

Local Public Contracts Law – Current “Index Rate” – In Effect as of April 29, 2024

2024 1st Quarter Calculation = 1.50%

This index rate calculation was current as of the posting date it was published.

The index rate is based on the most *recently completed quarter calculation* and the calculation from the same quarter of the previous year. The rate of change between the quarters of the two years is the "rate."

In accordance with the Local Public Contracts Law, NJS 40A:11-15, “Any price change included as part of an extension shall be based upon the price of the original contract as cumulatively adjusted pursuant to any previous adjustment or extension and shall not exceed the change in the index rate for the 12 months preceding the most recent quarterly calculation available at the time the contract is renewed.”

The Division makes every effort to post the most recently completed quarter calculation as close to the scheduled update. However, if a contract is due to expire near the end of a quarter, a local contracting unit can check the calculation using the data from the U.S. Department of Commerce’s Bureau of Economic Analysis’ website.

Here are the instructions for using the BEA information to calculate the index rate:

1. Go to the BEA website for Table 1.1.9. Implicit Price Deflators for Gross Domestic Product:
<https://apps.bea.gov/iTable/?reqid=19&step=3&isuri=1&1921=survey&1903=13>
2. Scroll down to Line #26 – State and Local (the line number is subject to change).
3. Select furthest right-hand value representing the most recent quarter.
4. Select the value for the same quarter from the prior year.
5. Divide the current year’s quarter value by the prior year’s quarter value and subtract 1.
6. Round, up or down, to the nearest half percent to calculate the current Index Rate.