

P U B L I C H E A R I N G

before

SPECIAL SENATE COMMITTEE TO INVESTIGATE STATE HIRING PRACTICES
(Pursuant to New Jersey Senate Resolution)

Held:
December 4, 1975
Assembly Chamber
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Eugene J. Bedell (Chairman)
Senator Frank Davenport
Senator John J. Fay, Jr.
Senator Joseph Hirkala
Senator James P. Vreeland, Jr.

* * * *

1-39:II
40-66:I
1A-16A:IV
17A-48A:III
49A-62A:I

I N D E X

	<u>Page</u>
William Druz Chief Examiner and Secretary Department of Civil Service	1
Wayne Dumont, Jr. Senator, District 15	40
Edward G. Hofgesang Director of the Budget Department of the Treasury	43
Dr. Oscar Sussman Civil Service Association, Mercer Council, and Retch, Roach, and Rat, Inc.	1A
Alexander Popa	17A
Ruth Fox	21A & 1X
Rosemarie Suelto	28A
Kenneth Bragg Director Office of Fiscal Affairs	31A
Gerald Silliphant Office of Fiscal Affairs	37A
Thomas Bertone Director of Budget Review Office of Fiscal Affairs	49A

- - - - -

SENATOR EUGENE J. BEDELL (Chairman): I will now call the public hearing to order. This is a public hearing conducted by the Special Committee to investigate State Hiring Practices authorized by a New Jersey Senate Resolution.

I might say at the outset that today is going to primarily be an informative session. We have requested Mr. William Druz to appear first. It is the Committee's intention to attempt to define some of the terminology in some of the areas that we intend to look into; for instance, the definition of what an unclassified position is. I might have an idea what that is, because I am in local government. My fellow Senators may have an idea what that is also, but questions like that will be posed today, so they will be defined in the record, and we will all have an idea exactly what we are talking about. It is not our intention, at any rate, to go very deeply into this subject matter here today.

Let me introduce those at the table. Starting at my extreme left, Mr. David Zolkin, who is the special counsel to this Committee. Next to him is Senator Vreeland and Senator Davenport; to my right is Senator Hirkala; and to my extreme right, Senator Fay. I am Senator Bedell, Chairman of the Committee.

The first witness we are calling is Mr. William Druz, and he is present. Bill, you are aware, I'm sure, of the job outlined by the Resolution and what this Committee is charged to do or intends to do, at any rate. As I have already said, we are going to try to just develop some definitions at this point. I would like to ask you at this time to define for me what an unclassified position is in Civil Service.

W I L L I A M D R U Z: An unclassified position - and this may sound too simple - is one that is not classified. What is meant by that is, you would find the elective positions, the judges, certain appointed positions, certain confidential positions, certified

teachers, physicians, attorneys, particularly in State service, and that kind of position which would be listed. Although it sounds too simple to say, it would be those that are not classified. It means that if there is no statute to provide for it being unclassified, it would be in the classified. If there is no statute providing for it being unclassified, it would be in the classified.

SENATOR BEDELL: How are the positions in the unclassified determined? Who determines what a job title might be in an unclassified position?

MR. DRUZ: Who determines which aren't unclassified?

SENATOR BEDELL: No, given a title -- assume I want to hire someone in an unclassified vein, who determines the title?

MR. DRUZ: The title would be in the statute. But there is another statute which provides that the Civil Service Commission shall place certain positions in the unclassified, if there is a statute which provides for it. And there is a statute, 11711 in State service, and there is another one for local service as well. It provides, "If it is not practicable to determine that a job be selected on a basis of examination, it can be put in the unclassified, or in a situation where you just select a person because of their background or a non-competitive test." These have not been used by the Commission, the latter two. The one they have used to some degree is the selection that it cannot be put in because of the nonpracticality of testing. Most of them actually are in the statutes with the others I have just mentioned.

SENATOR BEDELL: Is there a job description of unclassified positions as there is in Civil Service?

MR. DRUZ: There are some, and a good many are because of the system of evaluating jobs in terms of salary ranges. In order to go and get a salary range for a job, even though it is unclassified, we would have something comparable to a job description. That is for State service, not local.

SENATOR BEDELL: Do those aspiring to or those who are considered for unclassified positions -- how does the recruitment or the means by which they get their position differ from someone in classified service?

MR. DRUZ: Well, it depends on who has the authority to appoint them. Some may be gubernatorial appointments, and some may be department head appointments, and that would be determined by whatever procedure they might use. Does that answer your question?

