2006
SPECIAL SESSION
JOINT LEGISLATIVE COMMITTEE

GOVERNMENT CONSOLIDATION AND SHARED SERVICES

FINAL REPORT

Co-Chairs:
Senator Bob Smith · Assemblyman John S. Wisniewski

Members:
Senators: Ellen Karcher · Joseph M. Kyrillos Jr.
Assemblymen: Robert M. Gordon · Joseph R. Malone III

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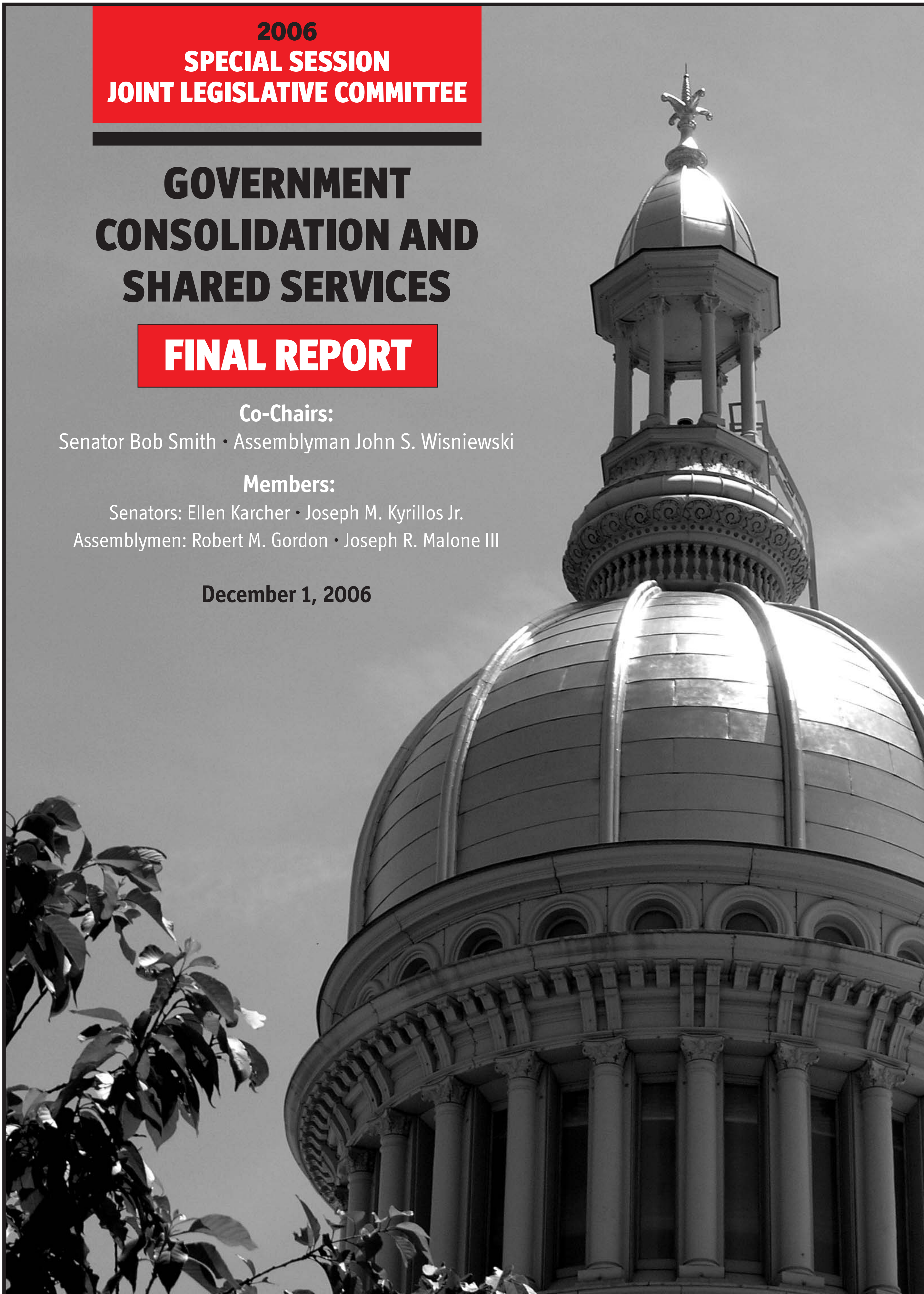

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I. Executive Summary

Pursuant to Assembly Concurrent Resolution No. 3, the Joint Legislative Committee on Government Consolidation and Shared Services was charged with reviewing and formulating proposals that address the sharing of services and regionalization of functions at all levels of government.

The Joint Legislative Committee on Government Consolidation and Shared Services finds:

- The State has 566 municipalities, 616 school districts, and 486 local authorities and special districts, a system that lends itself to redundancy and inefficiency, which are major contributing factors to high property taxes;
- New Jersey local governments engage in a wide variety of shared service arrangements, some of which have been extremely effective and strong local leadership is often the key ingredient behind these local success stories;
- Nevertheless, political resistance remains a potent barrier to consolidation and while recognizing the need for efficiency of operation, local officials are often least willing or able to spearhead needed change;
- Based on representatives from the academic, non-profit and governmental communities who provided expert testimony on best practices in both the United States and Canada regarding consolidation and service sharing, consolidations, in some cases, may not produce immediate cost-savings and may actually be more expensive in the short-run because salaries generally rise to the levels of the highest paying municipality following consolidation;
- In other cases, however, consolidation may result in efficiencies and cost savings for municipalities, and should be facilitated by an improved, streamlined process tailored to local needs and unencumbered by a thicket of more than 338 overlapping and antiquated laws that inhibit positive outcomes;

- ? Current laws and regulations discourage consolidation when a non-civil service municipality attempts to enter into a sharing agreement with another community that operates under Civil Service statutes;
- ? School superintendents in local districts are subject to very little oversight with respect to administrative spending and it is time for the State to take whatever steps are necessary to eliminate duplicative administrative spending;
- ? The State largely has employed a "carrot" approach to incentivizing consolidation and service sharing for over 30 years and it may be that for real progress to occur, the "stick" approach must be considered;
- ? Because vast differentials in assessed values among neighboring municipalities discourage consolidation, the modernization and standardization of assessments across the State is critically important;
- ? Providing citizens with the tools to gauge the efficiency of their local governments will help promote accountability and cost savings, where appropriate;
- ? One means of achieving increased accountability is to ensure that elections of local officials who spend significant amounts of money occur on days when a significant percentage of the population is likely to vote;
- ? The CORE reform package proposed by the Speaker of the General Assembly contains a credible framework of long-term, sustainable structural reforms worthy of legislative enactment.

The Joint Legislative Committee on Government Consolidation and Shared Services therefore recommends:

- ? *Recommendation 1*: Create a permanent local unit reorganization and consolidation commission to facilitate municipal mergers and shared services;
- ? *Recommendation 2*: Streamline the existing process for sharing services and municipal consolidation, remove barriers and introduce flexibility for municipalities to design their own procedure;

? *Recommendation 3*: Create a modern, county-based system of property tax assessment;

? *Recommendation 4*: Tie State aid to efficient local government operation;

? *Recommendation 5*: Move fire district elections to November to encourage greater voter turnout and eliminate the need for a budget vote;

? *Recommendation 6*: Provide for coordination of capital purchasing by municipalities to help avoid redundancies and duplication;

? *Recommendation 7*: Expand powers of 21 "Executive County" superintendents to oversee local district administrative spending;

? *Recommendation 8*: Move school board elections to November and eliminate the April budget vote except for budgets that exceed the cap;

? *Recommendation 9*: Require adoption of "user-friendly" county, municipal and school district budgets;

? *Recommendation 10*: Expand options for local units to jointly insure and self-insure for expanded range of life, health, and liability coverages;

? *Recommendation 11*: Promote shared municipal courts;

? *Recommendation 12*: Consolidate public safety answering points consistent with State 9-1-1 Commission recommendations;

? *Recommendation 13*: Permit the county assumption of State road maintenance in certain circumstances;

? *Recommendation 14*: Centralize State risk management;

? *Recommendation 15*: Streamline information technology service by codifying recommendations of the GEAR Commission;

? *Recommendation 16*: Eliminate defunct State boards and commissions;

? *Recommendation 17:* Authorize a pilot program for the county administration of school districts;

? *Recommendation 18:* Abolish the New Jersey Commerce, Economic Growth and Tourism Commission and transfer certain functions to other State entities.

II. Introduction

On June 6, 2006, New Jersey Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts, Jr. announced "an unprecedented special legislative session" that would work throughout the summer and fall to enact reforms aimed at reducing New Jersey's property tax burden. The session began on July 28, when Governor Jon S. Corzine addressed a Joint Session of the Legislature, noting that New Jersey's property tax levy currently totals $20 billion and provides 46 percent of the State's tax revenues. Without changes to the present system, that amount will reach nearly $40 billion within a decade.

After the Governor's address, Assembly Concurrent Resolution No. 3 was passed by both Houses. It created four bicameral, bipartisan Joint Committees to review and formulate proposals to reform property taxes: (1) the Joint Legislative Committee on Public School Funding Reform, to address public school funding and expenses; (2) the Joint Legislative Committee on Government Consolidation and Shared Services, to address shared services and regionalized functions at all government levels; (3) the Joint Legislative Committee on Public Employee Benefits Reform, to control pension system abuses and the costs of public employee benefits; and (4) the Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention, to consider property tax reform through amendments to the State Constitution and other proposals.

The four Joint Committees followed an open and inclusive process. Throughout the State and at various hours, they held 32 public meetings, broadcast live and archived on the Internet, and nine public hearings. They solicited testimony in person and through teleconferencing from State and national experts, academics, practitioners, and officials; reviewed thousands of pages of background material; and received over 3,700 public emails. Both partisan and nonpartisan staff contributed research and policy analysis to the work of the Joint Committees and their members. The following is the report of the Joint Legislative Committee on Government Consolidation and Shared Services (hereafter JCGO or Joint Committee).

III. Background

Joint Committee Members

As required by Assembly Concurrent Resolution No. 3, the JCGO consisted of six legislative members. Senators Ellen Karcher, Joseph M. Kyrillos, and Bob Smith were appointed by Senate President Codey, who also designated Senator Smith as Co-Chairman. Assemblymen Robert M. Gordon, Joseph R. Malone, and John S. Wisniewski were appointed by General Assembly Speaker Roberts, who also designated Assemblyman Wisniewski as Co-Chairman.

Joint Committee Charge

Assembly Concurrent Resolution No. 3 of 2006 charged the Joint Committee with the duty to review and formulate proposals that address the sharing of services and regionalization of functions at all levels of government, as well as such other proposals as the Joint Committee deemed appropriate. The concurrent resolution required the Joint Committee to use the CORE agenda proposed by the Speaker of the General Assembly as the basis for its deliberations. The Joint Committee was also charged with the duty of considering proposals to consolidate or eliminate State agency functions and State agencies or commissions.

Materials Provided to Joint Committee

At the organizational meeting, members of the Joint Committee were provided with binders of background materials assembled to assist the legislators in their deliberations. The provided materials covered a wide range of topics in the areas of consolidation, shared services, the regionalization or consolidation of schools and school services, and State government agency consolidation and elimination of obsolete programs. The table of contents for the binder is found in Appendix 2 of this report.

Summary of Comments Received by Electronic Mail

The Joint Committee received more than eight hundred public emails over the course of its deliberations. Members of the Joint Committee reviewed these emails on a daily basis, and found this method of receiving information from the public extremely useful. In fact, several of the suggestions submitted by email led directly to specific recommendations included in the final Joint Committee report.

While the suggestions represented a great diversity of opinions, several themes emerged, including recommendations that the Legislature:

? Force municipalities and school districts with certain characteristics to consolidate
? Transfer public services performed by municipal governments to the county level
? Require bulk purchasing among municipal governments and school districts
? Provide greater financial incentives for shared services
? Provide for voter approval of shared services agreements
? Eliminate county government and transfer services to the State or municipal level
? Eliminate non-operating school districts
? Create a fairer method for apportioning costs in regionalized school districts
? Place spending caps on fire district budgets
? Move fire and school district elections to November
? Disregard the parochial concerns of special interest groups

Many of these ideas were included in multiple emails and many of the emails offered a variety of solutions. The sheer number of emails submitted to the Joint Committee helped reinforce the importance of its charge to review and formulate proposals that address the sharing of services and regionalization of functions at all levels of government. The public input and open communication was an invaluable element in this process.

IV. Summary of Meetings

The Joint Committee organized on August 8, 2006 and between that date and October 25, 2006 held a total of nine Joint Committee meetings. The Joint Committee invited experts from various sectors to discuss their experiences, successes, and failures in consolidation and shared services, as well as the savings generated, the increase in efficiency and reduction of duplicated services, and other pertinent matters. In addition to its meetings, the Joint Committee held three public hearings, one in Bordentown City, Burlington County, one in Paramus Borough, Bergen County, and one in Freehold Borough, Monmouth County, to afford the members of the public an opportunity to be heard on the issues of consolidation and shared services and to present their recommendations for consideration by the Joint Committee. The following is a summary of each meeting and public hearing.

Overview of Government Consolidation and Shared Services

August 8, 2006 Meeting of the Joint Committee on
Government Consolidation and Shared Services

The first meeting of the Joint Committee on Government Consolidation and Shared Services was convened on August 8, 2006. The members of the Joint Committee initiated the proceedings with a series of introductory remarks, an overview of the central issues and concerns, and a summary of their goals and objectives. Collectively, the representatives expressed their commitment to a bipartisan approach in formulating proposals to promote consolidation and service sharing among State and local units of government. After describing the parameters of future hearings, the Joint Committee invited Robert Levin, Section Chief of the Local Government Section of the Office of Legislative Services, to present factual background on government consolidation and shared services in New Jersey.

With the assistance of a PowerPoint presentation, Mr. Levin presented the Joint Committee with information on existing statutory mechanisms for consolidation and shared services among State and local units. He testified that New Jersey has hundreds of local government units, including 566 municipalities, 616 school districts, 300 local authorities, and 186 fire districts. He also described the State's numerous efforts, including legislative initiatives and study commissions, to promote consolidation and shared services. His testimony on existing statutes included descriptions of laws that provide for the consolidation of adjoining municipalities and the establishment of regional health commissions, regional planning boards, regional utilities authorities, regional fire and rescue agencies, and regional school districts.

The Joint Committee then heard from invited guests on their efforts to promote shared services in their communities. The first invited guests to testify were Jeffrey Horn and Thomas Sharpe of the Somerset County Business Partnership. The Somerset County Business Partnership is a coalition of business, government, and nonprofit organizations in the county. Mr. Horn stated that the purpose of the partnership is to promote the county's economic vitality and preserve its quality of life. Mr. Horn stated that the role of the partnership in fostering the sharing of services in Somerset County is to address issues involving: economic and community development; small business; tourism and cultural arts; public affairs; and the networking and educational needs of its members. He described the program's key components as: cooperative communities and educational institutions; a strong steering committee of dedicated public servants, elected and appointed county and local officials; and private enterprises willing to assist in the effort.

Mr. Sharpe gave an overview of the impact of shared services on a countywide level in Somerset County. He cited the county's long history of service sharing at all levels of local government. He stressed the importance of tracking, quantifying, and documenting the savings yielded by such programs as a benchmark for guiding future efforts, and cited the partnership's recent Taxpayer's Savings Report as a model. He stated that the report documents more than $13 million in savings in 2005 for participating agencies in Somerset County. He stated his belief that the successes of the organization's programs in Somerset County could be mirrored by similar efforts in other counties.

The next invited guest to address the Joint Committee was Gregory Bonin, township administrator and borough clerk for Branchburg Township in Somerset County. Mr. Bonin spoke about Branchburg Township's successes in sharing services with its board of education, Raritan Valley Community College, and two neighboring municipalities. He stated that these efforts have allowed the township to address higher volumes of work without the additional cost of hiring new employees. He noted, however, that service sharing may not work in every situation. As an example, he cited the township's failed attempt to enter into a shared service arrangement with the county of Somerset for the delivery of health services. In that case, the township concluded that such an arrangement would have been more expensive than the status quo. Mr. Bonin concluded his testimony by urging the Joint Committee to reduce the number of governmental units, reform public pensions, review State and federal unfunded mandates, more fairly distribute State aid to municipalities and local school districts, and develop an incentive plan to encourage municipalities to share services.

The last witness to testify before the Joint Committee was Reagan Burkholder, Principal, Summit Collaborative Advisors, LLC. Mr. Burkholder has been engaged by a collective of nine New Jersey municipalities organized to measure municipal performance and to establish benchmarks for improvement. He stated that the project gathers and analyzes data in order to promote better decisions about costs, resources, methods, and effectiveness. He testified that the State should offer municipalities the widest possible latitude in developing shared service agreements and cautioned that the savings to be achieved through sharing may not be substantial.

Cost Savings Associated with Consolidation

August 30, 2006 Meeting of the Joint Committee on

Government Consolidation and Shared Services

At the second meeting of the Joint Committee, the members heard from invited guests concerning cost savings associated with consolidation and what constitutes efficiency in municipal service delivery.

