

# ASSEMBLY RESOLUTION No. 83

## STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Assemblywoman ALISON LITTELL MCHOSE**

**District 24 (Sussex, Hunterdon and Morris)**

**Assemblywoman AMY H. HANDLIN**

**District 13 (Middlesex and Monmouth)**

**Co-Sponsored by:**

**Assemblyman Malone, Assemblywoman Karrow, Assemblyman E.Munoz  
and Assemblywoman N.Munoz**

**SYNOPSIS**

Constitutes Assembly Budget Committee as special committee to investigate misuse of funds by BPU; grants committee subpoena power.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



**(Sponsorship Updated As Of: 11/24/2009)**

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- 1 **AN ASSEMBLY RESOLUTION** constituting the Assembly Budget  
2 Committee as a special committee of the General Assembly to  
3 investigate the misuse of funds by the Board of Public Utilities.  
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- 5 **WHEREAS**, Gas and electric ratepayers are required to pay millions of  
6 dollars every month in support of “New Jersey’s Clean Energy  
7 Program” (the "program") which was established by the Board of  
8 Public Utilities (“BPU”) to help promote the use of alternative  
9 energy and energy efficiency; and
- 10 **WHEREAS**, Department of the Treasury auditors have investigated the  
11 program and submitted a report to the President of the BPU, which  
12 report has not been shared with other board commissioners or the  
13 public; and
- 14 **WHEREAS**, According to news reports, the Department of the Treasury  
15 found that the program was managed poorly, had no management  
16 oversight, had the appearance of cronyism, and lacked an  
17 accounting system and an accountant, and that contracting rules  
18 were evaded, proper grant-making procedures were ignored, and  
19 grants of questionable merit were given out; and
- 20 **WHEREAS**, Examples of waste and mismanagement reportedly found  
21 by Treasury auditors included the depositing of program funds in a  
22 bank account outside the State’s financial systems with no controls,  
23 funds being wasted on unnecessary bank fees, program staff  
24 awarding funds through grants to friends and neighbors, and  
25 contracts being awarded with no competitive bidding or review  
26 process; and
- 27 **WHEREAS**, Despite an Open Public Records Act request and requests  
28 made by legislators at a hearing of the Assembly Budget  
29 Committee, the audit has not been made available to the Legislature  
30 or the public; and
- 31 **WHEREAS**, In recent years, according to news reports, the BPU has  
32 dramatically increased its unclassified staff and filled professional  
33 positions with unqualified individuals, by, among other actions,  
34 allowing for the transfer to the BPU of six of Governor  
35 McGreevey’s aides to unclassified positions at dramatically higher  
36 salaries than their previous jobs and without public notice or  
37 competition for these jobs; and
- 38 **WHEREAS**, Because the program and staff salaries at the BPU are  
39 funded by hundreds of millions of dollars of payments made by  
40 public utility and cable television ratepayers and because the  
41 actions of the BPU and its policies affect all State residents and  
42 businesses, the situation regarding the BPU’s mismanagement of  
43 “New Jersey’s Clean Energy Program” and the hiring of significant  
44 additional unclassified staff, require a formal investigation of the  
45 BPU’s financial and operations management practices; and
- 46 **WHEREAS**, As part of the financial oversight responsibilities of State  
47 government, especially in light of this year’s difficult budget, the

1 Assembly Budget Committee is an appropriate legislative body to  
2 investigate the BPU's financial and operations management  
3 practices and needs the power to subpoena witnesses and  
4 documents for this purpose; now, therefore,

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6 **BE IT RESOLVED** by the General Assembly of the State of New  
7 Jersey:

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9 1. The Assembly Budget Committee is constituted as a special  
10 committee of the General Assembly.

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12 2. The committee shall inquire into the potential improprieties  
13 concerning the financial and operations management practices of  
14 the Board of Public Utilities ("BPU"), including, but not limited to,  
15 "New Jersey's Clean Energy Program," policies and procedures  
16 with respect to the handling of funds in the possession of BPU  
17 commissioners and staff, the awarding of grants and contracts, and  
18 the hiring of unclassified staff.

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20 3. For the purposes of carrying out its charge under this  
21 resolution, the committee shall have all the powers conferred  
22 pursuant to chapter 13 of Title 52 of the Revised Statutes. In  
23 having such powers, the committee shall direct the Department of  
24 the Treasury to provide the committee with any audit or report  
25 prepared by the department, the Office of Management and Budget,  
26 or any State agency, including the draft of any audit or report  
27 concerning the BPU and responses thereto.

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29 4. The committee shall report its findings and recommendations,  
30 including any legislative proposals, to the General Assembly and  
31 the people of this State.

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STATEMENT

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36 This Assembly Resolution constitutes the Assembly Budget  
37 Committee as a special committee to investigate the potential  
38 improprieties concerning the financial and operations management  
39 practices of the Board of Public Utilities ("BPU"), including, but  
40 not limited to, the "New Jersey's Clean Energy Program," policies  
41 and procedures with respect to the handling of funds in the  
42 possession of BPU commissioners and staff, and the awarding of  
43 grants and contracts.

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45 According to newspaper reports, an audit by the Treasury  
46 Department of "New Jersey's Clean Energy Program" found the  
47 program to be rife with abuse. Investigators from the Attorney  
48 General's Office have been questioning Treasury officials about  
irregularities at the BPU. According to a memorandum that was

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1 obtained and reported in news accounts, the problems alleged in the  
2 audit include: 1) the depositing of program funds in a bank account  
3 that is outside the State's financial systems with no controls; 2)  
4 funds being wasted on unnecessary bank fees; 3) program staff  
5 awarding funds through grants to friends and neighbors; and 4)  
6 contracts being awarded with no competitive bidding or review  
7 process. As a result of these problems, a career BPU employee  
8 filed a "whistleblower" lawsuit alleging retaliation by BPU officials  
9 for his role in disclosing these questionable practices. That lawsuit  
10 has led to the BPU and the State hiring four private law firms to  
11 defend the agency and its officials. Finally, the BPU has been  
12 hiring unclassified employees at an alarming rate, with many of  
13 these employees being hired without any competitive process.