SENATOR BEDELL: Yes. We are trying to develop along those lines, Bill. Let me say this also, no one here is attempting at this point to put you on the spot or to ask you any catch questions. We are merely trying to define for our own purposes where we are with regard to job categories. Senator Vreeland.

SENATOR VREELAND: I was just going to ask a question on that. In other words, you're saying that the department heads could appoint somebody to a classified position?

MR. DRUZ: No. The question was, who appoints the unclassified. I said whoever has the authority to under the statute. For example, it could be a gubernatorial appointment or -- most of them are by the department head where the job is. I saw the quizzical look on Senator Vreeland's face.

SENATOR VREELAND: Thank you. That clears it up.

SENATOR BEDELL: Normally when a department head or someone in an executive position desires to hire a person or persons within the unclassified definition, are these part of the new positions that are reviewed by the Appropriations Committee annually?

MR. DRUZ: I'm not sure of this answer. It is more of a budget question. But I can give you what I have on that. For example, many of these would be what we call line items in the budget, like the Civil Service Commission would be right in the budget, and approved by the Legislature. Many others of that type are in the budget. These are line items all accounted for in some way.

SENATOR BEDELL: Now, I'm not talking about the unclassified that might exist in the educational area of government. I am talking at this point particularly about those within the Executive Department. For the most part, when these people are appointed, do many of them come from the Civil Service ranks themselves? This is a guesstimate kind of an answer, Bill.

MR. DRUZ: Well, our Civil Service positions go up fairly high. I can't really give you a good estimate of that. But in some cases, yes, but I would say in the majority of cases, no.

Now, we have had career employees in the various departments who have become deputy commissioners, and I think there are probably some now, but I can't name any, in the unclassified. But I would say the majority of those are not.

SENATOR BEDELL: To your knowledge, are recruitment opportunities available to people in Civil Service, career employees within the specific department, when an unclassified position becomes available or knowledge of that position becomes available, or invariably does it go to someone from outside the agency?

MR. DRUZ: Again, I guess most of the times, if it is up at the deputy commissioner level, they would bring them in to try to reflect whatever the election has brought in terms of administrative changes. I would say not.

SENATOR BEDELL: Does Civil Service at that time have anything to do with adjudicating the qualifications of that person coming in from the outside in an unclassified position?

MR. DRUZ: No. I say no, except in terms of that job evaluation.

SENATOR VREELAND: How about the payroll for someone who is unclassified and been appointed, and you don't know anything about it, as you said, does that payroll go to Civil Service to pay -- should that person be put on the payroll, it would then go down to Civil Service.

MR. DRUZ: No, we don't check payroll. The form would go through us, but it would only go through for records purposes.

We would make a record of that person. If they were appointed Deputy Commissioner, we would make a record of that, and then it would go on.

SENATOR VREELAND: The amount that they are paid does go to your office?

MR. DRUZ: Yes. I don't know if you're getting at this, but I'll take a chance on it. There could be some cases where there are special services and we do not record those. We do not make up a card, for example, for seasonal assistants.

SENATOR VREELAND: You are talking about the consultants.

MR. DRUZ: Yes.

SENATOR FAY: Mr. Druz, I have a very basic question. Just how many employees are there in the State. Could the Civil Service Commission answer that. Exactly, as of next pay day, how many people are on the State payroll?

MR. DRUZ: May I discuss that with you just for a bit, because it isn't that simple, unfortunately. We have come around with the Treasury Department - and I think the Governor has asked us very strongly to get a figure, because there were several figures. There was a Civil Service figure. There was a Budget figure, and I think even Labor and Industry had a figure. But we do have a figure, let me say that now. We have been working for a number of months on this. These figures of ours did go to the Treasury, because we wanted one figure to work with in case of any further questions.

The Civil Service figures are positions that are filled or on leave. It does not include the vacancy positions. Then you have special services which may have many hourly people, a very casual-type employment, which we don't keep.

SENATOR FAY: Is this asking too much when we ask how many employees there are in State service and also how many people are in the classified positions, and how many are unclassified, and then when you get to unclassified, the different categories ---

MR. DRUZ: We have that.

SENATOR FAY: Do you have the job definitions, just what project they are specializing in?

MR. DRUZ: That we are getting because of this investigation.

SENATOR FAY: Are consultants usually per diem?