The Joint Committee first heard testimony from Professor Marc Holzer, director of the National Center for Public Productivity (NCPP) at Rutgers University, Newark. Dr. Holzer testified concerning shared services and performance measurements. He stated that the savings associated with shared services are hard to document, in large part due to a paucity of performance measurement data. He described his department's investigations of shared services and interlocal agreements among governmental units in New Jersey, such as the sharing of staff and equipment, sharing of services such as animal control or health services, and the sharing of non-site based services such as emergency services dispatching. He stated that a lack of thorough accounting records made it difficult to establish whether the participating units truly achieved any cost savings. However, he testified that performance measurements may help to drive efficiencies if progress is benchmarked and trend lines are examined. He described his department's efforts to develop a measurement collection system. He believes that the NCPP will have such a system developed by the end of 2006.

The Joint Committee next heard from Professor John Yinger, Director of the Education Finance and Accountability Program in the Center for Policy Research at the Maxwell School, Syracuse University. Professor Yinger discussed his research on the impacts of school and school district enrollment size on the efficiency and effectiveness of public schools. Professor Yinger testified that many New York school systems had decided to consolidate as a result of generous incentives offered by the State. He approximated the optimum size of a school district, from a cost efficiency perspective, concluding that savings in operating costs are largest when consolidation combines two very small districts, and that consolidation of districts with greater than 3,000 students becomes inefficient because of diseconomies of scale.

Finally, the Joint Committee heard from Professor Ernest Reock, former Executive Director of the Center for Government Services at Rutgers University. Professor Reock proposed a two-pronged plan for school district consolidation. First, each limited-purpose regional high school district would be converted into an all-purpose regional school district, and its constituent elementary districts would be eliminated. Second, each district that now is the principal receiving district for secondary level pupils sent from small elementary districts on a tuition basis would become the nucleus of a new K-12 regional school district including those sending districts. Dr. Reock emphasized that the plan consolidates school districts, not schools. Teachers and students would generally remain where they are.

Dr. Reock proposed that taking these steps would have the following advantages: a 50% reduction in the number of local school districts in the State; a savings of approximately $365 million per year, including administrative costs; the stabilization of district property tax bases; some equalization in tax rates; and better integration of curriculum for students. At the same time, Dr. Reock recognized that the plan is difficult to sell to the public because it would inevitably create financial winners and losers and may be perceived as a threat to local control. Professor Reock testified that the amount of savings that can be realized by consolidating school districts depends upon the method of consolidation, and indicated that county-based school districts would likely result in larger savings than his proposed plan.

Consolidation of Municipalities in the City of Toronto and the County-Based School System in Maryland

September 6, 2006 Meeting of the Joint Committee on
Government Consolidation and Shared Services

The Joint Committee examined the consolidation of municipalities in the City of Toronto and the county-based school system in the State of Maryland. Dr. Enid Slack, who served as a member of the "Who Does What" panel organized by Ontario's Ministry of Municipal Affairs and Housing, and the Special Advisor to the Greater Toronto Area Task Force, testified about the mandated amalgamation of Toronto. In 1997, the new City of Toronto replaced the former metropolitan level of government and its constituent lower-tier municipalities. Dr. Slack testified that some municipalities had volunteered and others were selected by special advisors and commissioners appointed by the Province. Non–binding referenda on the proposed amalgamation were submitted to the voters. Despite overwhelming opposition to the amalgamation on the part of residents, voter turn-out was very low; as a consequence, the measure passed.

Dr. Slack testified that the data collected following Toronto's consolidation revealed that the amalgamation did not save very much money. In fact, she indicated that costs have actually risen since the amalgamation, probably due to increasing salaries to the level of the highest paying municipality. She further testified that the city is both too big and too small as a result of the amalgamation. It is too big to be locally responsive to residents, on a micro-level, and, at the same time, it is too small to deal effectively with regional issues, such as traffic and congestion.

The Joint Committee also heard from Mary Clapsaddle, the Assistant Superintendent for Business and Economic Affairs in the Maryland Department of Education, who described the Maryland school system. Ms. Clapsaddle described the relationship between the state and county superintendents, as well as the relationship between the county superintendent and the individual schools. She explained that the state superintendent has monthly meetings with the county superintendents and that each school district develops its own curriculum and negotiates its own budget. She indicated that the state distributes a set amount of money to each county school board based upon a per pupil formula. The county school board then decides how to allocate the money among its schools. She testified that the average salary of a county superintendent in Maryland is approximately $154,000. The average principal salary is $98,000. Ms. Clapsaddle also stated her belief that the biggest differences in spending between New Jersey and Maryland were found in administrative costs and in spending on urban districts. She added that very few school board members were compensated, and that none was paid more than $1,800 per year for serving.

Delivery of Local Services on a Regional Basis

September 13, 2006 Meeting of the Joint Committee on
Consolidation and Shared Services

The Joint Committee examined areas of interest, including health services, joint insurance funds, and certain school policies, where the regional delivery of services could be expected to generate cost savings and promote efficiency.

David Gruber, Senior Assistant Commissioner, Health Infrastructure Preparedness and Emergency Response, New Jersey Department of Health and Senior Services, testified that health departments typically do not consolidate until the retirement of their presiding health officer. He explained that health officers are challenging to replace because the position requires extensive expertise and experience, and, as a result, municipalities and counties often choose to consolidate rather than conduct a search for an appropriate replacement.

The Joint Committee was asked to repeal legislation requiring that health office employees be retained even if the office is closed or consolidated because such requirements serve as a disincentive to consolidation. Dr. Gruber added that the NJ Department of Health and Senior Services is currently undertaking a study to determine the level of cost-savings of the various consolidated health departments throughout the State.

In response to a question by a Joint Committee member, David Grubb, Executive Director of the Public Entity Risk Management Administration (PERMA), indicated that 90 percent of municipal entities participate in some form of joint insurance program (via a JIF or interlocal agreement). The remaining 10% includes the State's larger municipalities that have the necessary resources to self-insure (e.g., Newark). Subsequently, when asked to identify any statutory barriers that limit JIF participation, Mr. Grubb explained that the State Health Benefits Program prevents municipal employees from participating in a joint health insurance plan, and argued that more savings could be realized if government entities in the State were permitted to jointly purchase excess insurance. Senate Bill No. 99, introduced in the 1988 legislative session, would have provided for such an arrangement. He added that municipalities could realize more savings by expanding their joint purchasing efforts into other areas, such as energy management.

According to Mr. Grubb, in 2005, PERMA was asked to review the State's risk management program; the study revealed that New Jersey has one of the three highest accident rates among all state governments in the country. New Jersey's accident rate is 45 percent higher than the national average for state government, and workers compensation now costs the State $70 million, plus another $35 million for the Sick Leave Injury benefit. An improvement in State-local cooperation in reducing accident risks, and thereby preventing thousands of needless accidents, could save the State millions of dollars.

Finally, the Joint Committee heard from Dr. John Baillie, Executive Director of the Chester County Intermediate Unit, Chester County, Pennsylvania (PA). The Chester County Intermediate Unit is an educational service agency that provides cost-effective services to the local school districts and the surrounding community. The Joint Committee addressed the notion of "home rule" as a possible barrier to Pennsylvania's system, but Dr. Baillie asserted that very little local control would be compromised if NJ were to adopt Pennsylvanias's system of intermediate units.

Dr. Baillie explained that Pennsylvania's intermediate units save the state over $200 million annually (1992 dollars), and added that, while there was no reduction in the overall number of administrators as a result of the creation of intermediate units, there was a reduction in the number of superintendents. Additionally, he explained that intermediate units have limited the amount of administrative growth in the Commonwealth. Dr. Baillie testified that not all intermediate units provide the same services and that school districts can purchase supplies from more than one intermediate unit, although nonmember districts pay 10% more for a particular service. PA municipalities can also purchase from an intermediate unit, provided they pay a participation fee. Finally, when Dr. Baillie was asked about which services his intermediate unit provides, he answered that the range of services varies with each unit, depending on what services they can offer at a competitive rate.

Regionalization and Consolidation of Police and Fire Operations

September 27, 2006 Meeting of the Joint Committee on
Consolidation and Shared Services

The Joint Committee examined areas of interest, including fire district consolidation, municipal consolidation and shared services, and efforts to promote efficiency and maximize cost savings.

The Cherry Hill fire districts began the process of consolidation in the late 1980's. Washington Township is currently attempting to transform its existing fire districts into a municipally administered service. North Hudson is the fifth largest fire agency in the State and the first to cover multiple towns: North Bergen, Union City, Weehawken, West New York, and Guttenberg.

Robert Giorgio testified that Cherry Hill is better served now that the town has a single fire district. Chief Giorgio testified that Cherry Hill achieved savings through such measures as a reduction in the fleet from 24 engine companies to 10, from five ladder companies to three, and from five rescue companies to three. They have also achieved a 43 percent reduction in heavy apparatus, such as ladders, engines, and rescue vehicles. These reductions helped to reduce the overall capital outlay expenses required for purchasing. Chief Giorgio explained that consolidation has also reduced the inequities that resulted because of differing tax ratable bases which characterized the fire districts prior to consolidation. Asked why "less is more" when it comes to fire equipment and personnel, Chief Giorgio explained that there is a base requirement that will meet the service needs of each community. Once that requirement is satisfied, any additional equipment and personnel are superfluous and an unnecessary expense. He recommended that benchmarks be put in place at the State level for a life cycle replacement schedule for equipment.

Representatives from North Hudson testified about their experience with consolidation. Jeff Welz, Co-Executive Director of the North Hudson Regional Fire and Rescue Agency, explained that union contracts presented the biggest obstacle to consolidation. The State consolidation statute requires that all existing contracts be honored. As a result, the merger process was stalled in arbitration for over two years.

Mayor Fried explained that intense political pressure in opposition to tax increases motivated him to abolish fire districts. Mayor Fried explained that even though abolishing fire districts was politically unpopular, it resulted in a reduction in expenditures and greater accountability to the taxpayers. Despite overwhelming resistance, he took advantage of significant numbers of retiring personnel to implement the elimination of fire districts. He recommended that the State impose spending caps on the capital expenditures of fire districts.

In addition, the Joint Committee heard from municipal officials who have had personal experience with municipal consolidation efforts. Former Princeton Borough Mayor, Marvin Reed, discussed the failed attempts to consolidate Princeton Borough and Princeton Township. Marianne Smith, Township Manager, Hardyston Township discussed the failed attempt to consolidate Hardyston Township and Franklin Borough in 1997 and the service-sharing agreements that have been implemented between the two municipalities since then.

Witnesses described the institutional barriers to consolidation and discussed whether A-51 would address any of these barriers. Former Mayor Reed explained that voters in Princeton Borough rejected the consolidation proposal because of concerns that their downtown redevelopment plans would be compromised. For example, if the Borough were assured that their redevelopment projects would have continued on schedule, the residents would have been more likely to vote in favor of consolidation. He indicated that, had there been prior successful agreements between the two towns, the fire and police consolidation idea would have had a much higher likelihood of success.

Mayor William J. Chegwidden of Wharton Borough testified before the Joint Committee regarding his municipality's many successes in sharing services with Mine Hill Township, including police services, municipal courts, and school superintendents.

Assemblyman Gordon also presented a brief Power Point of his work on the attempted consolidation of fire departments in the Wildwoods. In his presentation, Assemblyman Gordon reviewed the inefficiencies in fire apparatus utilization in the area. The 4.5 square mile island has a combined year-round population of 10,000, which is served by two paid fire departments, four volunteer fire companies, nine stations with 14 engines, three ladder trucks, seven ambulances, and 14 other vehicles. Assembly Gordon testified that the Wildwoods contain more fire apparatus than the city of Trenton and exceed the national standard of one fire station per seven square miles by more than 110%. The Assemblyman concluded his testimony by stating that, similar to other service sharing and consolidation ventures, this commonsense merger ultimately failed because of political barriers.

Consolidation of Municipalities, Fire Districts and Police Departments

October 4, 2006 Meeting of the Joint Committee on
Consolidation and Shared Services

The Joint Committee heard testimony from invited stakeholders concerning the following bills: A-50 (Roberts); A-52 (Roberts); S-864 (Bark/Allen) / A-416 (Bodine/Chatzidakis); S-2244 (Smith); SJR-47 (Kyrillos/Sweeney) / AJR-69 (O'Toole/Beck).

Representatives from the New Jersey State League of Municipalities attempted to downplay the benefits of consolidation. Asked whether New Jersey needs fewer municipalities, representatives from the League of Municipalities responded that it should be left to the public to decide. Joint Committee members responded that there are economies of scale that result from consolidation and that the League needs to be on the forefront of developing cost saving solutions. The NJ Association of Counties offered to supply the Joint Committee with data detailing the savings that has resulted from county assumption of local services. One Joint Committee member suggested that each freeholder board immediately begin a dialogue with its local officials about which services should be regionalized.

Additionally, the League cautioned against consolidating municipalities that are not similarly situated. When asked how to deal with the inherent conflict of interest that arises when local officials are asked to consolidate municipalities, other representatives indicated support for SJR-47, which would remove consolidation from the local political process.

The Joint Committee called upon various representatives from police and fire associations, testifying together as a panel, to estimate the number of municipal fire departments. The panel responded that there are several hundred. The panel was asked about the origin of fire districts, and responded that the districts were established by municipalities that did not have the financial ability to maintain their own fire departments. Several representatives from fire associations supported the regionalization or consolidation of fire districts, as long as the plan is consistent with standards outlined by the National Fire Protection Association; they pointed to the Cherry Hill Fire Department as one good example of a regional fire department that adheres to Association standards. Moreover, they testified that regional or countywide fire services are feasible if the demographics of the municipalities involved are similar.

Representatives from business associations offered their support for all five bills. In particular, the panel praised S-2244 and SJR-47 for going beyond mere incentives and placing consolidation and regionalization decisions squarely in the hands of the voting public. One representative suggested purchasing, insurance, transportation, and human resources should be included in any list of services that might be consolidated at the county level. The representatives supported the binding referenda called for in the bills concerning consolidation, and suggested that the State needs to do more than offer financial incentives; it must mandate municipal consolidation and shared services.

Speaker's CORE Reform Package

October 11, 2006 Meeting of the Joint Committee on Consolidation and Shared Services

The Joint Committee heard testimony on the Speaker's CORE Reform package, which includes the following bills: A-50 (Roberts); A-51 (Roberts); A-52 (Roberts); A-53 (Roberts); A-54 (Roberts); and A-55 (Panter).

Speaker Roberts began his testimony by emphasizing his commitment to implementing thorough and lasting property tax reform. He followed up with a bill-by-bill analysis of the Core Reform package. He explained that the acronym CORE succinctly outlines the bills' strategies for achieving property tax relief: "**C**learing State hurdles that stand in way of sharing services;" "**O**verriding administrative waste in our schools;" "**R**eigning in pension abuse;" and "**E**mpowering our citizens." The Speaker observed that redundancy and frequently conflicting levels of government have been significant drivers of property tax escalation.

The Speaker explained that poor voter turnout for fire district and school board elections results in remarkably few citizens deciding on the expenditure of significant tax dollars. Therefore, it is critical to have more substantial involvement of the electorate in these elections and moving these elections to November will accomplish this goal. At the same time, streamlining school administration through the empowerment of executive county superintendents will cut administrative and operational costs and increase efficiency. In the case of municipal consolidation and service sharing agreements, the Speaker indicated that the State should offer financial incentives to assist local governments in overcoming the upfront costs of consolidation.

Following the Speaker's testimony, the Joint Committee heard from Kathryn Flicker, a State Commission of Investigation (SCI) Commissioner, who praised A-55 for incorporating many of the recommendations contained in 1998 and 2006 SCI reports on the lack of transparency surrounding local government employee and school superintendent salary and benefit packages. In particular, Ms. Flicker noted that the bill's requirement that the contractual terms of all administrative employees be fully disclosed, including all non-monetary and post-retirement compensation, will go far toward controlling the costs associated with administrative employment contracts. Gregg Edwards, President of the Center for Policy Research of New Jersey (CPR), also supported A-55, and welcomed any efforts aimed at increasing the transparency of the local budgeting process.

Jim Leonard, Vice President of the New Jersey Chamber of Commerce and Christopher Emigholz, Director of Education Policy for the New Jersey Business and Industry Association, expressed their overall support for the CORE Reform package, but cautioned that mandated consolidation and regionalization may be necessary in some circumstances. As the State's largest taxpayers, businesses are eager to promote the Joint Committee's initiatives. Mr. Leonard explained that the local Chambers of Commerce have already begun promoting service sharing at the county level. John Shure, President of New Jersey Policy Perspective, also supported A-51, explaining that the bill would remove significant obstacles to consolidation and shared services.

Bill Dressel, Executive Director of the League of Municipalities (the League) and Gregory Fehrenbach, Advisor and Consultant on Interlocal Services for the League, commended the Speaker for his CORE Reform initiative and expressed broad support for A-51, A-52 and A-53. Mr. Dressel praised A-51 for tearing down statutory inhibitors to consolidation and service sharing agreements and for empowering local officials and citizens to immediately initiate reforms. Mr. Fehrenbach described the bill as something of a one-stop shop for any form of government restructuring. John Donnadio, Legislative Director of the New Jersey Association of Counties, expressed support for county assumption of local services and offered that the most successful service sharing arrangements are facilitated by the counties. He testified that A-51 offers the best approach to real property tax relief, as it provides municipalities with more flexibility in developing shared service arrangements to fit the specific needs of each municipality.

