local unit in a professional capacity. The bill would authorize the DLGS Director to initiate a review of the behavior or practices of the following: registered municipal clerk, certified tax collector, certified public works manager, and qualified purchasing agent. Finally, the bill would allow the Director to authorize an extension of the statutory deadlines for municipalities to mail estimated property tax bills upon good cause shown. The companion version **S-3941 (Gopal D-11)** is currently on Second Reading in the Senate.

## PLASTIC FORKS

Special thanks to Dan Sperrazza with the New Jersey Department of Corrections (DOC) for his great work in making sure that all correctional facilities would be exempt from the requirements imposed by **S-3195** (*Smith D-17/Mukherji D-32*) as amended by the Senate Budget and Appropriations Committee on December 8<sup>th</sup>.

In summary, this legislation would prohibit food service businesses from providing single-use utensils and condiments to customers under certain circumstances and the Department of Environmental Protection (DEP) to establish an education campaign on the benefits of reducing single-use utensils and condiments. Specifically, the measure would provide that: no full-service restaurant that has on-site seating capacity for 10 or more customers operating in the State would be authorized to provide single use utensils or condiments to its on-site customers; casual dining establishments operating in the State would be authorized to provide single-use utensils or condiments to a customer only upon the express request of that customer; and an online ordering application for any food service business may allow customers to request single-use utensils or condiments for take-out meals, provided that the default selection is "no utensils or condiments," and the food service business would bear final responsibility for ensuring that no utensils or condiments are provided except upon request. Under the bill, a casual dining establishment that is unable to accommodate a verbal request for single-use utensils or condiments would be authorized to provide a utensil dispenser for customers to use.

The bill would prohibit municipalities and counties from adopting a rule, regulation, code or ordinance concerning the regulation or prohibition of single-use utensils or condiments after the bill's effective date and the bill's provisions would supersede any municipal or county rule, regulation, code, or ordinance concerning the regulation or prohibition of single-use utensils or condiments that was enacted prior to the effective date of the bill. In addition to correctional facilities, the bill would exempt hospitals and schools. NJAC and the New Jersey County Jail Wardens Association (NJCJWA) were concerned with the legislation as introduced since the use of disposable utensils are much more cost effective, provide safety for correctional police officers and inmates, and promote operational and logistical efficiencies. **S-3195** is on Second Reading in the Senate and the companion version **A-5157** (*Collazos-Gill D-27/Donlon D-11*) is currently in the Assembly Commerce, Economic Development and Agriculture Committee awaiting consideration.

## FIVE PERCENT DOWN

On December 8<sup>th</sup>, both houses passed and sent to the Governor's Desk **S-4472/A-5859** (*Lagana -D-38)(Abdelaziz D-35/Tully D-38*), which would amend the Local Bond Law to exempt local governments from appropriating an amount equal to five percent of the total amount of obligations for local bond ordinances involving hazard mitigation and resilience projects. The bill would also exempt local governments from applying to the Local Finance Board concerning the maturity and amount of annual installment payments related to the

financing of local bond ordinances involving hazard mitigation and resilience projects. At a time in which county governments are struggling to provide essential services in a cost-effective manner, NJAC supports this legislation as it frees up limited resources that local governing bodies may utilize to manage their affairs in a more flexible and efficient manner. Governor Murphy is expected to sign the measure into law.

#### **DEFERRED COMPENSATION PLANS**

On December 1<sup>st</sup>, the Senate State Government, Wagering, Tourism and Historic Preservation Committee favorably reported **S-4554** (*McKeon D-27*), which would allow the State and local governments to implement automatic enrollment of their employees in deferred compensation plans. In summary, this bill would permit the State, counties, and municipalities to adopt an automatic enrollment arrangement where a deferred compensation plan provision would authorize the employer to defer and deduct a specified percentage from an employee's salary unless the employee affirmatively elects not to defer or to defer a different percentage. The measure would provide that the automatic enrollment for counties and municipalities would be optional at a local governing body's discretion, but that enrollment is mandatory for State employees hired after the effective date unless the employee makes an affirmative election not to defer or to defer at a different percentage.

The bill would also provide that in the case of a plan that includes an automatic enrollment arrangement, the named fiduciary will designate a default investment into which an employee's deferred salary will be invested in the absence of an affirmative investment election from the employee. The legislation would further require an employer whose employees are represented by a union that is designated as the majority representative pursuant to the "New Jersey Employer-Employee Relations Act," and eligible to participate in a deferred compensation plan, to negotiate the terms of a deferred compensation plan with such majority representative, including whether such employees represented by the majority representative will be automatically enrolled in the plan, the default deduction percentage from an employee's salary, if any, and the default investment, if any. Absent a written agreement between an employer and a majority representative, the measure would require that in order to participate in a deferred compensation plan, an employee represented by the majority representative must be required to affirmatively elect to participate. **S-4554** is on Second Reading in the Senate and the General Assembly passed companion version **A-4562** (*Barolie D-27/Freiman D-16*) in June.