MR. DRUZ: Yes and no. In that category we may or may not be able to get the figures, but we are attempting to. Some of those go through as a vendor consultant. He may be a vendor. For example, in our Department now we have, very fortunately, a person from Educational Testing Service in Princeton who is helping us with the validity of our tests. So I really don't know at this moment whether he is a project specialist or a consultant, but this kind of thing we are looking into now, and we expect to get some information on it.

SENATOR FAY: But in the project specialist category, do you have this job description? Is it clear enough?

MR. DRUZ: It will be.

SENATOR FAY: But is it now?

MR. DRUZ: Well, a form does come in and it says that so and so is going to be a project specialist for a particular project for a certain period of time. But it doesn't give every detail. So that would have to be done by checking with the department itself, which we normally do not do.

SENATOR FAY: Is there a time limit for a project specialist? Is a project, for example, dated?

MR. DRUZ: The form is dated for the person that is being hired, and it says on that how long the project should be. Now, this is what a project specialist is about in terms of the basic regulations.

These are the criteria, "A full time position is needed for a project that is totally funded by federal or other grant monies."

SENATOR FAY: What are "other grant monies," besides federal?

MR. DRUZ: Well, we did for a while have a Ford Foundation grant, which you can have, I understand, in state government. You

could have an extraordinary appropriation at the beginning of a new program, so it could be considered in that sense.

It would be, "A full time position is needed for a project totally funded by federal or other grant monies. The project has a clearly defined objective and anticipated duration, and is otherwise not feasible to use a competitive title. They may be approved for one year or less or they may be renewed or extended depending upon the project."

What I am reading from came out in 1973. It may be that projects will go on beyond that and they are extended through the fiscal process or the budget process. Because years ago, we were getting so much paper to move through, if you put in all extensions for all kinds of temporary employees and projects, it would just be loading up the whole system.

Now it is extended to see if the project money is still continued.

SENATOR FAY: Is it a prerequisite to the job that it have federal or other grant monies? You cannot be a project specialist unless there is a federal grant and/or other monies?

MR. DRUZ: Well, yes. It could be federal or, as I said, another source of funding. I think I did say that. Yes, this is our requisite. Now, that kind of checking would be done through the fiscal.

SENATOR FAY: So we can assume that there are no project specialists on the State payroll who are not under a federal and/or other grant?

MR. DRUZ: I can assume that. I think you should ask Mr. Hofgesang that. May I go back. You asked for the number of State employees originally, and even though I went into that long discussion of it, I would like to at least say there is a number.

These numbers are on the checks. I believe I have the number. I was bragging a while ago. This is through the checks, so it doesn't mean just full time. It has many casual employees and so on. I just want to clarify that. This is what we have

sent to the Treasurer and this is what has been worked on now for a number of months to get a uniform reporting method. This is, I think, the second or third month of it. There are 58,172. And also this chart shows whether it has gone up or down, and what caused the number to go up or down, as far as we were able to discover. If you want me to read the last one I will be happy to. But that finally ---

SENATOR VREELAND: I think Senator Fay asked the question, how many are classified and how many are unclassified. Do you have that too?

MR. DRUZ: I have it. This, by the way, shows the number of State employees from 1961 to 1975 and the number of competitive and the number of unclassified. I will distribute copies to you.

Now, I left out the uncompetitive in labor, but that is not what you are talking about. That would be the institutional, lower pay type positions.

SENATOR FAY: Are the state colleges in a separate category?

MR. DRUZ: Well, the instructors are unclassified, and many of the administrative are unclassified, but the maintenance and the clerical are classified. We have a breakdown on that of what makes up at least 80% of the unclassified, which I mentioned before, professors, the state police, doctors, deputy attorneys general, and people like that.

SENATOR BEDELL: You mentioned that these project specialists are employed where there are funds from the federal government or grant funds. I have dealt with the CETA Program and with the Civil Defense and Disaster Control Program, and there are administrative fees available through these other federal sources. When we see a figure for a project specialist, do we assume that all that money is paid out of the grant money under administration, or are they paid out of the general funds, state funds?

Let me just eleaborate a little bit more, and maybe you will see what I am driving at. In many cases there will be a defined

salary for a position, and it comes from a general fund of the government. And then the administration fees are then tacked onto that, but they don't appear normally as part of the salary structure. Do you have any knowledge of how that works within the state with these specialists?

MR. DRUZ: I wouldn't have that knowledge. We don't have that information in Civil Service.

SENATOR BEDELL: Do you know where we possibly could find that out?