Consolidation of Schools and School Services

October 18, 2006 Meeting of the Joint Committee on
Consolidation and Shared Services

The Joint Committee heard testimony from invited stakeholders concerning the consolidation of schools and school services.

Michael A. Vrancik, Director of Governmental Relations for the New Jersey Association of School Administrators, testified that regionalization invariably leads to higher salary scales and would therefore not result in short-term savings. However, there would likely be long-term savings, given the reduction of the number of contracts to be negotiated.

Representatives of various educational organizations were asked whether a more efficient administrative structure could be achieved. The presenters responded that the cost savings for the efficiencies that could be achieved were marginal at best, that there is insufficient evidence to support the proposition that a county-based system of governance is effective and efficient, and that such structural changes should be left to the voters to decide. One representative qualified this point by suggesting that large districts could have a disproportionate influence in determining outcomes. As an example, he cited Essex County, which has one very large district and other smaller districts; he argued that the large district would have a distinct advantage in determining whether a consolidation would happen. Another representative suggested that communities should perform feasibility studies to demonstrate expected savings to the taxpayers before a vote is taken.

Several representatives argued that simply reducing the number of school districts does not guarantee property tax savings, and that tax apportionment, with its attendant winners and losers, is a major obstacle to regionalization. Moreover, savings in administrative costs would be lost when schools merge, since, they argued, the teachers' contract in the larger school becomes the new contract for everyone in the newly formed region, with all teachers receiving the highest end of the wage scale.

One representative asserted that county-based delivery of services would change the dynamics of labor and management contract negotiations; trying to superimpose bargaining mechanisms utilized by other states may be too "adventurous" of an endeavor in the State, given its long history of local bargaining.

In essence, most representatives agreed that cooperative purchasing and shared services should be encouraged among school districts, but all consolidation and regionalization efforts should be voluntary. One representative cautioned the Joint Committee that even the slightest alteration in the way public schools systems are organized could cause unintended consequences resulting in irreparable damage to New Jersey's excellence in public school education.

When asked specifically how they perceive the roles of present county superintendents, representatives responded that the positions are administrative in nature, that county superintendents play a vital role in promoting shared services, and that superintendents should have greater power to take on additional duties. Several witnesses suggested that the gubernatorial appointments of "Super" superintendents would unduly politicize school governance; one suggested that superintendents should instead be appointed by the Commissioner of Education.

Privatization and Other Methods for Reducing the Size of State Government

October 25, 2006 Meeting of the Joint Committee on
Consolidation and Shared Services

The Joint Committee heard testimony from various information officers, government officials specializing in information technology (IT), and private sector efficiency experts concerning initiatives for streamlining State government functions.

Regarding the State provision of IT services, the Joint Committee discussed reducing the number of redundant contracts, standardizing equipment, reducing the amount of equipment, bulk-purchasing IT programs, developing custom IT programs in house, instead of outsourcing, and regularizing IT projects through the centralized control of IT purchasing.

Ms. Teri Takai, the Chief Information Officer for the State of Michigan, testified regarding her own efforts to re-engineer that state's IT infrastructure, with the goal of achieving the use of common technology across the executive branch. These efforts were mandated through executive order and, due to strong legislative and executive support, the project was highly successful.

Michigan's Department of Information Technology (DIT) coordinated a unified executive branch strategic information technology plan, identified "best practices" from executive branch agencies and other public and private sector entities; and developed and implemented processes to replicate IT best practices and standards throughout the executive branch. DIT oversaw the expanded use and implementation of project and contract management principles as they relate to IT projects within the executive branch. DIT also served as a general contractor for the State's IT users and developed service-level agreements with executive branch departments and agencies to ensure that quality products were delivered on schedule and within budget. DIT developed standards for RFP submission, including a standard methodology and cost-benefit analysis that all executive branch departments and agencies must utilize.

While implementing this ambitious program, DIT had the full cooperation of executive branch departments and agencies in developing and implementing the sharing of data and information throughout the executive branch. DIT was charged with developing systems and methodologies to review, evaluate, and prioritize the existing IT projects within the executive branch. DIT also prepares for the Governor a semiannual report on the status of IT projects. Moreover, all information technology budget requests from the executive branch are required to be submitted to the State Budget Office and DIT for joint review; they are mandated to recommend for funding consideration only those proposals that fit into the overall strategic information technology management plan of the state and that provide a reasonable return on investment.

New Jersey's information officer, Mr. Adel Ebeid, argued that the State would not save money from upgrading its own IT systems, because money must be reinvested in updating its equipment. Asked how much it would cost to update the IT infrastructure, Mr. Ebeid estimated between $50 million and $200 million, depending on the desired outcome.

The Joint Committee discussed the proposal that capital purchases by municipalities and counties be subject to State approval.

Mr. Leone, Chairman of the New Jersey Commission on Government Efficiency and Reform, was asked for his opinion on this proposal and responded that it makes sense because the State ultimately ends up being responsible for bailing local units of government out of financial crisis when they overspend. Mr. Leone suggested that this function could be performed by a Capital Budgeting Commission or the Finance Control Board.

Jonathan Stomberger and David Crossed from Smart Business Advisory and Consulting, LLC, testified that the State can establish measures of efficiency for local units of government by expanding the parameters of the Public Archives and Records Infrastructure Support (PARIS) grants to measure the services that counties provide. PARIS grants fund strategic advancements to build and improve the infrastructure of public records administration for county and municipal government and archives and records programs Statewide.

Public Hearing: Bordentown Township

October 26, 2006 Public Hearing of the Joint Committee on
Government Consolidation and Shared Services

On October 26, 2006, the Joint Committee on Government Consolidation and Shared Services met at the Bordentown Township Senior Community Center in Bordentown, Burlington County, to receive testimony from members of the public on shared services and consolidation at the State, county, municipal, and school district level. During the hearing, 18 policy experts, stakeholders, community leaders, and private citizens stepped forward to voice their concerns and to discuss proposals to reform the funding of public schools. Several main themes emerged, including:

Need for Property Tax Relief

Many members of the public expressed frustration with their high property tax rates. Among these witnesses, the belief that waste and corruption at all levels of government is a mainspring for high taxes appeared to run strong. Several witnesses expressed strong, personal concerns regarding the impact of the State's high property taxes on single parents and on seniors living on a fixed income.

State Support for Local Units

Members of the public commented that local officials recognize the value of and need for service sharing among municipalities and other local units. There were general suggestions that the State could assist local efforts by removing barriers to consolidation and shared services and offering technical support.

Local Control

Municipal officials from smaller communities expressed their belief in the merits of small-town government, especially in rural areas. Additionally, members of the public expressed concerns about the impact of municipal consolidation efforts on the ability of parents to have a say in the education of their children. Other members of the public urged the Joint Committee to set aside home rule concerns and adopt measures to consolidate and reduce the number of units of local government.

Public Participation in Decisions to Consolidate

Several members of the public testified concerning public participation in municipal and school district consolidation. Some witnesses suggested that the requirement of voter approval is a barrier to regionalization and consolidation. Others warned against allowing such efforts to proceed without a full opportunity for public participation.

Fire Districts

Fire association representatives testified as to the merits of fire districts as effective tools to ensure adequate funding and local control. The same witnesses also testified against moving fire district elections to the date of the general election in November.

Public Hearing: Paramus

November 1, 2006 Public Hearing of the Joint Committee on Government Consolidation and Shared Services

On November 1, 2006, the Joint Committee on Government Consolidation and Shared Services met at Bergen Community College in Paramus, Bergen County, to receive testimony from members of the public on shared services and consolidation at the State, county, municipal, and school district level. Specifically, members of the public were invited to offer comment on the following bills: A-50 (Roberts); A-51 (Roberts); A-52 (Roberts); A-53 (Roberts); A-54 (Roberts); A-55 (Panter); A-416 (Bodine/Chatzidakis) / S-864 (Bark/Allen); AJR-69 (O'Toole/Beck)/SJR-47(Kyrillos/Sweeney); S-577 (Kyrillos); S-2244 (Smith, B); S-2266 (Smith, B); and S-2267 (Smith, B). During the hearing, policy experts, stakeholders, community leaders, and private citizens voiced their concerns and discussed proposals to reform the funding of public schools. Several major themes emerged, including:

School Governance

Several witnesses testified in favor of eliminating local school boards and moving school governance to the county level. Other witnesses argued forcefully that such measures would deprive parents of full input in their children's education. Some urged the Joint Committee to focus on the regionalization process and reconsider any thoughts of placing more authority in the hands of the county superintendent. Witnesses also testified as to the Joint Committee's obligation to consider educational quality ahead of the need to scale back expenditures.

County Services

Members of the public testified concerning successes around the State in consolidating health services. While generally supportive of consolidating health services where consolidation would achieve economies of scale, witnesses warned against reducing the number of health officers serving the public, to the detriment of public safety. Other witnesses testified against the consolidation of tax collection services at the county level.

Public Participation in Decisions to Consolidate

Several members of the public testified concerning public participation in municipal and school district consolidation. Some witnesses suggested that the requirement of voter approval is a barrier to regionalization and consolidation. Others warned against allowing such efforts to proceed without a full opportunity for public participation.

Fire Districts

Fire association representatives testified as to the merits of fire districts as effective tools to ensure adequate funding and local control. The same witnesses testified against forced consolidation of fire districts and against moving fire district elections to the date of the general election in November.

Helping Local Governments Consolidate and Share Services

The Mayor of West Caldwell testified that the Joint Committee should repeal prevailing wage laws, restore full funding to municipalities of the former gross receipts act, remove the $15,000 cap on salaries for retired employees, and reform binding arbitration laws for public safety employees.

Public Hearing: Freehold Borough

November 9, 2006 Public Hearing of the Joint Committee on
Government Consolidation and Shared Services

On November 9, 2006, the Joint Committee on Government Consolidation and Shared Services met in the Freehold Borough Council Chambers in Freehold Borough, Monmouth County, to receive testimony from members of the public on shared services and consolidation at the State, County, municipal, and school district level. Specifically, members of the public were invited to offer comment on the following bills: A-50 (Roberts); A-51 (Roberts); A-52 (Roberts); A-53 (Roberts); A-54 (Roberts); A-55 (Panter); A-416 (Bodine/Chatzidakis) / S-864 (Bark/Allen); AJR-69 (O'Toole/Beck)/SJR-47(Kyrillos/Sweeney); S-577 (Kyrillos); S-2244 (Smith, B); S-2266 (Smith, B); and S-2267 (Smith, B). During the hearing, policy experts, stakeholders, community leaders, and private citizens stepped forward to voice their concerns and to discuss proposals to reform the funding of public schools. Several main themes emerged, including:

Tax Collectors

Several members of the professional community testified that consolidating tax collection services at the county level would deprive seniors and other community members of a much-needed service and an important opportunity to interact with local government officials.

Need for Property Tax Relief

Many members of the public expressed frustration with their high property tax rates. Among these witnesses, the belief that waste and corruption at all levels of government is a mainspring for high taxes appeared to run strong. One witness suggested that citizens be permitted to compensate for property tax debts by performing community service.

School Districts

Several witnesses testified against forced school district consolidation, arguing that consolidation diminishes a parent's ability to affect educational decision-making at the local level. Several witnesses who testified primarily on the subject of high property taxes complained that their districts were being underfunded and overtaxed as a result of the amount of State aid distributed to the Abbotts.

V. Recommendations

RECOMMENDATION 1: CREATE A PERMANENT LOCAL UNIT REORGANIZATION AND CONSOLIDATION COMMISSION TO FACILITATE MUNICIPAL MERGERS AND SHARED SERVICES

? **DISCUSSION**

The conundrum that New Jersey State government faces vis-à-vis its multiple units of municipal government is not unlike that faced by the federal government with respect to military bases. The political difficulty associated with closing a base by legislative action has resulted in a plethora of federal military bases, some of which were originally established to protect the nation from attacks by the English through Canada, or to protect settlers from attacks by tribes of Native Americans. Similarly, New Jersey has a number of municipalities that were created in previous centuries for motivations which have long ceased to have contemporary relevance and which have been well-documented by Alan Karcher in *Multiple Municipal Madness*.

Whether it is a military base that was established after the War of 1812 or a municipality created around a railroad station, times have changed, and what made sense more than a century ago often bears no rational relationship to current development patterns, population growth, a global economy, or defending the nation from multinational terrorist organizations. The United States Congress recognized in the 1980's that the political will to impose changes in our military base structure simply did not exist. Similarly, the Joint Committee recognizes that mustering the political will to alter local government from the top down is problematic at best. In addition to the inevitable clash of a State-imposed mandate against a local citizen's belief in self-determination, there is simply the practical consideration that three months is too short a time to make these specific decisions. Several of the witnesses that appeared before the Joint Committee at the public hearings argued why their specific community should continue unchanged.

The Joint Committee never viewed its charge from the Legislature as to include a top-to-bottom review of the viability of all 566 municipalities. While it seems clear that the number (566) of municipal governments is excessive, reforming a system of local governance that has evolved over centuries without further research and analysis is unreasonable. The potential for disruption throughout the State by an immediate, radical imposition of specific municipal consolidation recommendations by this committee significantly outweighs the potential benefits.

A structure is needed by which to provide a highly detailed review and examination of local government service delivery. Short of recommending a wholesale municipal consolidation, there may be opportunities where a sharing or merging of a specific service makes sense. If a municipality or other local unit spends a disproportionate amount of taxpayer dollars on a particular service, sharing that service with another community may yield significant savings to those taxpayers.

Just as short-term political considerations can hold a State Legislature hostage, those same pressures exist at the local level and often hold local elected officials hostage. Having a body with professional expertise uninhibited by elections to review these issues and make recommendations, subject to the approval of local voters, could, in many instances, break a local political logjam. The recommendations must be sound and present a solid business rationale in each instance to support a specific recommendation.

? **RECOMMENDED ACTION**

The Joint Committee recommends the creation by statute of a Local Unit Reorganization and Consolidation Commission patterned after the federal Base Realignment and Closure Commission. The responsibilities of the Commission would include direct recommendations that could result in the merger of municipal governments or in the sharing of services. The Commission would also be charged with the responsibility to consider which level of local government might be best suited to handle certain services Statewide and to provide ongoing research support relative to local governance.

The Commission would consist of nine members; four to be appointed by the legislative leaders, four to be the direct appointments of the Governor, and the last appointment made by the Chief Justice of the Supreme Court. Among the gubernatorial and legislative appointments, the Joint Committee recommends a partisan balance. Appointees to the Commission should have management experience in the private sector, high level policy experience in government, or relevant research experience in academia. The jurisdiction of the Commission would be municipal governments and municipally-created independent authorities.

The Joint Committee recognizes that this Commission must have the resources to hire professional and support staff, and to contract with professionals and research institutions to assist in its work. The Joint Committee further recognizes that many of the institutions that formerly provided ongoing research and data collection relative to local governments no longer do so at the same level of regularity or detail. The staff for this Commission must fill that void in order to ensure that the Commission's recommendations reflect well-researched conclusions.

The Joint Committee recommends that one of the primary tasks of the Commission would be to examine service delivery across the State and attempt to draw some conclusions about which level of government should deliver which service. The Joint Committee heard extensive testimony regarding the "Who Does What?" panel established in the Canadian province of Ontario. Reports issued by the Commission could include recommendations for the Legislature to consider regarding a transfer of a particular service from being delivered by one level of government to another. This type of recommendation would require legislative enactment to alter service delivery models on a Statewide basis.

The Commission would also be empowered to recommend the merger of municipalities and have that question placed directly on a ballot for affected voters to consider. The Commission's recommendations for local mergers or shared services would be transmitted in a report to the Legislature. Unless the Legislature passed concurrent resolutions disapproving of the report in its entirety, the report would be deemed approved. Reports of the Commission would not be subject to legislative amendments. The process for considering these reports would be similar to one followed under the "Executive Reorganization Act." Once the report is approved, the Secretary of State would be directed to ensure that the appropriate local questions are placed on the ballots of the affected municipalities at the next general election. Results of these elections would be judged consistent with current law, with a majority of the voters in each municipality required to vote in the affirmative to implement the merger.

Short of recommending complete mergers of municipalities, the Commission could recommend that two or more local units share a specific service or function. This recommendation also would go on the ballot, unless the governing bodies of these local units agree and implement the recommendation directly. Results of these elections would be judged consistent with current law, with a majority of the voters in each municipality required to vote in the affirmative to implement the shared service arrangement.

The Joint Committee firmly believes that while the Legislature should provide the Commission with criteria to guide its work in the enabling statute, the Commission should have the freedom to issue reports, as needed. The Commission should have the ability to consider recommendations without artificial deadlines and have the ability to monitor the outcomes of its prior decisions. The Commission should also serve as a resource for those local governments that want to volunteer for consolidation-related study. The Joint Committee believes that in any given year that the Commission makes recommendations, it should do so on or before May 1st in order for the Legislature to review those recommendations and to ensure that the public has adequate time to consider any pending general election ballot questions.

