

September 22, 2018
Trenton, NJ

Local Officials Urge Legislative Action on Common-Sense Cost Saving Arbitration Cap

On Friday, in Trenton, local leaders from across the State called on state policy makers to renew the existing common-sense limit on certain arbitration awards. Failure to act will allow an unelected third-party, who is not accountable to the voters or responsible for finding the money to pay for his or her decisions, to impose annually increasing costs on our property taxpayers. That cap is set to expire at the end of this year.

At issue is the 2010 law, renewed and amended with bipartisan support in 2014, which capped public safety employee interest arbitration awards at two percent a year. Those wage raising awards, for only police and fire unions, can be imposed through binding arbitration, when collective negotiations between the police and fire unions and local governing bodies have stalemated. Unless renewed, there would be no limit on annual police and fire wage increases for contracts expiring in 2018, and thereafter.

This law was enacted to make it possible for local governments to operate under the permanent two percent tax levy cap, without having to slash vital local services or impose massive lay-offs.

League First Vice President James Cassella, Mayor of East Rutherford, called on the Legislature "... to take this up as soon as possible and recognize that 565 municipalities operate under a separate 2 percent cap on annual spending that does not expire and that local officials work hard every day to control costs and make tough decisions to ensure services remain at a level their community expects. The possible sunset of the Interest Arbitration cap in December concerns every local official and we want to work with our state and public safety union leaders sooner rather than later on this issue. "

Jim Perry, the Mayor of Hardwick, President of the Conference of Mayors and Third Vice-President of the League of Municipalities, says, "The IA cap has resulted in more negotiated settlement and cost savings to taxpayers. ... Collective bargaining is once again a "give and take" between the parties. Steps were lengthened, sick leave incentives were reduced or eliminated, and vacation time was reduced, providing savings to taxpayers.

"And in the end, it benefits us all and that's why it's in the best interests of taxpayers that the interest arbitration cap be extended."

Officers of the New Jersey League of Municipalities, the New Jersey Association of Counties and our State's Conference of Mayors want New Jersey property taxpayers to understand what is at stake and to join them in urging the Legislature to act.

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