MR. DRUZ: Well, this is the budget. I know that several years ago - and it may not be the same thing you are referring to - the state and the federal people got together on an overall administrative amount, and that went directly into the Treasury, but I don't know -- you are referring to CETA, and I don't have any information on that.

SENATOR FAY: Was there ever a point in the year or the past two years when you made recommendations because you felt that there might be abuses in the unclassified positions? For example, projects specialists who might be held on for two or three years, or jobs that you feel should be classified that are not? Is that within your purview?

MR. DRUZ: It is within our purview. The answer to that is no, we don't each year say, but throughout the year we do send -- for example, if we want changes in the Legislature, we would contact the Governor's counsel. But we take steps.

For example, during the past year or two, I have put administrative checks on with the approval of the Commission. And we have gone to court in local jurisdictions more than we ever did. We have fined attorneys for postponing appeals cases, which is really a new thing. We have stopped the actual pay of what we call the personnel man or the appointing authority rather than just putting what we call a pay disapproval on the employee that we feel is not properly performing.

So our problem is more on certification disposition than it has been on the project specialist, because one reason is we

have priority. We feel it is a higher priority, since no project specialist can obtain permanent status with tenure. We feel that can be taken care of. Whereas if we have people that took tests and they are on the list, we are more concerned about them in terms of credibility and what they have had to do to get on that list. They should get a proper chance at a job. We don't have any -- and I don't want to talk too much about lack of funds. I think you are very, very familiar with that, and you have heard enough about it.

We don't have field people to go out and do a lot of checking and enforcement, particularly in the past year when we have had a very substantial number of layoffs. We didn't have any positions, of course, to handle that layoff, not expecting them, and almost all of our resources slowed up and were placed in making sure that these employees got their proper demotional and re-employment rights and so on.

SENATOR FAY: With regard to the layoffs, does a full time Civil Service employee have the right to question some of these consultants and question the fact that he might be able to bump or that he qualifies as a project specialist or ---

MR. DRUZ: We have never bumped into the unclassified, but in the current -- and I am stepping out of my own position here -- layoff, in the discussions, I think the Treasurer, or maybe it was the Governor said that we should look to any kind of position and try and make it as equitable as possible.

Now, one reason you would not have a regular employee bumping a project specialist is because that money is probably funded from the outside and you are not having a loss in those funds as compared to the funds that are provided for the regular programs.

SENATOR FAY: But the Governor and the Treasurer did say that this should be as equitable as possible.

MR. DRUZ: I presume the Governor said it, as I recall it. But the Treasurer, I can say, specifically said that -- you know,

just don't pick one segment of employees, lower level or higher level, whatever, try and put your layoffs, when you have to do them, across the board.

MR. ZOLKIN: Mr. Druz, if a program is funded or going to be funded by the federal government or Ford Foundation or something else, is Civil Service contacted about the nature of the people that might be needed as project specialists.

MR. DRUZ: They may, but that would not ordinarily be so. This is an opinion of mine, rather than a fact. I would say not. We have, to some degree now -- there has been a switch in that, but for a different reason, that is, the Affirmative Action Program where we do have responsibility and where we are keeping the job bank. In that degree, yes.

MR. ZOLKIN: When you refer to a job bank, are you referring to a list of people available for same or similar types of positions.

MR. DRUZ: Women are minorities with a resume.

MR. ZOLKIN: Well, the point that I am driving at and trying to ascertain is, if you need a certain type of employee for a department for a project to last twelve months, and at the same time within that department there is a list for a similar classified position, is that list of people who passed the test for a similar classified position ever consulted?

MR. DRUZ: Ever, yes. But I would say ordinarily not.

MR. ZOLKIN: Would the hiring procedure itself be governed by the department?

MR. DRUZ: Yes, directly by the department if they are unclassified.

MR. ZOLKIN: Are you generally contacted?

MR. DRUZ: In my estimation not. It may be lower down in the department that I wouldn't know about. But in my estimation, generally, it would not be although -- I'm starting to recall, as you ask this now, that there were several classified people - in this case the Division of Youth and Family Services - who were placed on projects. And the reason I am recalling it

now is because there was some question as to whether they could stay eligible for competitive examinations when they were moved over to project specialists. So there are some, but I can't give you a real definitive answer.

MR. ZOLKIN: Mr. Druz, were they moved over from a competitive position into this non-competitive position?

MR. DRUZ: Right, into this project specialist, unclassified.