RECOMMENDATION 2: STREAMLINE THE EXISTING PROCESS FOR SHARING SERVICES AND MUNICIPAL CONSOLIDATION, REMOVE BARRIERS AND INTRODUCE FLEXIBILITY FOR MUNICIPALITIES TO DESIGN THEIR OWN PROCESS

? **DISCUSSION**

There are currently over 300 provisions scattered throughout New Jersey's law books that are aimed at establishing various models of service sharing and facilitating regionalization and consolidation. The State has also passed several laws of general application, such as the "Consolidated Municipal Services Act" in the 1950's, the "Interlocal Services Act," in the 1970's, the "Municipal Consolidation Act" in the late 1970's, and the "Regional Efficiency Aid Program" and "Regional Efficiency Development Incentive Program" in the late 1990's.

It was frequently emphasized before the Joint Committee that, notwithstanding the existence of statutes which set forth a detailed framework for consolidation, the current process of consolidation is complicated and not tailored to individual situations. The last successful consolidation between two regular municipalities was in 1952 and the only recent consolidation to occur, in 1997, came about only after enactment of legislation designed explicitly to foster that consolidation which involved a sparsely populated municipality. This dismal record of merging municipalities may reflect on local circumstances and identity issues, but it is clear that the Legislature can do more to ensure that consolidation is not hindered by flawed procedures, confusing laws, or outdated barriers.

In 1995, for instance, when Princeton Borough and Princeton Township undertook their second attempt to consolidate, it was reported to the Joint Committee that although local identity played an important role in the failed attempt at consolidation, certain elements of the current consolidation statute discourage successful municipal consolidation.

Similarly, Marianne Smith, representing the experience of Hardyston Township and Franklin Borough, noted shortcomings in the existing consolidation process. In fact, the consolidation commission which was elected by those township and borough voters in

November 1996, recommended against consolidation and instead, based on its experience, offered a series of reforms to the laws governing the consolidation process. The statutory limitations identified were thought to impact upon the ability of the commission to successfully fulfill its responsibilities.

Principal among those statutory limitations mentioned were the abbreviated time frame within which the commission had to complete its task, the limited role of State agencies in providing technical assistance, and the availability of the fiscal analysis from the Department of Community Affairs too late in the consolidation process. The commission report also cited shortcomings in the consolidation law with regard to school district consolidation.

Apart from the procedural obstacles to consolidation, it also was noted by many witnesses before the Joint Committee that other significant barriers to consolidation exist in the statutes, principal among them the requirement that if two entities are to share services, enter into a joint meeting, or consolidate, and one is subject to Title 11A, Civil Service, of the New Jersey Statutes, the other entity (or entities) automatically becomes subject to Title 11A, at least with respect to the shared service or joint meeting employees. Under current law, the local decision to operate under Civil Service is irrevocable. Additionally, there is no simple existing mechanism to resolve labor disputes that could arise from the consolidation of two or more municipalities.

? **RECOMMENDED ACTION**

The Joint Committee recommends a bold initiative whereby municipalities or citizen groups may petition the Local Finance Board directly to pursue consolidation. This "alternate route" to the existing consolidation procedures would provide a highly flexible model that allows for much needed sensitivity to local conditions in the consolidation planning and implementation process, subject to Local Finance Board review.

In response to concerns that local officials expressed about the lack of State technical assistance, the Joint Committee also recommends the involvement of State agencies to assist the study and implementation process for consolidation, and that these agencies be granted the authority to address unanticipated problems that may occur.

The Joint Committee is persuaded that when establishing a new unit of government for the purpose of sharing a service, facilitating a joint meeting, or consolidation, it seems fair to put forward the question of Civil Service to the voters of the jurisdictions subject to the shared service or consolidation – in the same way that their civil service status was originally decided upon. In other words, if one service is to be shared by two municipalities, only one of which has adopted Civil Service, then the question of whether new employees providing that shared service will be covered by Civil Service should be put to the voters in both municipalities. Of course, regardless of that referendum, the municipality that is subject to Civil Service would continue in that status.

Local employees who are already subject to Civil Service and who are transferred to a new shared service employer established by referendum as non-Civil Service, would continue to be covered by Civil Service under this recommendation. Newly hired employees of the shared service employer, on the other hand, would not receive Civil Service protection.

A major innovation recommended by the Joint Committee is the "employment reconciliation plan" which would facilitate the resolution of employee issues which arise in shared service or consolidation efforts, including the conferring of authority on the Department of Personnel and the Public Employment Relations Commission (PERC) to address situations involving Civil Service employees.

RECOMMENDATION 3: CREATE MODERN, COUNTY-BASED SYSTEM OF PROPERTY TAX ASSESSMENT

? **DISCUSSION**

In testimony before the Joint Committee, convincing evidence was offered suggesting that the marked inconsistency in property assessments from one municipality to the next serves as a critical, though not always obvious, impediment to consolidation. Sometimes assessment disparities between neighboring municipalities raise the specter of major winners and losers following consolidation. These inequities assure that even though communities may be similar in many respects, consolidation will not occur.

Indeed, the shortcomings of New Jersey's property tax assessment administration have been noted by successive study commissions over the past 30 years. Significantly, the New Jersey Property Tax Assessment Study Commission (popularly referred to as the "Glaser Commission"), the State and Local Expenditure and Revenue Policy Commission (commonly referred to as the "SLERP Commission"), and the 1998 Whitman Property Tax Commission Report all called for greater State oversight. Additionally, in a study called "Equity 21," a major accounting firm analyzed for the State the implications of these problems and proposed several strategies to create a fairer, more efficient structure for property tax assessment.

These analyses have detailed a host of problems in the administration of property tax assessment in New Jersey which include: a fragmented administrative structure with a concomitant blurring of accountability; failure to take full advantage of technological advances in property appraisal technologies; and difficulties in accurately valuing commercial and industrial property, and in appropriately assessing high value houses. Studies have noted the forestalling of long overdue property revaluations because of the fear of dramatic property tax shifts, punctuated by devastating revaluations. Without a major overhaul of this system, there is no reason to believe that change will arise within the current administrative structure.

Although the Joint Committee considered various proposals to achieve greater efficiency in government administration by moving service delivery to the county level (looking at animal control, health services, and tax collection), it was ultimately persuaded that further research is warranted to determine how such inter-jurisdictional shifts would result in improved service delivery outcomes at lesser cost.

? **RECOMMENDED ACTION**

The Joint Committee is persuaded that reform of the State's antiquated system of property tax assessment is critical, and without fundamental change, it will remain a serious obstacle to municipal consolidation.

This recommendation is based on the following factors:

? Modern technological innovations in property tax assessment and the progress being made in computer-aided mass appraisal through the Property Assessment Management System (PAMS) being undertaken by the State underscores the need to professionalize the entire assessment system;

? The current antiquated property tax system is characterized by a loosely defined relationship between State, county, and municipal assessment roles; a lack of clearly enunciated standards across the board; and a poorly defined chain of authority among property tax administrators;

? The pain visited on members of the public owing to a lack of timely reassessment and resulting tax shifts following a reassessment which exacerbates the residential property tax burdens on the State's households; and

? The critical importance of fair and equitable assessment, especially given the extent to which the State depends upon the property tax to fund critical local services.

Based upon these factors, the Joint Committee recommends the following:

? The Joint Committee recommends the establishment of a modernized, county-based system of property tax assessment, including enhanced State and county oversight, clearly-defined objectives and standards for property assessment, and a clear chain of authority over the assessment function. This recommendation is in accordance with the recommendations of the Property Tax Assessment Commission in 1986 (referred to as the "Glaser Commission").

? On the State level, the Joint Committee recommends the creation of an Assessment Administration Review Board to establish standards and guidelines for the assessment of property, including the establishment of minimum-sized assessment employment districts and standards for assessors' compensation, staff, and equipment. Also on the State level, the Joint Committee recommends the establishment of a Division of Local Property Tax and Assessment to administer the standards established by the board and serve as a clearly-defined central authority on property assessment, reassessment and revaluation, and on the performance of local tax assessors and revaluation firms.

? On the county level, the Joint Committee recommends the creation of the position of County Property Assessment Supervisor with direct responsibility for the supervision of the work of local assessors and the review and correction of local assessment lists. The county tax board would continue to perform the equalization and rate setting functions and continue to hear tax appeals – the supervision of assessment work would be completely separate, organizationally, from the appeal function of the board.

? On the municipal level, the assessor would remain responsible for the assessment of property but now be subject to the new standards adopted by the review board and administered through the county supervisor.

RECOMMENDATION 4: TIE STATE AID TO EFFICIENT LOCAL GOVERNMENT OPERATION

? **DISCUSSION**

Given the magnitude of property tax increases in recent years, considerable national attention has been directed to the need to encourage efficient service delivery by municipal governments. Current State aid programs do not take into account the level of service being provided by municipal governments or the extent to which those governments operate efficiently. Subsidizing inefficiency has to stop. At the same time, the Joint Committee also recognizes the need to define parameters to guide municipalities in order to ensure an orderly transition to performance-based aid.

To that end and in response to the call to maximize taxpayer dollars and rein in runaway local spending, increasing national attention is being focused on developing efficiency benchmarks to serve as a standard measure by which to assess performance and enable some objective judgments to be made about what constitutes efficient resource allocation. Marc Holzer, Dean and Board of Governors Professor of Public Affairs and Administration, Rutgers University, presented to the committee such an effort being undertaken by The National Center for Public Productivity at Rutgers—Newark, to develop service delivery benchmarks, sponsored in part by the Department of Community Affairs (DCA).

In addition, Reagan Burkholder, a consultant and former municipal administrator, testified before the committee about his efforts working with nine municipalities (which include pairs of municipalities with comparable geographic and demographic characteristics) to develop consistent benchmarks in order to allow for a comparison of the resources needed to achieve certain service delivery outcomes. This work has enabled a comparison of the resources needed to perform analogous services and has served as a useful tool for administrators in those municipalities.

The Joint Committee understands that this proposal will not be popular among the municipalities and education community, where the consensus opinion holds that sharing occurs if it makes sense to governing officials, and the experience has been to reject any efforts on the part of the Legislature to interfere in local decision-making. However, the Joint Committee is also cognizant of the local perception, enunciated in countless emails, that local spending needs to be constrained given the enormity of the property tax burden.

The time has come to hold municipal governments accountable to the taxpayers for the efficiency of service delivery and for the State to provide the necessary means and guidance to municipalities in documenting their efficiency of operation.

? **RECOMMENDED ACTION**

The Joint Committee supports tying State aid to efficiency by establishing the current $34.825 million in Legislative Initiative Municipal Block Grant funds (currently distributed to all municipalities according to population) to reward those municipalities that achieve performance measures promulgated by the Department of Community Affairs.

Municipalities should be rewarded that meet performance measures established by the State to promote cost savings in the delivery of municipal services. The Commissioner of Community Affairs should be authorized to adopt rules and regulations establishing and governing the performance measures, taking account of differing size, demographic and geographic characteristics of municipalities. Following adoption of the rules, the bill will direct the distribution of the $34.825 million currently allocated under the Legislative Initiative Municipal Block Grant Program to reward those municipalities that meet the performance measures promulgated by the commissioner.

The Joint Committee also calls for the development of benchmarking standards by the State to guide counties and municipalities in reporting on service delivery performance. This reporting, to be required as part of the annual budget adoption process, would offer a better understanding on the part of local voters of the variety of services being delivered by their governments and the effectiveness of service delivery. Such measures would depend upon the particular functional area but would include, for example, the population served, total customers, the units consumed, number of calls, response time, operational costs of maintenance, and the costs of delivering given services per household.

This reporting is intended to assist counties and municipalities in monitoring their own performance over time, facilitate comparisons among local units to the extent they are relevant, increase public awareness of how taxpayer dollars are being spent, and, in so doing, make local governments more accountable to voters. The Joint Committee notes that this reporting would be subject to the increased disclosure requirements being recommended in this report to increase transparency and accountability. These requirements include the preparation of "user-friendly" budgets, which would be more easily understood and the posting of these budgets on the Internet.

Once these measures are in place, municipalities that meet State-established performance measures would be rewarded with additional State aid. Over the long term, the Joint Committee recommends that increasing amounts of State aid be distributed using the achievement of performance benchmarks as a criterion.

<u>RECOMMENDATION 5</u>: MOVE FIRE DISTRICT ELECTIONS TO NOVEMBER TO ENCOURAGE GREATER VOTER TURNOUT AND ELIMINATE THE NEED FOR A BUDGET VOTE

? **DISCUSSION**

Legislation authorizing the creation of fire districts in New Jersey dates back to 1879. Today, there are 186 fire districts in 79 municipalities, located primarily in the southern and central portions of the State. The fire district is the only local special district with property taxing power. Fire districts are governed by commissioners, who are elected on the third Saturday in February. The obscurity of this date has resulted in strikingly little public involvement. Indeed, in 2006, the average voter turnout for these elections was a dismal 1.88%.

Depending upon the municipality, these commissioners may be paid, and are authorized to hire paid personnel and incur debt. Fire district commissioners have the power to adopt a budget, subject to voter approval. If a proposed budget is not approved, the municipality must fix an annual budget not more than 30 days following the election. Significantly, the budget is not subject to municipal spending cap limits and fire commissioners may make capital expenditures (including raising money for a firehouse, apparatus, and appliances for firefighting) which apply against the municipality's bonding cap. Voters must approve the issuance of bonds and bond amounts, but given the abysmal voter turnout, public accountability is negligible. Unlike other elections held in the State, which are run by county boards of election, fire district elections are run by the districts themselves.

? **RECOMMENDED ACTION**

The Joint Committee recommends moving fire district elections to November and eliminating voter approval of fire district budgets that do not exceed the municipal cap. Moving the election to November would increase voter turnout while simultaneously eliminating the cost associated with holding an election at which few people vote. At the same time, subjecting their budgets to the "Local Cap Law" and increased voter participation would eliminate the necessity of direct voter approval of fire district budgets. In order to implement this recommendation, the Legislature should work with State and local election officials to ensure a smooth transition to a November election through the identification and resolution of all related issues.

Witnesses speaking on behalf of fire districts around the State have expressed concern before the Joint Committee that holding these elections in November will politicize elections. The Joint Committee recommends avoiding this outcome by calling for a clear division of the ballot into partisan and nonpartisan sections. Joint Committee members understand the concern about politicizing these elections, but have decided that the holding of elections at a time when voters participate in far greater numbers significantly outweighs maintaining an unacceptable status quo.

<u>RECOMMENDATION 6</u>: PROVIDE FOR COORDINATION OF CAPITAL PURCHASING BY MUNICIPALITIES TO HELP AVOID REDUNDANCIES AND DUPLICATION

? **DISCUSSION**

One of the constant refrains heard by the Joint Committee from members of the public via the Website was the wastefulness inherent in maintaining multiple units of government with independent taxing and spending authority. There is general concern that this government fragmentation breeds excessive spending on major capital items which are not shared and whose purchase is not rationalized on the basis of geographic need.

Principal among these concerns was duplicative expenditures on fire apparatus, some of the most expensive purchases that are made at taxpayer expense. As long as these multiple units of government continue to exist, there needs to be some mechanism for assessing the need for fire apparatus inter-jurisdictionally. Joint Committee members also expressed the concern that any such mechanism not create additional bureaucracy contributing to time lags and needless delays in emergency response service to the public.

As a specific example of the need for coordination, Cherry Hill Fire Chief Robert Giorgio testified before the committee about the savings associated with the consolidation of multiple fire districts in his community. Chief Giorgio testified that Cherry Hill achieved a savings of over 36 percent in operating and purchasing costs after consolidation of the township's fire and rescue operations: from 24 engine companies to 10, from five ladder companies to three, and from five rescue companies to three. These reductions produced savings through less vehicle maintenance and less capital purchasing. Jeff Welz related similar savings to the committee as a result of the regionalization in North Hudson.

Increasingly since 9/11, governmental units across the country are adopting functional regionalization models in order to coordinate fire, police, and emergency management systems inter-jurisdictionally within larger regions. Washington, D.C. and Phoenix, AZ, are nationally recognized for their recent efforts.

While respecting New Jersey's long "home rule" tradition and the existing service delivery system with regard to police, fire, and emergency management, the Joint Committee strongly endorses a concept of functional regionalization with regard to the purchasing of major capital equipment in order to maximize efficiency and cost savings.

There are two existing mechanisms identified by the Joint Committee that could be adapted through statutory amendment to encourage the coordination of capital equipment purchasing by existing local governing entities over an extended region: (1) requiring Local Finance Board approval of fire apparatus purchasing beyond a certain cost threshold using regional coordination as a principal approval criterion; and (2) requiring county improvement authorities to ensure appropriate regional resource allocation as a condition of utilizing existing bonding power for capital purchases on behalf of local units beyond a certain cost threshold.

? **RECOMMENDED ACTION**

The Joint Committee recommends adding the requirement of Local Finance Board approval for the purchase of fire apparatus by a local unit beyond a certain cost threshold; this approval would be granted only upon a demonstration that the purchase is consistent with a regional resource allocation plan which the unit has participated in and has formally endorsed. Such a plan would represent an effort on the part of fire jurisdictions within a given region to plan for regional needs and rationalize expenditures on equipment, anticipating mutual aid and whatever cooperative arrangements might allow for economies in equipment acquisition. The plan would recognize appropriate rational standards that govern capital needs and, when appropriate, allied services such as emergency response, hazardous materials, and related equipment.

