LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1252
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 7, 2020

SUMMARY

Synopsis: Authorizes sharing of municipal court administrator under "Common Sense Shared Services Pilot Program Act."

Type of Impact: Potential long-term cost savings and potential short-term cost increases for pilot municipalities

Agencies Affected: Certain municipalities in Atlantic, Camden, Monmouth, Morris, Ocean, Sussex, and Warren counties.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Local Cost Impact		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the enactment of the bill would have a potential indeterminate cost impact on certain municipalities operating under the Common Sense Shared Services Pilot Program. The bill would only impact municipalities located in Atlantic, Camden, Monmouth, Morris, Ocean, Sussex, and Warren counties (pilot municipalities).

- The bill permits a pilot municipality to terminate a tenured municipal court administrator in order to effectuate a shared service agreement. The implementation of a shared service agreement, as permitted in the bill, may reduce long-term personnel costs for participating municipalities.

- However, participating municipalities also may incur moderate short-term cost increases in the form of terminal leave payments and unused leave time compensation to terminated officials.

- Given the permissive nature of the bill, the OLS is unable to quantify the fiscal impact of the bill or determine when those impacts would occur. The OLS also notes that the provisions of each shared service agreement would dictate the long-term cost savings and short-term cost increases that each participating municipality may experience.

BILL DESCRIPTION

The bill expands the applicability of the Common Sense Shared Service Pilot Program to include the position of municipal court administrator. Municipalities operating under the pilot program are permitted to terminate certain tenured officials in order to effectuate a shared service agreement pursuant to the Uniform Shared Services and Consolidation Act. Specifically, the pilot program permits the termination of the following municipal officials: municipal clerks, chief financial officers, tax collectors, tax assessors, municipal superintendents of public works, and municipal treasurers. Only municipalities located in Atlantic, Camden, Monmouth, Morris, Ocean, Sussex, and Warren counties are currently permitted to operate under the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the enactment of the bill would have a potential indeterminate cost impact on certain municipalities operating under the Common Sense Shared Services Pilot Program. The bill would only impact municipalities located in Atlantic, Camden, Monmouth, Morris, Ocean, Sussex, and Warren counties are currently permitted to operate under the pilot program.

Most notably, the bill expands the applicability of the pilot program to include the position of municipal court administrator. As a result, the bill permits a pilot municipality to terminate a tenured municipal court administrator in order to effectuate a shared service agreement. The implementation of a shared service agreement, as permitted in the bill, may reduce long-term personnel costs for participating municipalities. To the extent that the bill reduces certain obstacles to the voluntary implementation of shared services agreements, the enactment of the bill could therefore result in long-term cost savings for participating municipalities.

Although shared service agreements may reduce long-term personnel costs, participating municipalities also may incur moderate short-term cost increases arising from the issuance of terminal leave payments and compensation for unused leave time. Specifically, the Uniform Shared Services and Consolidation Act provides that any official who has been terminated for reasons of economy or efficiency due to a shared service agreement is entitled to receive a terminal leave payment. Under that law, a terminal leave payment is a single, lump sum payment that is equal to one month of the official's base salary for each five-year period of employment. In addition, dismissed local officials also are entitled to receive compensation for the balance of certain unused leave time. Together, these up-front costs would represent the shifting of potential future personnel costs into the present.

Given the permissive nature of the bill, the OLS is unable to quantify the fiscal impact of the bill or determine when those impacts would occur. The OLS also notes that the provisions of each shared service agreement would dictate the long-term cost savings and short-term cost increases that each participating municipality would experience.

Section:	*Local Government*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).