new jersey department of community affairs
people.places.progress
division of local government services

LFN 2015-26

December 21, 2015

Local Finance Notice

Chris Christie, *Governor* | Kim Guadagno, *Lt. Governor* | Charles A. Richman, *Commissioner* | Timothy J. Cunningham, *Director*

Contact Information

Director's Office
V. 609.292.6613
F. 609.292.9073

Local Government Research
V. 609.292.6110
F. 609.292.9073

Financial Regulation and Assistance
V. 609.292.4806
F. 609.984.7388

Local Finance Board
V. 609.292.0479
F. 609.633.6243

Local Management Services
V. 609.292.7842
F. 609.633.6243

Authority Regulation
V. 609.984.0132
F. 609.984.7388

Mail and Delivery
101 South Broad St.
PO Box 803
Trenton, New Jersey
08625-0803
Web:
www.nj.gov/dca/divisions/dlgs
E-mail: dlgs@dca.nj.gov

Distribution
Municipal Clerks
Chief Financial Officers
Fire Districts

LOSAP CY 2015 Annual CPI Adjustment (For Use In CY 2016)

This Local Finance Notice provides local units administering a Length of Service Awards Program (LOSAP) with general information regarding LOSAP award increases together with the annual cost of living adjustment to the maximum award amounts.

1. **Newly established LOSAPs:** New programs must provide a benefit between the minimum contribution of $100 and maximum contribution of $1,150 per year.

2. **Increasing base contribution amounts:** The law did not contemplate increases to the initially approved base contribution amounts. Following the intent of the law - that the voters approve the base amount of contributions - the Division has determined that base amounts cannot be increased solely by action of the governing body. The public referendum process must be used to increase award contribution amounts where the total appropriation would exceed the originally approved amount (plus allowed CPI adjustments and subject to minor adjustments based on number of participants). This use of the referendum is in addition to the provisions in N.J.A.C. 5:30-14.8 authorizing a referendum to create or abolish a LOSAP. Division staff can provide additional guidance for unique cases.

3. **Periodic or annual cost of living increases to contribution amounts**

   a. Automatic CPI adjustments: Automatic annual cost of living adjustments are permissible if authorizing language was included in the enabling resolution or ordinance. Application of the automatic annual Consumer Price Index (CPI) adjustment is strictly optional.

   b. Time-to-time CPI adjustments: If the enabling ordinance or resolution did not provide for an automatic annual CPI adjustment, the sponsoring agency may choose to provide a CPI adjustment from time to time. In this case, the LOSAP contribution may be increased up to a maximum

equal to the cumulative percentage increase since the time the award was last set. The change is made by resolution without a public hearing.

c. Authorizing automatic increases: If the sponsoring agency wants to provide for an automatic annual CPI adjustment to the LOSAP award, the agency must amend the enabling ordinance or resolution to authorize an automatic adjustment. This type of program amendment is subject to a public hearing whether adopted by ordinance or resolution. This action does not require a referendum.

2015 CPI Adjustments for Use In CY 2016

The LOSAP rules require that the Director of the Division of Local Government Services annually calculate an adjustment to the maximum LOSAP contribution due to changes in the CPI. Please note that the amount of the increase cannot exceed the amount calculated by multiplying the current contribution by the inflation percentage.

There may be differences in the maximums between fire districts and municipalities due to the fact that the calculations represent different CPI quarters.

The increase in CY 2015 (for use in CY 2016) is **zero percent (0%) for municipal** (November) and **zero percent (0%) for fire district** (February) LOSAPs. This means the LOSAP award amounts will remain the same. The history and details for the two calculations follow. The table also shows the maximum LOSAP award allowable for LOSAP Programs that have been in effect since 1999.

Fire District LOSAPs
February to February CPI Change

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor	Maximum LOSAP Award for Programs in effect since 1999
2000	174.7	168.6	3.6%	$1,191
2001	179.0	174.8	2.4%	$1,220
2002	182.0	179.0	1.6%	$1,240
2003	186.6	182.0	2.5%	$1,278
2004	191.4	186.6	2.6%	$1,311
2005	200.1	191.4	4.5%	$1,370
2006	209.0	200.1	4.5%	$1,432
2007	213.152	209.0	2.0%	$1,461
2008	220.935	213.152	3.7%	$1,516
2009	220.262	220.935	0%	$1,516
2010	226.529	220.262	2.8%	$1,558
2011	230.878	226.529	1.9%	$1,588
2012	235.857	230.878	2.2%	$1,623
2013	240.137	235.857	1.8%	$1,652
2014	242.584	240.137	1.0%	$1.669
2015	242.424	242.584	**0%**	$1.669

Municipal LOSAPs
November to November CPI Change

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor	Maximum LOSAP Award for Programs in effect since 1999
2000	177.9	174.4	2.0%	$1,173
2001	182.9	177.9	2.8%	$1,206
2002	185.8	182.9	1.5%	$1,224
2003	190.3	185.8	2.4%	$1,253
2004	200.2	190.3	5.2%	$1,318
2005	207.5	200.2	3.6%	$1,365
2006	211.6	207.5	2.0%	$1,392
2007	218.929	211.6	3.5%	$1,441
2008	225.113	218.929	2.8%	$1,481
2009	224.787	225.113	0%	$1,481
2010	228.543	224.787	1.7%	$1,506
2011	235.440	228.543	3%	$1,551
2012	240.537	235.440	2.2%	$1,585
2013	241.141	240.537	0.25%	$1,589
2014	244.948	241.141	1.6%	$1,614
2015	243.697	244.948	**0%**	$1,614

Approved: Timothy J. Cunningham, Director

Table of Web Links

Document	Internet Address
Division's LOSAP Webpage	http://www.nj.gov/dca/divisions/dlgs/programs/losap.html
E-Mail	dlgs@dca.nj.gov