In the absence of a regional resource allocation plan, the Local Finance Board would be granted the authority to approve or deny bonding applications based on considerations of economy and efficiency within the regional context. This additional approval would obviously need to be prospective in order to allow regional resource allocation planning to occur. The Legislature should consider providing jurisdictions with the necessary financial assistance in order to facilitate this capital planning.

In addition, the Joint Committee recommends that the Local Finance Board establish regional resource allocation planning as a criterion for the approval of all bonding applications by each county improvement authority beyond a certain dollar threshold when the authority is bonding on behalf of a constituent municipality. In the absence of such local planning, the board would approve or deny such applications based on its own assessment of regional needs, and any such board action would be guided by rules and regulations adopted by the board.

RECOMMENDATION 7: EXPAND POWER OF 21 "EXECUTIVE COUNTY" SUPERINTENDENTS TO OVERSEE LOCAL DISTRICT OPERATION

? **DISCUSSION**

The office of the county superintendent is a relatively weak link in the New Jersey educational hierarchy. Local districts, on the other hand, maintain considerable power and authority over administrative expenditures with little meaningful oversight. The 2006 report of the New Jersey State Commission of Investigation documented the cost of this lax oversight: between 1997 and 2004, the average salary paid to public school administrators, including superintendents, assistant superintendents, and business administrators, rose by 31 percent. This is more than twice the average increase of teacher salaries over the same period. The report further uncovered that these administrators are provided a host of unconventional perks, including allowances for personal chauffeurs and reimbursements for moving and housing expenses. For example, the employment contract of a former superintendent of the City of Trenton School District provided for "personal protection," and a top administrator of the Salem County Vocational School District was even granted clothing allowances. Collectively, inflated salaries and lucrative benefits have cost New Jersey taxpayers millions of dollars.

These abuses have been perpetrated with little or no State or county oversight. New Jersey's 21 county superintendents have been largely relegated to reviewing paperwork and are given no real power to identify inefficiencies and eliminate waste in school administration. As the SCI report makes clear, "this generally 'hands-off' approach has produced a vacuum in which questionable or patently abusive compensation practices have been allowed to flourish."

It is time to address this vacuum by creating a mechanism by which to coordinate administrative spending within counties with the goal of achieving greater efficiencies. The Joint Committee therefore proposes to revamp these offices and enlist a new crop of "super" county superintendents – to be appointed by the Governor – with broad authority to eliminate administrative waste and overhead, including direct authority over approval of local school budgets and the ability to eliminate unnecessary State mandates and non-operating school districts.

Of the various proposals considered by the Joint Committee aimed at reining in the expense of school district administration, the empowerment of county superintendents held the most promise to promote cost savings and efficiencies without disrupting the quality of education.

? **RECOMMENDED ACTION**

The Joint Committee recommends enhancing the oversight powers and responsibilities of the 21 county superintendents of schools and reflecting these changes in a new title: the "executive county superintendent of schools." These so-called "super" county superintendents would have enhanced powers to oversee administrative spending in districts and to encourage efficiency.

The Joint Committee recommends that the executive county superintendent be appointed by the Governor, upon recommendation by the Commissioner of Education, for a designated term. The executive county superintendent would be eligible to be reappointed for a subsequent term upon a satisfactory performance assessment by the Commissioner of Education.

In addition to the county superintendent's current duties, the executive county superintendent would have the power to:

? Approve or disapprove the hiring, compensation, and benefit plans of local school superintendents;

? Sign off on school budgets, veto excessive non-instructional expenses, and authorize forensic auditing of school administrative expenses;

? Require school districts to document efforts to share administrative services;

? Provide certain administrative services for school districts, upon application of the school district, including transportation, purchasing, and accounting;
? Eliminate non-operating school districts within one year and authorize referenda on creating K-12 school districts within three years;
? Eliminate unnecessary State mandates;
? Promote cooperative purchasing of textbooks and other materials;
? Preclude de-regionalization that is proposed without a cost-benefit analysis and demonstration that de-regionalization will not result in inefficiencies; and
? County superintendents would be required to demonstrate progress in facilitating shared service agreements as a condition of contract renewal, and mandate revolving-door restrictions on school employment within the county.

<u>RECOMMENDATION 8</u>: MOVE SCHOOL BOARD ELECTIONS TO NOVEMBER AND ELIMINATE THE APRIL BUDGET VOTE EXCEPT FOR BUDGETS THAT EXCEED THE CAP

New Jersey school districts currently hold budget and school board member elections in April, despite the fact that no other elections are held at this time. This anomaly creates an inefficient system that results in unnecessary expense and low voter turnout. In fact the majority of states conduct school elections in November to maximize efficiency.

In 2006, 549 school districts held elections on proposed base budgets. The proposed school budgets were approved in 54.4% of the districts compared to 70.7% in 2005.

Fifty-seven districts had "second-ballot finance" questions. These additional questions typically seek voter authorization for specified expenditures that would bring the district's base budget above the State-imposed spending growth limit, or budget cap (4.01% before adjustments for enrollment and other factors). The 57 school districts proposed a total of 72 second-ballot financing questions. Renovations, hazardous-route busing and maintaining classroom teaching staff were the subject of numerous proposals. Voters approved 24 of the 72 questions, or 33%. In 2005, voters approved 41.8% of the second questions.

If voters reject either the base budget or a second-ballot finance question, the budget is sent to the municipal governing body for review. The municipality may leave the budget intact or make any cuts it finds appropriate. If the municipality's cuts to a defeated base budget would prevent the school district from providing an adequate education or would undermine the district's economic stability, State law allows a school board to file an appeal with the Commissioner of Education. However, any cuts the municipality makes to a defeated second-ballot finance question are final, and the school board cannot appeal to the State.

In 2006, 553 school districts conducted school board member elections with 1,607 seats up for election and 2,263 school board candidates. The ratio of candidates to available school board seats is 1.41 to 1. The average length of service for New Jersey local school board members is 6.7 years.

The New Jersey Election Law Enforcement Commission produced a report on how much money school board members spend on their campaigns. The report found that while school board candidate races came no where near the spending levels seen in municipal government races ($750,000 and $16 million respectively), there has been a larger percentage increase in the amounts spent on school races.

Voter turnout for school elections has hovered around 15% in the last 10 years with a high of 18% in 1996 and a low of 12.5% in 2000. 2005 saw a turnout of 13.2%. Because of the historically low turnout, many argue that these elections are not truly representative of the majority of the community and that the process should be changed.

Last year, 57 districts proposed budgets which exceeded the cap. The Joint Committee concludes that eliminating the budget vote for districts that fall under the cap will serve as a disincentive to school boards to propose budgets that exceed spending beyond that permitted by the cap and impose a higher degree of fiscal discipline on school boards. The Joint Committee further believes that the elimination of the mandatory budget votes will, over time, further reduce the number of school boards that propose budgets that exceed the cap.

The Joint Committee does recognize that certain unavoidable circumstances will arise that require a district to exceed the cap and therefore recommends keeping the school budget election for that limited purpose. In those circumstances, the Joint Committee recommends continuing the April date for the limited number of school budget elections that might be held. Because the school districts operate on a different fiscal year than the State and municipalities, moving the budget election would create a number of problems related to striking the municipal tax rate, preparation of tax bills and employees' contracts. However, the Joint Committee purposefully recommends a higher threshold requirement for voter turnout and approval of the excess spending. This requirement is intended to ensure that the spending controls are effective.

The Joint Committee does, however, recommend moving the school board member elections to November. School board member elections do not pose the same logistical problems involved in moving budget elections. The Joint Committee concluded that this change would have both participation and cost benefits. It would ensure that a larger number of citizens would participate in the election. November school board elections would also reduce the taxpayer costs associated with conducting the separate elections. The Joint Committee recognizes that opponents of this change feel that moving the school board election would cause the elections to become more political. However, the Joint Committee concluded that this fear is unfounded. Moreover, the Joint Committee recommends that the ballot reflect the school board members' nonpartisan status.

? **RECOMMENDED ACTION**

The Joint Committee recommends the enactment of legislation that would move the school board member elections to November but retain the April date for school budget elections only for those districts that are seeking to spend in excess of the cap.

<u>RECOMMENDATION 9</u>: REQUIRE ADOPTION OF "USER-FRIENDLY" COUNTY, MUNICIPAL, AND SCHOOL DISTRICT BUDGETS

? **DISCUSSION**

New Jersey residents expend billions of dollars in property taxes each year. As such, it is critical that New Jersey taxpayers are fully and accurately informed of the disposition of their tax dollars. The lack of transparency creates too many opportunities for waste and abuse, which was clearly documented in successive New Jersey State Commission of Investigation (SCI) reports critical of the compensation of school superintendents and high level municipal officials.

The Joint Committee heard testimony from the SCI supporting greater disclosure of school and municipal budgets and administrative salary information. Kathryn Flicker, an SCI Commissioner, testified that there is little, if any, State oversight of administrative compensation in local school districts. Additionally, Ms. Flicker indicated that the current system allows school administrators to negotiate privately for employment contracts laden with lucrative perks that extend far beyond the publicly disclosed base salaries. Because school districts and municipalities are not required to provide itemized accountings of the annual costs of benefits given in the form of bonuses, stipends, vacation pay, and other such allowances, taxpayers are often in the dark about how money is actually spent to employ their public school administrators and municipal officials.

The secretive nature of contractual arrangements surrounding municipal and school budgets invites abuse and inefficiency. In its March 2006 report, the SCI urged the Legislature to ensure that citizens are properly and adequately informed of the disposition of their tax dollars. This recommendation mirrors the 1998 SCI report that addressed pension abuses in local government employment. In the 2006 report, the SCI determined that "there is little, if any, State oversight of the process or any requirements for providing itemized accounting to show the annual cost of benefits given in the form of bonuses, stipends, vacation pay and other such perks and allowances."

- **RECOMMENDED ACTION**

The Joint Committee recommends requiring that user-friendly, plain language summaries of county, municipal, local authority, fire district, and school district budgets be made available online and in print. The local budget summaries should include critical information concerning both the current budget year and the previous budget year, including:

- All line items of appropriation aggregated by service type;
- Property tax rate and tax collection rate;
- Assessed value and taxable value totals of all real property located in the local unit;
- Amount of bonded indebtedness of the local unit; and
- Revenues by major category.

The plain language budget summary for school districts should include the following information concerning both the current budget year and the previous budget year:

- Line items of appropriation aggregated by item type;
- School tax rate and equalized school tax rate;
- Revenues by major category and unusual revenues or appropriations; and
- List of shared service agreements in which the district is participating.

The Joint Committee also recommends requiring boards of education to submit the following financial information to the Commissioner of Education:

- A detailed statement of the employment contract terms for superintendents of schools, assistant superintendents of schools, and school business administrators, including the duration of each contract and all forms of compensation;

- ? The annualized cost of all benefits provided to superintendents of schools, assistant superintendents of schools, and school business administrators;
- ? A detailed statement of any benefits to be conferred upon the official's separation from the district; and
- ? A detailed statement of any form of in-kind or other form of remuneration provided.

Finally, the Joint Committee recommends requiring every collective bargaining agreement to contain a detailed appendix, including all of the above information concerning the value of salary and benefits packages. This will ensure that those who negotiate these agreements are sensitive to the greater public disclosure requirements during the negotiation process.

<u>RECOMMENDATION 10</u>: EXPAND OPTIONS FOR LOCAL UNITS TO JOINTLY INSURE AND SELF-INSURE FOR EXPANDED RANGE OF LIFE AND HEALTH AND LIABILITY COVERAGES

? **DISCUSSION**

A number of barriers related to service sharing concern the purchase of insurance by local units and existing statutes that would either limit or not do enough to encourage economies in the procurement of insurance coverage.

Three recommendations were raised before the Joint Committee by David N. Grubb, Executive Director, Municipal Excess Liability Joint Insurance Fund. These proposals, herein endorsed by the Joint Committee, include: authorization for municipalities and school districts to insure jointly for life and health insurance; allowance for self-insurance on the part of school districts; and provision for intergovernmental excess liability coverage to most public entities, including counties, municipalities, utility commissions, and school districts.

Current law expressly prohibits the joint purchase of life and health insurance by municipalities and school districts, although every other type of coverage may be purchased jointly by these governmental entities. By removing the current prohibition, it would be left up to municipalities and school districts to jointly insure for health and life insurance when it makes sense from the perspective of local decision makers.

As a result of a 2000 amendment, local units may individually self-insure for health insurance; however, that amendment specifically excluded boards of education, jointure commissions, educational service commissions, county special services school districts, county vocational-technical schools, and county colleges from this authorization. Given that this provision is not mandatory and is only intended to give local units maximum flexibility in offering health coverage, it seems reasonable to extend the same option to governmental units within the education community.

Finally, the Joint Committee accepted a recommendation by Mr. Grubb that a risk sharing mechanism be established to provide for liability coverage by public entities, including counties, municipalities, utility commissions, and school districts, but excluding the State, State commissions, State authorities, and Rutgers, the State University of New Jersey. This measure would be modeled on Senate Bill No. 99 of 1988.

In 1992, the Legislature originally authorized municipalities and school districts to enter into agreements or participate in joint insurance funds in order to jointly insure for property damage, liability, and workers' compensation. Although the authorization for these entities to jointly insure for life and health insurance was included in the original bill, it was removed in committee. County vocational school districts were explicitly exempted from this prohibition – so that, since 1992, these school districts have been authorized to join together with other local units for the provision of this insurance.

There did not appear to be any justification for excluding health and life insurance from the types of insurance that municipalities and school districts may jointly provide. Given the tremendous cost of health insurance to local governmental entities, it seems prudent to provide local units with the maximum amount of flexibility in order to achieve cost savings which can result in measurable property tax relief.

Similarly, the Legislature authorized local units to individually self-insure for health insurance by virtue of a 2000 amendment. Again, however, the Legislature specifically excluded any such coverage for employees of all of the educational units in the State. Given that school employment can vastly exceed municipal employment within the same geographic area, the size of the risk pool did not seem to offer a sufficient explanation for the differential treatment of municipalities and school districts in this instance. The Joint Committee recognizes that school districts will choose this option only if it makes sense financially and that they should be offered the flexibility necessary to make the most cost-efficient decisions in insuring their employees.

Finally, testimony indicated that S-99 of 1988 was introduced in response to the liability insurance "crisis" of the mid-1980's, when it became especially difficult for governmental units to secure excess insurance coverage to address large claims. The bill would have established a New Jersey Intergovernmental Excess Liability Commission as a risk-sharing mechanism; membership in this commission would have been mandatory for all public entities, including counties, municipalities, utilities, and school districts. The standard liability premium would be computed for each unit according to its risk exposure. The Commission would provide liability coverage for all claims in excess of a given amount per occurrence, including general liability, automobile liability, police professional liability, public officials liability, environmental impairment liability, and other liability, with some exceptions. The Commission's liability for claims on any one event would be capped.

Since S-99 was originally proposed, legislation was enacted that authorized the establishment of joint insurance funds by local units for the sole purpose of insuring against claims arising from environmental impairment liability through the issuance of bonds and other obligations. Similarly, a small version of the program proposed in S-99, the Municipal Excess Liability Joint Insurance Fund (commonly known as the "MEL"), was established in the intervening years. The Joint Committee recommends that the localities' options for pooling excess liability coverage be reexamined and that additional mechanisms be offered to local units based on the provisions of S-99.

? **RECOMMENDED ACTION**

The Joint Committee recommends the adoption of the necessary changes in law to authorize municipalities and school districts to insure jointly for life and health insurance; allow for self-insurance on the part of school districts; and provide for intergovernmental excess liability coverage to most public entities, including counties, municipalities, utility commissions, and school districts.

RECOMMENDATION 11: PROMOTE SHARED MUNICIPAL COURTS

? **DISCUSSION**

Over the weeks of meetings and public hearings by the Joint Committee, one impediment to consolidation came up repeatedly – the loss of control by the municipality over the appointment of the judge in the event that two municipalities choose to share a court. The potential loss of this appointment is so significant to municipalities that in a number of instances, it inhibited a merger that would otherwise have occurred.

Under Article VI, Section VI, paragraph 1 of the New Jersey Constitution, and associated implementing legislation, the Governor is granted the power to nominate and appoint, with the advice and consent of the Senate, the judges of any "inferior courts" with jurisdiction extending to more than one municipality.

Given the considerable interest being expressed by municipalities in sharing court services, it would appear that this obstacle should be removed and that an alternative should be promoted that preserves the local appointment power.

? **RECOMMENDED ACTION**

The Joint Committee recommends an amendment to the State Constitution to remove the Governor's power to appoint municipal court judges in the event that municipalities enter into an agreement to share court services, and to instead defer to that agreement determination of the judicial appointment. In addition, the Joint Committee recommends that in the implementing legislation for this constitutional change, the appointment method would be included within the inter-local agreement establishing the joint municipal court.

<u>RECOMMENDATION 12:</u> CONSOLIDATE PUBLIC SAFETY ANSWERING POINTS CONSISTENT WITH STATE 9-1-1 COMMISSION RECOMMENDATIONS

? **DISCUSSION**

To avert a potential crisis, the State needs an emergency 9-1-1 system that can handle calls from both wireless and wire-line calls with the same quality of service, distribute call loads on an efficient basis, and interact with all the various emergency response organizations.

