



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

LORI GRIFA
Commissioner

May 9, 2011

David J. Rosen
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex
PO Box 068
Trenton, NJ 08625-0068

Dear Mr. Rosen:

Please accept this letter as the Department of Community Affairs' response to Senate Budget and Appropriations Committee hearing follow-up questions.

Please explain how the enactment of the remaining bills that are part of the Governor's "Toolkit" will lead directly to reductions in property taxes.

There has been significant discussion as to how the Governor's "Toolkit" will directly affect property taxes. It should be remembered that these bills are necessary to give local governments the ability to make budgetary decisions that will allow them to remain under the 2% cap.

The failure to approve the Governor's Conditional Veto of S2220/A3392 is costing municipalities tens, if not hundreds, of millions of dollars. In some municipalities, recent payouts have exceeded \$200 as the impact on an average assessed home. Towns cannot afford to pay enormous retirement windfalls without an increased burden on the property taxpayers.

The *Star Ledger* recently reviewed sick leave and vacation payouts in Newark, Atlantic City, Camden, Jersey City, Trenton, South Brunswick, East Orange and Hackensack. In total, these municipalities paid more than \$39 million last year to more than 700 employees, about \$54,000 per employee. If the payout had been capped at \$15,000, the municipalities would have paid only \$10.5 million to these employees, or a savings of \$29 million.

Other examples of costly payouts include the following:

- East Orange laid off 55 employees last year while paying nearly \$1 million in unused sick and vacation time to a dozen workers, mostly police and fire, averaging \$83,300 per employee.
- Jersey City paid more than \$15 million last year to departing employees, even as it substantially reduced its police department to bridge a budget deficit. This payment was the equivalent of more than \$200 on an average assessed home in the city. Of the 188 police and firefighters that left Jersey City service, 31 got checks of more than \$100,000, including four who received a check for more than \$200,000.
- Atlantic City Mayor Lorenzo Langford laid off 60 police officers and 30 firefighters last year to plug a \$10 million budget shortfall — on top of 78 retirements that ultimately cost local taxpayers \$7.1 million for unused sick and vacation time, records show. About \$1.9 million of those costs will be paid in annual installments over the next three years. 23 employees received checks totaling more than \$100,000, including five who received more than \$200,000.
- Hackensack borrowed \$3.3 million to pay 24 employees for unused sick and vacation time, an average of \$137,500 per worker. The city also borrowed \$1.03 million to pay eight employees for their unused time with one caveat: They are still working. "They were veteran employees, and we were afraid of the brain drain," said City Manager Stephen Lo Iacono. "And they were afraid of what was going on in Trenton."
- South Brunswick borrowed \$525,000, at 1.5 percent interest, to pay 18 retiring police officers for their unused sick and vacation time, records show.

Cities that capped payments shelled out less per employee. With its payments capped at \$20,000, Trenton paid about \$2 million to 169 departing workers, \$11,764 per person. Jersey City, which has no caps, paid about \$54,000 per person.

Just as important as capping unused sick time is the need for real Civil Service reform. The Civil Service system, once a bedrock of municipal and state employment, has now become an impediment to more effective governing. The increasingly complicated series of rules and regulations make it difficult for towns to reduce workforces or increase efficiencies. Municipalities that at one point made a decision to become part of the Civil Service system should be given the opportunity to opt out. Additionally, the Civil Service system itself needs changes. Employee discipline reform would allow minor offenses to be handled without lengthy and costly hearings, saving towns thousands of dollars in legal fees and time loss. Further, towns should be allowed to allow essential but less senior employees avoid bumping.

The most important effect of Civil Service reform would be increased ease for towns to enter into shared services agreements. This department has seen several promising shared service agreements fall apart because one town was Civil Service and the other was not. By allowing towns to withdraw from the system, we can remove a serious hurdle to sharing and merging services. This one step could save towns across the state millions of dollars every year.

