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In Case You Missed It: Essex County Executive Joseph N. DiVincenzo, Jr. – "...support the Governor's reform package so our residents can get some relief..."

Thursday, October 21, 2010 • Tags: [Property Taxes](#)

Press Release from the Essex County Executive Office on Wednesday, October 20, 2010:

ESSEX COUNTY EXECUTIVE DIVINCENZO SUPPORTS GOVERNOR'S TOOL KIT AND URGES STATE LAWMAKERS TO MOVE QUICKLY TO APPROVE REFORMS

Counties and Municipalities will Experience Fiscal Emergencies without Legislation to Control Costs

Essex County, NJ – On Wednesday, October 20th, Essex County Executive Joseph N. DiVincenzo, Jr. announced his support of Governor Chris Christie's "Tool Kit" legislation package to provide counties and municipalities more control over costs. In addition, the Executive urged State lawmakers in the New Jersey Senate and Assembly to pass legislation as quickly as possible so Counties and Municipalities can benefit from budget reforms as they prepare their 2011 budgets. The Executive pointed out that Essex County – as well as other local governments – will be faced with a fiscal emergency if legislation is not adopted by January 1, 2011, when a 2 percent cap for property tax increases goes into effect.

"Essex County has one of the highest unemployment rates, the highest number of foreclosures and the highest property taxes. Wherever I go, our residents are telling me they can't afford annual property tax increases that are so high and are finding it more and more difficult to live in Essex County and New Jersey," DiVincenzo said. "The State Legislature can't continue to drag their feet and delay discussion and passage of these much-needed reforms. The Governor presented these initiatives earlier this year and our representatives have had all summer to debate. Enough is enough. Let's cut the politicking and support the Governor's reform package so our residents can get some relief from the high cost of government," he said.

"We are putting together our 2011 budget and things don't look so good. Our preliminary figures show a \$75 million gap created primarily by rising health insurance and pension costs. Essex County is going to be in a serious situation if the Tool Kit reforms are not approved," DiVincenzo said. "We need to eliminate bureaucracy and have more flexibility with our staff so government can be operated more efficiently," he added.

Reforms in pension and health benefits, civil service and binding arbitration must be made to help control costs that are rising annually at out of control rates, DiVincenzo said. Public employees are now required to contribute 1.5 percent of their salary toward the health care and prescription drug premiums after legislation that was supported by the Governor and adopted by the State Legislature. The County Executive, however, noted that the 1.5 percent does not go far enough and he is lobbying for public employees to pay a percentage of the policy premiums. Non-union employees on his staff have been paying a percentage of the health care and prescription drug premiums since 2008. He suggested a sliding scale for payments so employees receiving lower salaries pay a smaller percentage while employees with higher salaries pay more. Essex County currently utilizes a sliding scale for its non-union employees: Those earning less than \$49,000 pay 10 percent of the premium, those earning between \$49,000 and \$69,999 pay 15 percent and those earning over \$69,999 pay 20 percent. Reforms in the Civil Service System also need to be implemented, including allowing counties and municipalities the option of laying off higher salaried employees before lower salaried employees to obtain optimal budget savings.

Another area where DiVincenzo believes reform is needed is the State's Binding Arbitration Process, which is used by counties and municipalities when an impasse is reached negotiating contracts with public safety unions. The Executive said the current arbitration guidelines do not take into account a government agency's ability to pay for large settlements or the unique economic factors with which they are affected. Instead, he said, arbitrators award large increases that are based on what other similar sized agencies are receiving. DiVincenzo pointed out that while his budget will be subjected to a 2 percent cap next year, an arbitrator recently awarded PBA Local 183 a three-year contract with an 8.1 percent salary increase over the three years. Essex County is appealing that decision. The Executive proposed that binding arbitration awards also be capped at 2 percent.

The Executive pointed out that Essex County has already started formulating its 2011 budget and he is committed to presenting a budget proposal to the Board of Freeholders by the State's mandatory deadline of January 15th for the eighth consecutive year. However, before that can happen, DiVincenzo and his administration must address a \$75 million budget gap that includes \$25 million of increases in employee pension and medical benefits and prescription

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costs. Preliminary data indicates that Essex County's health care and prescription premiums will increase 15 percent, or \$9.2 million, and reach a total of \$73 million and pension costs will increase 30 percent, or \$12 million, and reach a total of \$44 million.

Essex County has been successful generating new revenue by housing Federal inmates and immigration detainees in the Essex County Correctional Facility, accepting inmates who require medical attention from Union and Hudson Counties at a locked medical unit at East Orange General Hospital, accepting juvenile detainees from Passaic County at the Essex County Juvenile Detention Facility and accepting patients from Passaic and Middlesex Counties at the Essex County Hospital Center. These initiatives have generated about \$40 million in new revenue, but are not keeping pace with escalating health and pension costs.

"My staff and I have been very creative developing new sources of revenue and establishing shared services agreements. I also have to commend the hard work of our 3,500 employees who have answered my call to do more with less," DiVincenzo said. "There is only so much we can do in the current framework of civil service, pension rules and binding arbitration. We need to dramatically reform some of the rules in which we operate and the Tool Kit provides that framework. It's a good first step to get the discussion started," he concluded.

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