New Jersey is encountering increasing difficulties in maintaining its current 9-1-1 emergency system, which at present only serves wire-line customers adequately. This current system is unable to process wireless calls at the same service level as calls originating from wire-line telephones. The State has had difficulty in maintaining the current wire-line system because several companies have refused to service the current system.

The large number of calls now originating from wireless phones is also placing a strain on the current system and hampering emergency response. There are 250 Public Safety Answering Points (PSAP) in the State and an additional 117 Public Safety Dispatch Points (PSDP). The call load among these various points varies widely. For example, the State Police Barracks in Totowa handled 780,000 calls in one year. Emergency calls from wireless telephones take more time to answer because the location of the emergency is relayed verbally from the caller and often requires a referral to an additional PSAP in order to dispatch the appropriate first responder. The next generation of technology will provide the location of the caller to the answering point directly as it currently does for wire-line calls.

The State 9-1-1 Commission has been working on this issue for some time and has issued a report that details the scope of the problem (http://www.state.nj.us/911/rccreport.html). It also contracted with Rutgers University for additional research on this topic and is anticipating a report in the near future.

The Legislature also recognized the need for additional funding for this purpose and created in P.L. 2004, c. 48, a dedicated account for this purpose. This fund, the ?9-1-1 System and Emergency Response Trust Fund Account," includes as eligible expenditures funding to support and/or replace the State? aging 9-1-1 telecommunications infrastructure as well as expenditures for any costs associated with planning, designing, or acquiring replacement equipment or systems.

For certain aspects of this system, the State of New Jersey has historically provided the bulk of funding for local PSAPs. The organizational structure across the State is a mix of municipal, county, and State Police operations. While some call centers shoulder an extremely high call load, there may be others that do not. Given the potential costs of installing and maintaining a new system, the consolidation of these facilities may be in order.

The technical, administrative, and financial challenges associated with improving this service are substantial. Meeting these challenges will require cooperation and coordination among every level of government. The level of State funding associated with this program provides an opportunity for the State to require that a well-coordinated administrative structure is adhered to. The addition of terrorism as a risk factor that directly impacts first responders not only complicates this task, but also requires additional State involvement. For all these reasons, the State will need to play a large role, as it has historically, in helping local governments provide this service.

Towards that end, the State will need the ability to implement the recommendations of the State 9-1-1 Commission. Requiring adherence to the State's 9-1-1 master plan as a condition of receiving financial assistance is an essential element to the success of this program.

In any emergency situation, the chain of command is an essential element to ensuring the success of the operation. The majority of PSAPs are staffed by well-trained civilian dispatchers. While it is important to have sworn police officers in charge of emergency response at the scene and serving in a supervisory capacity over civilian dispatchers, it is less important to have them actually fielding 9-1-1 calls. In general, the salaries of sworn officers are among the highest of a municipality and their service as first responders is invaluable. The State should clarify the proper role of sworn police officers to maximize their availability to respond to emergency calls as opposed to fielding the calls. The Joint Committee does recognize that, in the case of sworn officers who are returning to active duty from an injury or other physical disability, these restrictions should not apply.

? **RECOMMENDED ACTION**

The Joint Committee recommends that the 9-1-1 Commission be given the specific authority to effect the consolidation of Public Safety Answering Points, on an as-needed basis, consistent with its master plan to upgrade the Statewide 9-1-1 system. The Joint Committee also recommends that the use of sworn officers to provide dispatch services should be limited. This power would extend to imposing, as a condition to the receipt of State funding, requirements relative to the merging or sharing of these functions with other municipalities, a county, or the State Police, as the plan dictates. The limitations on the use of sworn officers to provide dispatch services would similarly be imposed as a condition of receiving State assistance.

<u>RECOMMENDATION 13</u>: PERMIT THE COUNTY ASSUMPTION OF STATE ROAD MAINTENANCE IN CERTAIN CIRCUMSTANCES

? **DISCUSSION**

Among the more than eight hundred electronic mail messages received by the Joint Committee were many requests by residents for the Legislature to promote service sharing, to the extent possible, without sacrificing service quality. Throughout its deliberations the Joint Committee has examined ways in which to remove barriers to the sharing of services. Over the years, multiple studies have focused on the statutory impediments to sharing among neighboring municipalities, such as Civil Service barriers referred to elsewhere in this report. Equally of concern to the Joint Committee are contracting restrictions that discourage or prohibit cooperative endeavors among different levels of government.

One opportunity for such inter-jurisdictional cooperation that was identified by the Joint Committee as not addressed under current law is the maintenance of State highways by counties. While there may be some “jurisdictional agreements” between counties and the Department of Transportation (DOT) to effectuate such arrangements on portions of State highways, these are not common maintenance and construction contracts entered into by the DOT.

There are provisions in current law which touch on counties doing work on State highways, namely N.J.S.A. 27:9-1 et seq. These and other statutes contemplate, however, the sharing of costs between the State and the county, or reimbursement to the county for its work done on a State highway. In no instance does current law contemplate the hiring of the county by the DOT to do what could be considered "State" work.

Current law in this regard binds the contracting authority of the DOT in an inflexible manner. Having State and county highway crews working side by side along a shared highway right of way is wasteful when just one of those crews could perform all the work involved. The current practice also ties up highway crews that could be assigned to other essential projects. The Joint Committee realizes that there may be savings from eliminating duplicative efforts and that current law should be amended to provide such flexibility. The Joint Committee recognizes that there may be other executive departments or agencies of State government where these cooperative arrangements could apply.

? **RECOMMENDED ACTION**

The Joint Committee recommends that the contracting statutes that govern the DOT be reviewed to facilitate the maintenance by counties of portions of State highways, subject to mutual agreement by the parties involved. The Joint Committee recommends an amendment to the DOT contracting statutes to permit the Commissioner of Transportation greater flexibility to enter into contracts or agreements with counties for construction, repair, or maintenance work on State highways under certain limited conditions. These agreements would be among the State and county governments and be exempt from certain requirements of the "Local Public Contracts Law." The Joint Committee recommends a review of statutory contracting provisions relative to other State departments and agencies to determine whether these arrangements could be applicable.

RECOMMENDATION 14: CENTRALIZE STATE RISK MANAGEMENT

? **DISCUSSION**

One of the leading success stories of shared services in New Jersey has been the use of joint insurance funds (JIFs), particularly for coverage of property and casualty claims. The Joint Committee heard testimony that details the success of these efforts. Approximately 90% of the municipalities in the State participate in some form of a joint insurance program. The Municipal Excess Liability Joint Insurance Fund, an umbrella organization for 18 of these JIFs, estimates that their fund alone has saved taxpayers over $700 million between 1985 and 2005.

The Joint Committee heard testimony from David Grubb, Executive Director of the State Municipal Excess Liability Joint Insurance Fund, which characterized the State's efforts to control its own exposure to property or casualty claims as poor. New Jersey has an accident rate for the State workforce that is 45 percent higher than that of most other states. New Jersey consistently ranks among the worst states in the nation in terms of accident rates. In 2003, New Jersey experienced 5 lost workday accidents per 100 full time employees while the national average was 3 lost workday accidents per 100 full time employees.

The cost of this poor record, particularly in the area of workers' compensation claims is significant. According to Mr. Grubb, in 2004, property casualty claims and insurance cost the State of New Jersey $117 million. Employee accidents and Sick Leave Injury accounted for 80% of this expenditure. Given the stark contrast between local success in this area and the State's failure, the Joint Committee endorses the Joint Insurance Fund model of success and its replication at the State level.

? **RECOMMENDED ACTION**

The Joint Committee recommends that all of the employees involved in risk management throughout the various State departments be transferred into a new Division of Risk Management within the Department of the Treasury. This new division would replace the existing Bureau of Risk Management within the Department of the Treasury; however, its director would report directly to the Governor. The mission of the division would be to implement a new well-coordinated strategy for leading the State's efforts in this area.

The Joint Committee recommends that the proposed new division compile and distribute on a monthly basis accident frequency reports to the Governor and the Legislature. The Joint Committee recommends that, on at least a quarterly basis, a risk management committee within State government meet and review this report. Membership on this risk management committee would include the commissioners of each principal State department. This body would also review policy issues related to worker safety, and capital repair issues and their relationship to workers' compensation claims, on a regular basis. The risk management committee would also direct that certain managers within State executive branch departments receive annual risk management training. The content of these training seminars would change based upon updated claims information.

<u>RECOMMENDATION 15</u>: REORGANIZE OFFICE OF INFORMATION TECHNOLOGY BY CODIFYING RECOMMENDATIONS OF THE GEAR COMMISSION BY STATUTE

? **DISCUSSION**

Historically, what is now known as information technology in New Jersey state government has been largely the creature of gubernatorial fiat. Executive Order 84 (Kean) created the Office of Telecommunications and Information Systems in 1984, which later evolved into the Office of Information Technology through Executive Order 87 (Whitman). This office has been created, organized, and then re-organized solely by one branch of government via a succession of executive orders. Other states have recognized the vital role that this function plays in delivering government services efficiently in a paperless environment. Several other states have gone as far as elevating the role of Chief Information Officer to a cabinet level position.

There is widespread evidence that the current state of providing this service is dysfunctional. New Jersey recently experienced several well-known public contracting failures (Parsons/Enhanced Motor Vehicle Inspection Program and E-Z Pass) that included information technology as a key component. Capital expenditures are not coordinated among the various State departments, and the number of applications both internally and externally that are Web-based is haphazard across State government. There is a widespread belief that, in terms of providing better service for the State's residents, improvement in this area is a must. Private sector productivity has improved by leaps and bounds in certain industries because of the greater application of information technology. The State of New Jersey needs to recognize these gains and treat information technology as a key ingredient to efficient State government operations.

The New Jersey Commission on Government Efficiency and Reform (GEAR Commission) was created pursuant to Executive Order 9, issued by Governor Corzine in April 2006, and is charged with evaluating the budget, structure and organization of government in New Jersey. Additionally, the GEAR Commission must advise the Governor on governmental restructuring, effectiveness, best practices, efficiencies, cost-saving measures, and how to best achieve economies of scale in the delivery of services and programs. The Joint Committee heard testimony from Richard Leone, Executive Director of the GEAR Commission, Mr. Adel Ebeid, the current director of OIT, and Ms. Teri Takai, the Chief Information Officer for the State of Michigan, related to this issue.

The GEAR Commission released its first progress report in July 2006, which included a recommendation to overhaul the Office of Information Technology. The Joint Committee believes that these recommendations should be codified in a permanent statute. The Joint Committee believes that this function is too important to leave solely to the province of executive orders. The Joint Committee endorses the following specific recommendations of the GEAR Commission:

? The State has significant opportunities to improve services and reduce costs in the area of information technology. Accordingly, the State's Office of Information Technology (OIT) requires a new mandate, mission, and structure.

? The position of Director of the OIT would be vested with statutory authority to review and approve the purchase of any information technology related hardware, software, or other service that exceeds a $2,500 threshold.

? The State would create an OIT Governing Board charged with the role of approving an overall Statewide IT Plan and an annual capital budget. This Board would also set overall procurement standards and policies. Composition should include senior State officials as well as two public members who are experts in this field.

? The State would create a Project Management Board charged with approving the portion of the OIT budget that relates to applications development and managing procurements that contain significant information technology components. This Board would also be charged with assessing the performance of OIT-administered applications and the performance of OIT contractors in serving their users and customers. The Board would have the responsibility to set priorities on the annual applications-related portions on the IT budget, including the inclusion of any new applications development.

? The Director of OIT would be charged with the responsibility to present a plan to the Legislature to update the critical State operating and control systems (especially those related to personnel and payroll) which are extremely antiquated and need to be upgraded or replaced as soon as possible. This plan would contain funding recommendations to replace these expensive legacy systems.

? **RECOMMENDED ACTION**

The Joint Committee recommends that the Office of Information Technology be organized by statute rather than executive order and be charged with specific mandates regarding the State's information technology functions.

<u>RECOMMENDATION 16</u>: ELIMINATE DEFUNCT STATE BOARDS AND COMMISSIONS

? **DISCUSSION**

New Jersey has a rich history of employing boards and commissions to explore potential solutions for complex public policy problems. Utilizing boards and commissions allows the State to elicit the unique talents, expertise, and experience of many New Jersey residents. These boards and commissions have been constituted by either the sitting Governors through Executive Order or through legislative enactment. The State continues to depend upon and create boards and commissions because the citizens of New Jersey benefit profusely from the participation of various stakeholders and experts in exploring solutions to the State's most pressing challenges. It is also important, however, to monitor those boards and commissions whose reason for being may no longer exist or whose principal functions are fulfilled by another entity.

Over time, many State boards and commissions have become defunct. In 1990, the State performed a complex analysis of existing boards and commissions within the State, which led to the elimination of 147 of the 387 active boards and commissions. Over the past 16 years, the number of boards and commissions in the State has grown by slightly more than one third. There are currently 585 State boards and commissions. In light of this overwhelming growth rate, coupled by the fact that the State has not reduced the number of boards or commissions in 16 years, it is time for the Legislature to evaluate and eliminate defunct, duplicative, and obsolete boards and commissions.

Several of these boards served a useful purpose at one time, and made real contributions to the good and welfare of the State. For example, the Crippled Children's Commission was created to combat the scourge of polio, which has now been eradicated in the United States. Other boards and Commissions fulfilled their mission, and submitted reports or other recommendations as required under the measures which created them. For example, both the Reflectorized License Plate Selection Commission and the Study

Commission to Evaluate the Implementation and Effects of the New Jersey Automobile Insurance Reform Act of 1982 have outlived their usefulness.

? **RECOMMENDED ACTION**

The Joint Committee recommends the abolition of obsolete Boards or Commissions. In instances where a number of Boards or Commissions are performing similar tasks, the Joint Committee recommends combining these entities.

Furthermore, in an effort to avoid long lapses in the evaluation and elimination of State boards and commissions, the Joint Committee recommends that in the future the Legislature:

? Assign all boards and commissions to a specific department or other governmental entity to ensure oversight; and

? Utilize sunset provisions for newly established boards and commissions whenever possible.

<u>RECOMMENDATION 17</u>: AUTHORIZE A PILOT PROGRAM FOR THE COUNTY ADMINISTRATION OF SCHOOL DISTRICTS

? **DISCUSSION**

New Jersey has an extremely large number of school districts (616) to complement its extremely large number of municipalities (566). The Joint Committee heard testimony from a variety of academic experts and education officials from other states. While much of this testimony was instructive, it was by no means conclusive. In certain cases it appears that significant administrative savings can be achieved by increasing the number of pupils served. There is a point where these savings stop accruing. The economy of scale principle runs into the law of diminishing returns.

The Joint Committee also heard from numerous witnesses that the trend in education from a perspective of fostering higher academic achievement was toward smaller schools. A "smaller is better" philosophy, it is argued, allows for more personal attention to the needs of each student as a counterbalance to an increasingly impersonal world. Several witnesses argued that they made life-changing decisions to move to certain communities because of the size and quality of their local school district.

Numerous witnesses pointed out that despite the acknowledged high cost of education in New Jersey, on certain indicators, New Jersey students were among the highest performing academically in the nation. For example, New Jersey students have the highest high school graduation rate in the nation (National Board of Educational Testing and Public Policy) and the highest test score on Advanced Placement exams in the nation (College Board National and State Summary Tables). On a wide variety of academic indicators, New Jersey elementary and middle school students consistently rank within the top ten in the nation.

The Joint Committee also received a fair amount of public comment regarding the county-based school system currently operating in the State of Maryland. There was an active discussion with numerous witnesses on this topic, in particular Mary Clapsaddle, the Assistant Superintendent of Education for the State of Maryland. The Joint Committee, with the aid of the Office of Legislative Services, compiled comparative data regarding Maryland and New Jersey. Two tables illustrating this data follows:

A. General Comparative Information

Category	Maryland	New Jersey
Per pupil Exp.	**$9,217**	**$12,809**
Number of School Districts	**24**	**598**
Number of Schools	**1,408**	**2,467**
Enrollment	**869,113**	**1,380,753**
FTE Teachers	**55,140**	**109,077**
Pupil/teacher ratio	**15.8**	**12.7**
% Eligible for federal free lunch	**31.4%**	**26.9%**
Grade 4 Math **	**38%**	**45%**
Grade 4 Reading**	**32%**	**37%**
Grade 8 Math**	**30%**	**36%**
Grade 8 Reading**	**30%**	**38%**

(Source: National Center for Education Statistics--2002-2003 school year.

****2005 data National Assessment of Educational Progress--Percentage equals number of students who performed at or above proficient level.)**

B. Detailed Expenditure Data

Category	Maryland	New Jersey
Instruction	**63%**	**59.2%**
Salaries/Benefits Instruction	**57.2%**	**52.1%**
Support Services (Guidance, Health, Speech, Hearing)	**3.56%**	**9%**
Instruction-Support	**6.3%**	**3.35%**

(Library, AV, curriculum coordinators)		
General Administration	**.74%**	**2.7%**
School Administration (Principals)	**5.85%**	**5.18%**
Operations and Maintenance	**8.5%**	**9.98%**
Transportation	**5%**	**5.39%**
Fiscal Staff	**2.58%**	**2.02%**

(All percentages are of the total amount spent on public education. Source: National Public Education Financial Survey, 2003-2004 school year.)