The Governor has also made it very clear that real pension and health care reform is needed, and it is needed now. With a pension system shortfall that is approaching \$50 billion and a health care shortfall of almost \$70 billion, our current benefit system is simply a “ticking time bomb” that we cannot continue to ignore. Healthcare and pension benefits continue to be the largest costs for our state, local governments and school districts. Public employees will have to shoulder a greater percentage of the burden to ensure that these benefits will continue to be available to current and future employees, as well as retirees. The remaining pieces of the toolkit must be enacted to ensure their continued financial viability.

Which municipalities have ended their participation in the Transitional Aid to Localities program?

The following seven towns that received Transitional Aid in the last calendar year will not be receiving Transitional Aid in the current Calendar Year: North Arlington, Sussex Borough, Salem City, Bound Brook, Washington Borough (Warren County), Mount Arlington, and Haledon. The first three municipalities applied for aid but were not deemed to have qualified for aid. Bound Brook, Washington Borough, Mount Arlington and Haledon have improved their financial situations and did not apply for aid this year. Pending a positive review of their introduced budgets, these municipalities will be released from the Transitional Aid Program Memorandum of Understanding.

Which municipalities submitted an application for Transitional Aid to Localities in the most recent round of funding awards?

Transitional Aid applicants and award amounts are published on the Division of Local Government’s website at http://www.nj.gov/dca/lgs/muniaid/11_aid/11tran_aid/2011trans_aid.shtm.

Please identify all data sources used in the “New Jersey Urban Enterprise Zone Program Assessment” prepared by the Delta Development Group, Inc. and HR&A Advisors.

The “New Jersey Urban Enterprise Zone Program Assessment” data sources can be found in the report appendices as follows:

- Appendix E contains the names of the UEZ Stakeholder Interviews at Pages 162-163. The Appendix also contains the interview questions and Summary of Findings.
- Appendix F details the UEZ Zone Business Survey. A letter dated November 17, 2010 was sent to 7,160 active Zone Business requesting that they participate on-line. Those without on-line facilities were allowed to complete a written survey form. The letter was sent from the UEZ and EDA, but the survey process beyond that was independently administered, managed and analyzed by Delta. 1,003 surveys out of 1,258 were deemed complete and tabulated by Delta. Delta advises that 554 would have been statistically significant.
- Appendix I at Page 297 – 298 identifies the source data for the economic impact study.

Can the Department provide any indication as to when the Governor will submit to the Senate a nomination for the position of Director of Fire Safety & State Fire Marshal?

No

Please provide, by county and by contractor, the number of units that have received retrofits through the Weatherization Assistance Program.

The attached chart provides the number of units retrofitted as of April 30, 2011 under each of the open and active federal programs in DCA providing weatherization assistance.

Thank you for the opportunity to reply to the concerns of the committee members. If I can be of further assistance, do not hesitate to contact me.