#### **PROPERTY TAX ASSESSMENT APPEALS**

On December 8<sup>th</sup>, the Senate Budget and Appropriations Committee favorably reported **S-4909** (*Sarlo D-36*), which would increase property tax assessment appeal filing fees. In general, this legislation would increase fees paid when filing an appeal of a property assessment with a county board of taxation as follows: if the assessed valuation of the property under appeal is less than \$150,000, the fee is increased from \$5 to \$25; if the assessed valuation of the property is

\$150,000 or more but less than \$500,000, the fee is increased from \$25 to \$75; if the assessed valuation of the property is \$500,000 or more but less than \$1 million; the fee is increased from \$100 to \$150; if the assessed valuation of the property is \$1 million or more, the fee is increased from \$150 to \$200; If the appeal involves only the classification of property, for each parcel of property sought to be reclassified, the fee is increased from \$25 to \$75 per parcel; and, if an appeal is not related to the assessed value of the property, the classification of property, or both, the fee is increased from \$25 to \$75.

The Office of Legislative Services (OLS) estimates that *"the bill would increase annual county revenues by approximately \$620,000 to \$700,000 beginning in calendar year 2026. OLS estimates that property tax assessment appeal filing fees generated \$830,000 to \$975,000 in annual county revenues from calendar years 2022 through 2025. If the fee schedule proposed by the bill had been in effect during that time, counties would have collected \$1.45 million to \$1.65 million in property tax appeal filing fee revenues. Data available through the Department of the Treasury indicates that taxpayers filed 13,800 to 15,300 fee-generating property tax assessment appeals annually in calendar years 2022 through 2025. This estimate assumes that the number of property tax appeals and property tax appeal filing fees will remain within these ranges."* NJAC is supportive of the measure as these fees haven't increased since 1979 and boards of taxation must use the monies to invest in modernizing the record retention capabilities related to the assessment of real property and the tax appeal process. **S-4909** is on Second Reading in the Senate with no companion version in the General Assembly as this time.

#### **CEU CREDITS**

On December 8<sup>th</sup>, the General Assembly amended on the Floor **A-5715 (Stanely D-18)**, which would require the Division of Consumer Affairs to establish a tracking system to determine compliance with continuing education requirements. In summary, the bill would require the Division of Consumer Affairs to develop, or enter into a contract with a third-party vendor to develop, an automated system for use by the boards, committees, or other entities in the division that regulate a profession or occupation which requires a licensee to complete continuing education to renew a license to track the credits or hours completed by each licensee. The system would determine if a licensee is in compliance with the continuing education requirement of the particular profession or occupation in time for the renewal of a license, notwithstanding any hardship experienced by a licensee that has been determined by the requisite board, committee, or other entity. The Senate passed the companion version **S-4387 (Lagana D-38/Beach D-6)** in June and must concur with the changes made by the General Assembly before the measure heads to the Governor's Desk.

**UPCOMING NJAC EVENTS:** It's almost never too late to register for NJAC's Year-End Summit on Health Benefits Reform set for December 19<sup>th</sup> at the historic Trenton Country Club with outstanding panel discussions and Governor Elect Mikie Sherrill to serve as the keynote speaker. Make sure to visit our website at <https://njac.org> for additional details.

*The top five greatest Christmas decorations of all time that you proudly display at your home each holiday season despite the fact that no one in your family shares the same level of enthusiasm.*

5. A life-sized Mrs. Clause bumping into a life-sized Mr. Clause with her Christmas blouse not entirely buttoned and her glasses covering just one eye in the main hallway.
4. A mostly plush Elvis Teddy Bear wearing sunglasses while playing the piano and singing “Let me be Your Teddy Bear” every time someone passes by on their way into the basement.
3. A plastic Toy Train from K-Mart with a busted chimney stack, broken passenger cars, and a coal-less caboose as the centerpiece of the fireplace mantel and all the other very pretty Christmas Hallmark movie decorations in the living room.
2. A complete and authentic replica of the Christmas Story Lamp on full display in all its glory in the front bay window.
1. A five-foot tall plastic Santa Claus from 1975 covered in asbestos and powered by a 60-watt lightbulb hanging out with his misfit toy friends Frosty, Rudolph, a penguin, a candy cane, and a candle all resting comfortably on tailor made wooden steaks in the middle of the front yard.

*“What I don’t like about Christmas parties is looking for a new job the next day.” Phyllis Diller*