The Joint Committee recognizes that most of the detailed expenditure data do not show much difference between the two states. The Joint Committee did recognize that within the category of support services and general administration, New Jersey was spending at a higher level than Maryland. Given that the bulk of a homeowner's property tax bill is generally comprised of the schools portion, the Joint Committee reasoned that attempting to identify savings in this area should be a primary focus of its efforts.

It is also worth noting that on every academic indicator shown, New Jersey ranks higher than Maryland. New Jersey has smaller class sizes and is comparatively wealthier than Maryland as well. Whether the administrative structure of a district bears any impact on academic achievement in light of all the foregoing factors is unknown. At the very least the Joint Committee does not want to recommend an immediate radical upheaval of the governance structure of local districts, for fear of disrupting the academic progress of New Jersey students. A slow, deliberate, and well-thought-out approach to considering the question of county-based school districts is required and the Joint Committee recognizes that it may not be appropriate for all of the State's twenty one counties.

? **RECOMMENDED ACTION**

The Joint Committee recommends the creation of a pilot program within no more than one county for the creation of a county-based school district for a limited period of time. The Legislature should establish criteria by which a county would be eligible for inclusion in the pilot program, however, counties of the first class or counties with a large number of Abbott districts should not be considered eligible. The end result of this limited pilot program would be detailed reports that examine the desirability of employing a county-based model throughout the State.

The County Board of Freeholders, with the concurrence of the executive county superintendent of schools (proposed in Recommendation 7 of this report), would have to adopt a resolution approving the county's participation in this pilot program. Once the resolution is adopted, the Commissioner of Education would issue guidelines that would govern the transition of a local district to a county-based school district. The assumption of budgetary and full administrative control by the county would not occur until the next full fiscal year following the adoption of the resolution by the County Board of Freeholders. This time period would allow for an orderly transition to the new system.

The Commissioner of Education would determine the form and content requirements for a series of studies that must be produced by a county in order to participate in the pilot program. This documentation would include comparative administrative spending by the constituent school districts within the county and justification of why the creation of a county-based system would hold the potential to realize significant savings and efficiencies within the county.

These documentation requirements would be adopted by the department and transmitted to all eligible counties within a period of months following the enactment of implementing legislation. Similarly, the commissioner would make known to the eligible counties from the outset what evaluation studies would be required of the pilot county following completion of the pilot period regarding the relative merits of the county-based system and recommendations to the Legislature as to whether the program should be expanded. Any such evaluation should include an analysis of the administrative cost savings achieved during the pilot period and the careful monitoring of academic achievement to assure that the administrative savings do not occur at the expense of academic performance.

Under the pilot program, a county school board would be created to administer the county school district. The local school boards within the pilot county would continue in an advisory capacity while the principals, supervisors, teachers, and students would remain in their current school.

<u>RECOMMENDATION 18</u>: ABOLISH THE NEW JERSEY COMMERCE, ECONOMIC GROWTH, AND TOURISM COMMISSION AND TRANSFER CERTAIN FUNCTIONS TO OTHER STATE ENTITIES.

? **DISCUSSION**

The Joint Committee was charged with the responsibility to consider State government consolidation as well as local government and school district consolidation issues. Towards that end, the Joint Committee heard testimony from Mr. Richard Leone, Chairman of the Government Efficiency and Reform (GEAR) Commission created by Executive Order 9 issued by Governor Jon Corzine in April 2006.

The New Jersey Commerce, Economic Growth, and Tourism Commission was created within the Department of the Treasury during the Whitman Administration to replace the Commerce Department which had been a separate executive branch department. Although the commission was located within the Department of the Treasury, it was independent of its control. This lack of supervision resulted in operations of the commission being subject to less accountability and control than other State government agencies. For example, the commission and its staff were not subject to review and oversight by Office of Management and Budget and the Division of Purchase and Property.

This anomaly manifested itself in the recent scandal involving the former chief of staff for the commission. Greater oversight within State government may have prevented the award of some of the contracts that were the subject of a criminal investigation. P.L. 1998, c. 44, which created the commission, exempted it from various public bidding requirements and other aspects of the public contracting laws.

The New Jersey Commerce, Economic Growth, and Tourism Commission currently houses a variety of business development and advocacy programs. While these programs are important, the bulk of financing economic development projects and other business retention/attraction programs has been carried by the New Jersey Economic Development Authority. The Joint Committee believes that, in the interests of efficiency, coordination, and the creation of a one-stop-shopping center for business in the State, these functions should all be under one umbrella organization. The single exception to this recommendation is the transfer of the Division of Travel and Tourism to the Department of State. This would provide greater coordination with the existing cultural, arts, and historic preservation related activities that are currently housed within the Department of State.

? **RECOMMENDED ACTION**

The Joint Committee recommends the abolition of the New Jersey Commerce, Economic Growth, and Tourism Commission and the reallocation of its constituent parts to other state entities. The Joint Committee recommends the transfer of the Division of Travel and Tourism to the Department of State and the transfer of the remaining business development, advocacy, urban programs and international trade to the Economic Development Authority.

VI. Minority Statement

Senator Joseph M. Kyrillos and Assemblyman Joseph R. Malone

- **BACKGROUND**

Since 2002, property taxes in New Jersey have risen by 35 percent. In fact, property taxes in New Jersey increased by 7 percent in 2002, by 7.6 percent in 2003, by 6.5 percent in 2004, by 7 percent in 2005, and by 7 percent in 2006. These increases are the largest increases in over a decade. During that same time frame, State spending increased by 35 percent, other State taxes increased by $12 billion, State debt increased by $20 billion, and State aid to suburban school districts and municipalities was frozen at 2002 levels. Those fiscal policies have left the residents of this State with one of the highest overall tax burdens in the nation.

For many residents of this State, New Jersey has become an unaffordable place to live and work. People and businesses are moving out of New Jersey in order to find a more affordable standard of living – a less "taxing" environment in which to build a life and grow a business. The Northeast has always been a more expensive place to live than other parts of the country. However, right now, in 2006, property taxes are higher in New Jersey than they are anywhere else in the nation. The State's adoption of certain fiscal policies is directly responsible for enormous statewide property tax increases. Again this year (FY 2007) those same policies supported spending increases of 10 percent and tax increases of almost $2 billion.

Two of New Jersey's most respected Rutgers University economists[1] have stated that five years of tax-and-spend increases have so negatively impacted New Jersey's taxpayers and the business community that both groups were leaving the State for more affordable locations. The national Small Business and Entrepreneurship Council has ranked New

[1] Professors James W. Hughes and Joseph J. Seneca, Edward J. Bloustein School of Planning and Public Policy, Rutgers, the State University of New Jersey.

Jersey 50th in the nation in its Small Business Survival Index, confirming that New Jersey suffers from one of the worst business climates in the country. The survival index comes on the heels of a National Tax Foundation analysis that ranked New Jersey business climate 48th in the nation. The poor business climate is taking its toll. New Jersey's private-sector job creation continues to lag well behind the rest of the nation.

On July 28, 2006, the Governor and the Legislature, via a Special Joint Session of the Legislature, established four special joint legislative committees to recommend proposals to bring about property tax reform. The Governor gave the Legislature until November 15, 2006, to provide recommendations for property tax reform.

The mission of the Joint Committee on Government Consolidation and Shared Services, as stated in Assembly Committee Resolution No. 3, was as follows:

> It shall be the duty of the committee to review and formulate proposals that address the sharing of services and regionalization of functions at all levels of government, as well as such other proposals as the committee deems appropriate. As a basis for these deliberations, the committee shall use the CORE agenda proposed by the Speaker of the General Assembly. In addition, the committee shall consider proposals to consolidate or eliminate State agency functions and State agencies or commission.

To date, the joint committee has held nine committee meetings and three public hearings. During those meetings a substantial number of recommendations were considered by the committee, as evidenced in the recommendations section of the overall report for this joint committee. On November 20, 2006, the Joint Committee on Government Consolidation and Shared Services adopted a set of recommendations they believe will lead to a reduction in property taxes. The following is the Minority's analysis of the Majority's recommendations, and a list of the Minority's recommendations.

- **ANALYSIS**

It is the belief of the Minority Members of the Joint Committee on Government Consolidation and Shared Services that all of the joint committees would have been better served by true bipartisan membership. The Majority declined all requests for political balance on the committees.

In addition, the Joint Committee on Government Consolidation and Shared Services should have had public members from those organizations and interests that were directly affected by the work and recommendations of the committee. We also believe that the State Auditor should have been appointed to all four of the Committees, and finally these Committees should all have appointed actual citizen members.

However, despite the impediments of the process, the members of the Joint Committee on Government Consolidation and Shared Services have had a cooperative working relationship. There was little resistance from the Majority to include the Minority's proposals on committee agendas for the committee's review and debate.

The Majority and Minority members of the Joint Committee on Government Consolidation and Shared Services agree on many of the final recommendations of the report. However, the Minority believed that the Committee was charged with recommending real change in the structure and governance of State, county and local government. The recommendations of this Committee will do nothing to fundamentally alter the status quo; they only nibbled at the edges. The Minority finds that they are frustrated by the lost opportunity to effect the real reform necessary to support a reduction in property taxes or even a stabilization of current property tax rates.

The Administration and the Majority are recommending immediate tax relief of 20 percent for some, but not all, of New Jersey's homeowners. The proposed relief will cost $2.4 billion in 2007. If the proposed, immediate one-shot property tax relief is not accompanied by real statutory reform, reform that includes mandated consolidation and shared services, pension reform and benefits reform, and a school funding formula that provides funding fairness for non-Abbott districts, the Governor and the Legislature will have failed to provide the promised sustainable long-term property tax relief to the citizens of this State.

? **RECOMMENDED ACTION**

Consolidation:

1. Establish the Municipal Alignment, Reorganization and Consolidation Commission to develop a plan to consolidate pairs or groups of municipalities. (AJR-69- O'Toole/Beck and SJR-47 - Kyrillos)

2. Require municipalities with a population under 20,000 to develop a plan to regionalize, consolidate, or share at least 30 percent of its municipal functions and services, on the basis of expenditures by the end of the local budget year 2008. (A-3742 - Malone)

3. Establish a Local Authorities Review Commission to review local authorities' operations and make recommendations to abolishment a local authority, to merge or consolidate it with other existing authorities or to modify the authority's functions. (A-3032 – Handlin/Vandervalk/DeCroce)

4. Consolidate or regionalize the 23 non-operating school districts into adjacent school districts.

5. Consolidate or regionalize any school district that is not K-12 into a K-12 district, where size-appropriate.

6. Establish County School Business Boards and Abbott Regional School Business Boards to assume certain school district business services and functions. (S-577 – Kyrillos)

Shared Services:

7. Restore REAP funding back to FY 2002 level of $20 million. (A-2799 – Chatzidakis/Bodine and S-1736 – Bark/Allen)

8. Require electronic bulletin board on DCA website for local units to advertise shared services opportunities; requires development of computerized survey to match local units together to implement shared services. (A-3581 – Handlin and S-2293 - Kyrillos)

9. Require DCA to list on department website examples of shared service agreements between local governments. (A-3110 – Bodine/Chatzidakis and S-1837 – Bark)

10. Extends maximum term for shared services contracts from 24 months to 60 months. (A-3380 – Bodine/Chatzidakis and S-2118 – Bark)

Local Government Efficiencies:

11. Reestablish the Local Government Budget Review program, which began in 1994. The program conducted audits in order to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public. The adjusted appropriation for FY 2002 for this program was $4,007,000.

Governor McGreevey? first budget, the FY 2003 budget, eliminated the program completely. (A-2880 – Beck establishes a similar program by creating the "Local Unit Audit Teams" program in the Department of the Treasury.)

12. Set benchmarks for local government efficiency and consider consolidation of government services where benchmarks have not been met. (A-2885 – Beck)

13. Require that efforts to consolidate and share services must be undertaken Statewide at all levels of government. The responsibility to achieve costs savings should be borne by all municipalities both suburban and urban.

State Government Efficiencies:

14. Reduce State spending and eliminate special legislative projects, which will free up hundreds of millions of dollars for programs that will actually reduce local property taxes. A small portion of the money freed up from waste and pork can be used to provide incentives for shared services and consolidation.

15. Place caps on State and local spending.

16. Abolish the Department of Personnel and the New Jersey Commerce, Economic Growth and Tourism Commission and abolish certain other inactive boards, commissions and committees. (A-3746 - Malone)

17. Abolish the Office of Information Technology unless the Governor consolidates the State's information technology functions in the Office of Information Technology. (A-3741 - Malone)

18. Review all State government authorities and eliminate or consolidate any with overlapping or unnecessary functions. (A-3031 - Handlin/Vandervalk/DeCroce and S-2097 – Kyrillos.)

Direct Property Tax Relief:

19. Remove the limitation of $10,000 on the maximum homestead property tax deduction under the gross income tax. (A-3743 - Malone)

Ethics:

20. Enact strong pay to play legislation for local governments. (A-1488 – O'Toole/Baroni)

VII. Appendices

Appendix 1. Assembly Concurrent Resolution No. 3 of 2006

A CONCURRENT RESOLUTION supplementing the Joint Rules of the Senate and the General Assembly to establish four joint legislative committees to make recommendations to both Houses of the Legislature regarding proposals to bring about property tax reform and to provide for the jurisdiction and procedures thereof.

WHEREAS, The most fundamental obligation of a government is to protect the welfare and well-being of its citizens; and

WHEREAS, Under the New Jersey Constitution, this responsibility is vested in the Legislature and the Governor; and

WHEREAS, This State's high property taxes are a matter of great concern to the people of New Jersey who view the current system as regressive, inequitable, burdensome, and a threat to the financial security of individuals and communities; and

WHEREAS, There is a need for the Legislature to address this situation by devising, and acting upon, means to bring about property tax reform based upon a fairer distribution of tax burdens and the adoption of efficiencies; and

WHEREAS, This process should be initiated by the creation of joint legislative committees that review and formulate proposals concerning school funding, government consolidation and shared services, public employee benefits, and constitutional reform and property tax constitutional convention; now, therefore

BE IT RESOLVED *by the General Assembly of the State of New Jersey (the Senate concurring):*

The following Joint Rules are adopted:

1. There are created four joint legislative committees. Each committee shall consist of six members, three of whom shall be members of the Senate appointed by the President, and three of whom shall be members of the General Assembly appointed by the Speaker. No more than two members of a committee appointed by the President of the Senate or the Speaker of the General Assembly shall be members of the same political party. A member may be removed from a committee for cause by the appointing officer, except that if any member is so removed, the appointing officer shall forthwith appoint another member in the same manner that the original appointment was made. The President and the Speaker shall each designate one appointee to a committee as co-chairperson of that committee.

2. Each committee shall meet at the call of its Co-Chairpersons. The committees may review the functions, duties, operations and programs of agencies of the State and its political subdivisions relevant to the areas of review as set forth herein, as well as the relevant governing statutes, regulations, ordinances, resolutions, opinions, and orders. As part of that review, the committees may consider pending and proposed bills and resolutions, as well as relevant reports and testimony. The deliberations of the committees shall conclude with a report that shall be transmitted to the Senate and the General Assembly, which shall include proposals for constitutional amendments and legislation to bring about property tax reform. The report shall be transmitted no later than November 15, 2006 unless an extension is approved jointly by the President of the Senate and the Speaker of the General Assembly.

3. a. There is created the Joint Legislative Committee on Public School Funding Reform. It shall be the duty of the committee to review and formulate proposals that address the manner in which government provides for the maintenance and support of a system of free public schools for the instruction of the children of this State. The committee may consider proposals to: provide State support based on student needs rather than geographic location; eliminate disincentives to the regionalization of school districts; control school district spending, particularly administrative spending; and improve the effectiveness of the current law limiting increases in school district spending; as well as such other proposals as the committee deems appropriate.

b. There is created the Joint Legislative Committee on Government Consolidation and Shared Services. It shall be the duty of the committee to review and formulate proposals that address the sharing of services and regionalization of functions at all levels of government, as well as such other proposals as the committee deems appropriate. As a basis for these deliberations, the committee shall use the CORE agenda proposed by the Speaker of the General Assembly. In addition, the committee shall consider proposals to consolidate or eliminate State agency functions and State agencies or commissions.

c. There is created the Joint Legislative Committee on Public Employee Benefits Reform. It shall be the duty of the committee to review and formulate proposals that address abuses of the system of benefits provided to public employees, including all branches of State government and all local government entities, and to control the costs of the State and its political subdivisions for public employee retirement, health care and other benefits, as well as such other proposals as the committee deems appropriate. As a basis for its deliberations, the committee shall use the recommendations of the Benefits Review Task Force contained in its December 1, 2005 report, as well as other relevant reports.

d. There is created the Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention. It shall be the duty of the committee to review and formulate proposals that address property tax reform through amendments to the Constitution of the State of New Jersey, as well as such other proposals as the committee deems appropriate. The committee shall also determine whether amendments to the State Constitution should be recommended to the Legislature for submission directly to the voters or whether such amendments should be referred to a citizens' property tax constitutional convention to be convened for the purpose of reforming the system of property taxation.

4. Each joint legislative committee shall organize as soon as possible after the appointment of its members.

5. Four members of a joint legislative committee shall constitute a quorum for the transaction of any business. Official committee action shall be by a majority vote of the members serving on the committee.