Sincerely,



LORI GRIFA
Commissioner

Attachment

**WEATHERIZATION ASSISTANCE PROGRAMS
PRODUCTION AS OF APRIL 30, 2011**

County	Federal Funding Source	Weatherization Assistance Program - ARRA	Low-Income Heating and Energy Assistance (LIHEAP) DHHS	Low-Income Heating and Energy Assistance (LIHEAP) DHHS	Low-Income Heating and Energy Assistance (LIHEAP) DHHS	Weatherization Assistance Program DOE	Weatherization Assistance Program DOE	Weatherization Assistance Program DOE	Low-Income Heating and Energy Assistance (LIHEAP) DHHS	Low-Income Heating and Energy Assistance (LIHEAP) DHHS	Low-Income Heating and Energy Assistance (LIHEAP) DHHS
	Grant Term	4/09 - 3/12	10/08 - 9/10	10/09 - 9/11	4/09 - 3/11	4/10 - 3/12	4/09 - 3/11	4/10 - 3/12	10/08 - 9/11	10/09 - 9/11	10/09 - 9/12
Atlantic	Agency										
	Camden OEO	5	2	9	2		2			3	
	Ocean, Inc	205	15	-	5		5		42		5
Bergen	Tricounty CAP	31	-	-	10		10		15		11
	Total	241	17	9	17		17		60		16
Burlington	Bergen CAP	359	67	30	64	16	64	16	111	89	89
	Total	359	67	30	64	16	64	16	111	89	89
Camden	Burlington CAP	209	13	-	41	-	41	-	83	-	-
	Total	209	13	-	41	-	41	-	83	-	-
Cape May	Camden OEO	345	150	34	99	-	99	-	209	-	87
	Total	345	150	34	99	-	99	-	209	-	87
Cumberland	Cape Human Resources	46	14	6	24	-	24	-	26	10	-
	Total	46	14	6	24	-	24	-	26	10	-
Essex	Tricounty CAP	467	9	-	39	-	39	-	72	-	-
	Total	701	9	-	39	-	39	-	72	-	1
Gloucester	La Casa de Don Pedro	237	134	22	350	-	350	-	230	142	-
	Total	438	165	38	378	-	378	-	250	194	-
Hudson	Tricounty CAP	15	3	-	15	-	15	-	22	-	-
	Total	15	3	-	15	-	15	-	22	-	-
Hunterdon	Bayonne	53	34	12	25	2	25	2	43	16	-
	Total	67	62	-	59	-	59	-	26	-	-
Mercer	PACO	29	165	4	103	-	103	-	131	-	-
	Total	82	199	16	128	2	128	2	174	16	-
Middlesex	NORWESCAP	7	1	-	2	-	2	-	5	8	-
	Total	7	1	-	2	-	2	-	5	8	-
Monmouth	Mercer County Housing	67	62	-	59	-	59	-	26	-	-
	Total	67	62	-	59	-	59	-	26	-	-
Morris	PRAB	226	106	-	112	-	112	-	127	89	-
	Total	226	106	-	112	-	112	-	127	89	-
Ocean	Check-Mate, Inc.	801	26	-	101	-	101	-	99	39	-
	Total	801	26	-	101	-	101	-	99	39	-
Passaic	Morris County OHA	144	51	11	45	-	45	-	90	56	-
	Total	144	18	11	20	-	20	-	10	-	-
Somerset	Urban League of Morris	-	69	11	65	-	65	-	100	56	-
	Total	419	52	-	119	-	119	-	143	22	-
Sussex	Ocean, Inc.	419	52	-	119	-	119	-	143	22	-
	Total	419	52	-	119	-	119	-	143	22	-
Union	Passaic County Wx	73	44	-	38	-	38	-	75	-	-
	Total	356	25	-	57	-	57	-	87	1	-
Warren	Paterson Task Force	65	44	13	38	-	38	-	79	20	-
	Total	494	113	13	133	-	133	-	241	21	-
TOTAL	Tricounty CAP	83	2	-	1	-	1	-	9	-	-
	Total	5	-	-	-	-	-	-	-	-	-
TOTAL	Nanticoke	88	2	-	1	-	1	-	9	-	-
	Total	43	15	1	28	-	28	-	32	-	-
TOTAL	Somerset County CAP	46	3	-	12	-	12	-	13	28	-
	Total	89	18	1	40	-	40	-	45	28	-
TOTAL	NORWESCAP	28	4	-	27	-	27	-	27	57	-
	Total	28	4	-	27	-	27	-	27	57	-
TOTAL	PROCEED Inc.	431	83	10	63	-	63	-	86	89	-
	Total	431	83	10	63	-	63	-	86	89	-
TOTAL	NORWESCAP	81	2	-	31	-	31	-	21	51	-
	Total	81	2	-	31	-	31	-	21	51	-
TOTAL		5,311	1,175	168	1,558	18	1,936	18	873	873	-