6. The joint legislative committees shall be entitled to call to their assistance and avail themselves of the services of such employees of any State, county or municipal department, board, bureau, commission, agency or authority as they may deem necessary or desirable, and as may be available for their purposes.

7. Any member or members of a joint legislative committee who do not concur with the report of the committee may issue a minority statement, that shall be included in the transmitted report of the committee.

8. All public meetings shall be recorded and transcribed, and, when feasible, audio and video of public meetings shall be broadcast on the State Legislature's website. All meetings at which official committee action is taken shall be open to the public. The chairpersons of a joint legislative committee shall notify the Office of Legislative Services, for posting and distribution to the public, of the time, place and agenda of each meeting of the committee. The notice shall be distributed to the public at least five days prior to the meeting, except in the case of an emergency, or except when the presiding officers, acting jointly, waive the notice requirement.

9. To the extent that the jurisdiction or recommendations of Joint Committees may overlap or conflict, the Co-Chairpersons of those committees shall consult with each other to coordinate and resolve differences.

10. This concurrent resolution shall take effect immediately.

STATEMENT

This concurrent resolution would establish four joint legislative committees to review and formulate proposals that address property tax reform for the people of this State. The committees are the Joint Legislative Committee on Public School Funding Reform, the Joint Legislative Committee on Government Consolidation and Shared Services, the Joint Legislative Committee on Public Employee Benefits Reform, and the Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention. The committees will review and formulate proposals within their respective subject areas as set forth in this resolution, and make recommendations to both Houses of the Legislature.

Appendix 2. Bills Considered by the Joint Committee

A-50 Roberts Creates Municipal Efficiency Promotion Aid Program in DCA.

A-51 Roberts "Uniform Shared Services and Consolidation Act."

A-52 Roberts Moves fire district elections to November general election date; revises budget approval procedures and imposes spending cap.

A-53 Roberts Provides for the election of school board members at November general election and eliminates vote on school budgets except for separate proposals to spend above cap which will also occur at general election.

A-54 Roberts Revises title and duties of county superintendent of schools.

A-55 Panter Requires increased public disclosure of certain local and school district budget information.

A-416 Bodine/Chatzidakis / S-864 Bark/Allen Establishes program to promote consolidation of municipalities, regionalization of school districts and shared services through enhanced homeowners' rebates.

AJR-69 O'Toole/Beck / SJR-47 Kyrillos/Sweeney Establishes "Municipal Alignment Reorganization and Consolidation Commission" to develop plan to consolidate pairs and groups of municipalities.

S-577 Kyrillos Establishes County School Business Boards and Abbott Regional School Business Boards to assume certain school district business services and functions.

S-2244 Smith, B Requires holding of binding Statewide referendum by county on whether responsibility for certain municipal functions should be assumed by county government; repeals various sections of law concerning transfer or termination of employees of terminated local health agency.

S-2266 Smith, B Provides for submission to voters in each county a binding referendum on the establishment of a county administrative school district to govern and operate all public schools in the county.

S-2267 Smith, B Establishes governance structure for county administrative school districts.

Appendix 3. Binder Materials

I. Current News Clippings

II. County and Municipal Governments

A. Background

Excerpt from Karcher, Alan. New Jersey's Multiple Municipal Madness. New Brunswick, N.J.: Rutgers University Press, 1999. 9-18.

B. Current Law on Consolidation and Shared Services

"Interlocal Services Act," P.L.1973, c.208 (C.40:8A-1 et seq.)

"Regional Efficiency Development Incentive Act," P.L.1999, c.60 (C.40:8B-14 et seq.)

"Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et seq.).

"Consolidated Municipal Services Act," P.L.1952, c.72 (C.40:48B-1 et seq.)

"Regional Efficiency Aid Program Act," P.L.1999, c.61 (C.54:4-8.76 et seq.)

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E. Non-Governmental Organization Research Reports

Alan Greenblatt. "Little Mergers on the Prairie." Washington, D.C.: Governing, July 2006.

Somerset County Municipal Managers Association and the Somerset County Business Partnership. Removing the Barriers to Shared Services, A Prescription for Creating Efficiency and Taxpayer Savings Through Local Government Shared Services. Somerset County Municipal Managers Association and the Somerset County Business Partnership, June 2006.

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Rutgers, the State University of New Jersey, Graduate Department of Public Administration. Privatization, Partnership, and Productivity in Government Research Series, Outsourcing and Shared Services among New Jersey Municipalities, a

Preliminary Assessment of Potential. Newark, N.J.: Rutgers, the State University of New Jersey, January 1995.

Accenture. The Government Executive Series, Driving High Performance in Government: Maximizing the Value of Public-Sector Shared Services. Accenture, January 2005.

Ernst & Young Kenneth Leventhal Real Estate Group. The Digest of Public/Private Partnerships. Ernst & Young Kenneth Leventhal Real Estate Group, 1996.

Faust, Wayne H. and Dunning, Chris, University of Wisconsin-Extension, Cooperative Extension. Sharing Government Services: A Practical Guide. Madison, WI: Board of Regents of the University of Wisconsin System, 1998.

F. Municipal Consolidation Reports

Princeton Consolidation Study Commission. Thinking as One Town. Princeton, N.J.: July 1996.

Franklin Borough – Hardyston Township Joint Municipal Consolidation Commission. Final Report of the Franklin Borough – Hardyston Township Joint Municipal Consolidation Commission, August 1997.

G. Current Bills Concerning Consolidation and Shared Services

III. Public School Districts

A. Current Laws

C.18A:7F-30 Establishes Consolidation of Services Grant Program.

C.18A:7F-31 Establishes Regionalization Advisory Panel

C.18A:7F-32 Establishes State aid hold Harmless provision.

C.18A:7F-32.1 Establishes criteria, formula for regionalization incentive aid.

C.18A:13-1 et seq. Regional School Districts.

C.18A:17-24.1 et seq. Shared Superintendents, School Business Administrators

B. New Jersey Governmental Reports

New Jersey, Regionalization Consortium and Commission on Business Efficiency of the Public Schools. Finding Opportunities for Improvement: Ideas on Regionalization and Shared Services. Trenton, N.J.: December 1995.

New Jersey, Regionalization Advisory Panel. Final Report. Trenton, N.J.: Regionalization Advisory Panel, January 1998.

New Jersey, Assembly Task Force on School District Regionalization. Findings and Recommendations. Trenton, N.J.: February 1999.

New Jersey, Office of Legislative Services. Background Report: Regional School Districts: Apportionment of Costs in the Constituent Municipalities. Trenton, N.J.: July 2005.

New Jersey, State Department of Education. Vital Education Statistics 2004-2005. Trenton, N.J.: April 2006.

C. Non-Governmental Organization Research Reports

Rutgers, the State University of New Jersey, Center for Government Services. Occasional Paper Series #3: The Cost Impact of School District Creation and Consolidation in New Jersey. New Brunswick, N.J.: March 1995.

Rutgers, the State University of New Jersey, Center for Government Services. Occasional Paper Series #4: A Plan for School District Consolidation in New Jersey. New Brunswick, N.J.: July 1995.

Public Affairs Research Institute of New Jersey. Reducing the Number of New Jersey School Districts: Regionalization and Consolidation Options. Princeton, N.J.: April 1996.

Duncombe, William, and John Yinger. Syracuse University, Center for Policy Research. Does School District Consolidation Cut Costs? Syracuse, N.Y.: November 2005.

Deloitte Services, LP, Deloitte Research. Driving More Money into the Classroom: The Promise of Shared Services. 2005.

D. List of Current Bills Concerning the Regionalization and/or Consolidation of Schools and School Services

IV. State Government Consolidation and Elimination of Programs: An Overview

Appendix 4. Individuals And Organizations Who Testified Before The Joint Committee

August 8, 2006

? Robert H. Levin, Office of Legislative Services

? Jeffrey A. Horn, Thomas D. Sharpe and Gregory J. Bonin, Somerset County Business Partnership

? Gregory J. Bonin, Branchburg Township Administrator

? Reagan Burkholder, Summit Collaborative Advisors, LLC

August 30, 2006

? Marc Holzer, Ph.D., Dean, School of Public Affairs and Administration, and Board of Governors Professor, and Executive Director, National Center for Public Productivity, Rutgers-Newark, Rutgers, The State University of New Jersey

? John M. Yinger, Ph.D., Trustee Professor, Public Administration and Economics, Maxwell School of Citizenship and Public Affairs, and Director, Education, Finance, and Accounting, Center for Policy Research, Syracuse University

? Ernest C. Reock Jr., Ph.D., Professor Emeritus, Rutgers, The State University of New Jersey

September 6, 2006

? Enid Slack, Ph.D., Director, Institute on Municipal Finance and Governance, Munk Centre for International Studies, University of Toronto

? Mary E. Clapsaddle, Assistant State Superintendent, Division of Business Services, Maryland State Department of Education

September 13, 2006

? David W. Gruber, Senior Assistant Commissioner, Division of Health Infrastructure Preparedness and Emergency Response, New Jersey Department of Health and Senior Services

? David Grubb, Executive Director, Municipal Excess Liability Joint Insurance Fund

? John K. Baillie, Ed.D., Executive Director, Chester County Intermediate Unit, Chester County, Pennsylvania

September 27, 2006

? Robert Giorgio, Chief of Department, Cherry Hill Fire Department

? David Fried, Mayor, Washington Township

? Jeff Welz, Co-Director, North Hudson Regional Fire and Rescue Agency, and Director, Public Safety, Township of Weehawken

? William J. Chegwidden, Mayor, Wharton Borough

? Marvin R. Reed, Former Mayor, Borough of Princeton

? Marianne Smith, Township Manager, Township of Hardyston

October 4, 2006

Management Panel:

? NJ League of Municipalities— Bill Dressel and Greg Fehrenbach

? NJ Association of Counties— John Donaddio and Douglas Cabana, Morris County Freeholder

? NJ Conference of Mayors— Ron Sworen, Mayor of Frenchtown

Police and Fire Panel:

? NJ Association of Fire District Commissioners--Mr. Richard Braslow

? NJ Fraternal Order of Police— Mr. Ron Bakely

? NJ Association of Professional Firefighters— Mr. Keith Kemery

- NJ Firemen's Mutual Benevolent Association— Robert Brower

Business Group Panel:

- NJ Chamber of Commerce— Jim Leonard
- NJ Business and Industry Association— Chris Emigholtz
- NJ Commerce and Industry Association--Paul Tyahla

October 11, 2006

- Speaker Joseph J. Roberts, Jr.
- Kathryn Flicker, Esq., New Jersey State Commission of Investigation
- Christopher Emigholz, Director of Education Policy, NJ Business and Industry Association
- Jim Leonard, Vice President of Government Relations, NJ Chamber of Commerce
- William Dressel, New Jersey State League of Municipalities
- Gregory Fehrenbach, New Jersey State League of Municipalities
- John Donnadio, Legislative Director, New Jersey Association of Counties
- Jon Shure, President, New Jersey Policy Perspective
- Greg Edwards, President, Center for Policy Research of New Jersey

October 18, 2006

- John F. Donahue, Assistant Executive Director, New Jersey Association of School Business Officials
- Barbara Keshishian, Vice President, New Jersey Education Association
- Vincent Giordano, Assistant Executive Director, New Jersey Education Association
- John R. Lichtenberg, Chief School Administrator, Island Heights Grade School, and Member, New Jersey Principals and Supervisors Association
- Eva M. Nagy, Vice President, Legislation/Resolutions, New Jersey School Boards Association

- ? Michael A. Vrancik, Director, Governmental Relations, New Jersey School Boards Association
- ? Barry J. Galasso, Ed.D., Executive Director, New Jersey Association of School Administrators
- ? Lynne Strickland, Executive Director, Garden State Coalition of Schools

October 25, 2006

- ? Teri Takai, Chief Information Officer, State of Michigan
- ? Adel Ebeid, Chief Technology Officer, Office of Information Technology, New Jersey Department of the Treasury, and Chairman, 911 Commission
- ? David Cappuccio, Managing Vice President, Gartner Corporation
- ? Richard C. Leone, Chair, New Jersey Commission on Government Efficiency and Reform
- ? Keon S. Chi, Ph.D., Editor- in-Chief, The Book of the States, and Senior Fellow, Council of State Governments
- ? Jonathan S. Stomberger and David X. Crossed, Partners, Business Consulting, Smart Business Advisory and Consulting , LLC

October 26, 2006 (Public Hearing)

- ? Mark Roselli, Mayor, Bordentown Township
- ? William Monk, Private Citizen
- ? Richard Snyder, Executive Director, Dollar$ & Sense
- ? Malcolm C. Fraser, Mayor, Borough of Cape May Point
- ? Jerry Cantrell, President, Silver Brigade
- ? Eli Hiller, Private Citizen
- ? Reba Snyder, President, Bordentown Regional Education Association
- ? Rooney Sahai, Representing voiceofconsumers.com
- ? Patricia M. Roettger, Private Citizen

- ? Barbara Coleman, Private Citizen
- ? Jacob J. Genovay, Secretary, Board of Fire Commissioners, Hamilton Township Fire District No. 4 41
- ? Thomas S. Csapo, Private Citizen
- ? Robert W. Kelliher, Fire Commissioner, Board of Fire Commissioners, Hamilton Township Fire District No. 8 51
- ? Mark Krzykalski, Councilman, City of Beverly
- ? Al Csapo, Private Citizen
- ? Edward G. Tyler Sr., Mayor, Fieldsboro
- ? Dalput C. Patel, Private Citizen
- ? Anne Newman, Private Citizen

November 1, 2006 (Public Hearing)

- ? Harry Dunleavy, Private Citizen
- ? Joseph Coppola Jr., President, Bergen County Education Association of New Jersey
- ? John Hopper, President, New Jersey Health Officers Association
- ? Jacqueline Do, Certified Municipal Finance Officer, Township of Washington
- ? Robert Kane, President, Board of Fire Commissioners, Parsippany-Troy Hills District 6, and President, Joint Boards of Fire Commissioners, Parsippany
- ? Sheila Brogan, Member, Ridgewood Board of Education, and Member, Dollar$ & Sense
- ? Anne Kilmartin, Chief Financial Officer, Borough of Park Ridge
- ? Vito A. Gagliardi Jr., Esq., Principal, Porzio Bromberg & Newman P.C.
- ? Joseph Tempesta Jr., Mayor, Township of West Caldwell
- ? David C. Sandahl, Deputy Mayor, Hopewell Township, Mercer County
- ? Mary Ann Vivani, President, Bergen County Tax Collectors and Treasurers Association, and Chief Financial Officer, Borough of Waldwick
- ? Steve Wielkocz, Health Officer, Borough of Fort Lee

? Fred Pitofsky, Mayor, Borough of Closter

? Jackie Gibson, Private Citizen

? Sharon Taylor, Private Citizen

? George D. Fosdick, Mayor, Ridgewood Park

? Richard Snyder, Executive Director, Dollar$ & Sense

? Paul Arilotta, Ed.D., Interim Superintendent, Ridgewood Board of Education

November 9, 2006

? Assemblyman Michael J. Panter, District 12

? Assemblywoman Amy H. Handlin, District 13

? Paul D. Roman, President, New Jersey Local Boards of Health Association, and Chairman, Monmouth County Regional Health Commission

? Linda Mather, President, Forums Institute for Public Policy

? Robert Wright, Business Administrator, Park Ridge Board of Education

? Jeff Behm, Vice President, Operations, Monmouth-Ocean Hospital Service Corporation, and Certified Paramedic, State of New Jersey

? David DeSimone, Vice President, Administration, Monmouth-Ocean Hospital Service Corporation

? Eugene E. Sarafin, Private Citizen

? Nicholas L. Rosal, Private Citizen

? Vincent J. Frantantoni, representing United Taxpayers of New Jersey

? Ray Kalainikas, Private Citizen

? David A. Henry, Health Officer, Princeton Regional Health Department

? Ted Miller, Private Citizen

? Janet Leonardis, Private Citizen

? Kathleen Heath, Private Citizen

? David Huemer, Member, Maplewood Township Committee

? Michael W. Campbell, Tax Collector, Jackson Township, and Second Vice President, Tax Collectors and Treasurers Association of New Jersey

- ? Ronald Zilinski, Finance Director and Tax Collector, Hillsborough Township, and Third Vice President, Tax Collectors and Treasurers Association of New Jersey
- ? Linda Canavan, Tax Collector, Borough of Saddle River and Borough of Ramsey, and Second Vice President, Tax Collectors and Treasurers Association of Bergen County
- ? Robert E. Dansby, Private Citizen
- ? Mary Testori, Tax Collector, Bound Brook Borough, and Member, League Legislative Committee, New Jersey State League of Municipalities
- ? Andrew DeFonzo, Member, School Board, Freehold Public Schools
- ? Sharon Taylor, Private Citizen
- ? Michael Ticktin, Member, Planning Board, Roosevelt Borough
- ? Jackie Gibson, Private Citizen
- ? Dave Makkar, Private Citizen
- ? Paul Byrne, Private Citizen
- ? Harry Dunleavy, Private Citizen
- ? Rooney Sahai and Susan Vitale, representing Voiceofconsumers.com
- ? Anne Newman, Private Citizen