MR. ZOLKIN: Did they receive a leave of absence? Was that a similar position?

MR. DRUZ: I think it was a raise up for them. It would be somewhere where they had the background to do the work.

MR. ZOLKIN: It would be a similar or promotional-type position?

MR. DRUZ: Yes, right.

SENATOR HIRKALA: Bill, is there a possibility that in the hiring of project specialists that career Civil Service employees could be utilized, and also part of their salaries could be paid by these grants?

MR. DRUZ: Yes, this is really the same answer that I gave. There's no problem of that nature. We will have -- and maybe we are moving faster than you want us to -- we have started to work on this kind of detail to eventually provide information as to where the project specialist came from.

SENATOR HIRKALA: Does the possibility exist that in the hiring of project specialists there is an effort to circumvent Civil Service rules and regulations in that there are employees eligible for promotion and they are not promoted to positions, but project specialists are hired.

MR. DRUZ: I don't think to that extent. For example, I am a classified employee, and I hope I think like them. I think I think like them. When you are promoted to a project specialist, you don't get tenure there. You don't get a permanent title. So people many times are not interested in going into that type of situation where you are a project specialist because your promotional

line is in regular Civil Service jobs, rather than that kind of a job. Now, there may be another ---

SENATOR HIRKALA: I don't mean that, Bill. I am talking about an opportunity for an employee to go up through the ranks, and he is held back, but in the meantime project specialists are hired. Wouldn't it be better all the way around for employee morale that employees within the service could be hired as project specialists receiving the grant and retaining their career classification.

MR. DRUZ: It is a possibility. I think when you have the agencies involved, it is a good question -- I don't want to be presumptuous on this -- to put to them, because they are the ones making that kind of selection.

Civil Service has become, I guess, a code word for such things as people that don't want to work, and the system is a rigid system, and all those kinds of things, which I don't buy at all. The term Civil Service is used as if every Civil Service Department in the country is the same, and it is not that way. And a good deal of criticism about Civil Service - and I guess we are in a kind of no win position - is that it is either too rigid or it is too flexible.

This is the kind of thing that we have tried to provide to you in terms of data, you want to know how many classifieds there are. This is a dangerous kind of figure, unless you know what they are. If they are professors in the state colleges, it has nothing to do with policy making.

SENATOR HIRKALA: Do you have the staff available to you that could monitor the hiring practices of the several divisions in the state department to the extent that the protection of career civil service employees are handled?

MR. DRUZ: Not nearly.

SENATOR HIRKALA: You do not have the staff to do an adequate job?

MR. DRUZ: No. As a matter of fact, we have no field type of inspectional staff, if you would call mine that. We just reassigned our personnel management staff - and that was the group that we started to send out looking at the department-wide personnel practices. It didn't get into the project specialist. And I have just had to reassign them to examinations because of the backlog of examinations.

SENATOR HIRKALA: Thank you.

SENATOR BEDELL: Along that same line of thought, Bill, it has been alleged by some people in Civil Service who had positions that specialists were hired to come in to their department who actually did the same job that they did. Now, I am going back to what Senator Hirkala mentioned. You don't have the resources to monitor that which is taking place, or do you?

MR. DRUZ: We do not.

SENATOR BEDELL: Do you respond if the Civil Service employee says, "Look, I am being ---

MR. DRUZ: Oh, yes. If we have a complaint, we respond. I hope we do. I think I'm pretty tough on our employees if we don't. I think there is another point here.

When you bring in a project, okay, and a project may have people doing similar work, but it is a project just for six months or a year, we don't state to the department that you must take a civil service status employee and put them in that project. I want to make that clear. We do not.

SENATOR BEDELL: Again, along that line, if there is a job category where you have a civil service worker employed doing that particular job and a project specialist is hired and does fundamentally the same job ---

MR. DRUZ: In that same project.

SENATOR BEDELL: Yes, in that project. Is this allowed?

MR. DRUZ: Yes. In other words, it comes in as a separate project. It is going to be there for a period of time.

SENATOR BEDELL: But it is the same job, though, isn't it?

MR. DRUZ: Yes. Well, what I am trying to say is we have guys working in our department - and women too - and they are doing validation of tests. We may get, through one of the federal funds, a certain amount of money to validate another test. But that's only one sum of money which may last -- well, which will last only a certain period of time. We would then feel we could go out and hire three or four psychologists and bring them in and they may be working and doing the same thing that other men are doing - validating tests - but theirs is just on this project. I am using our own department as an example. We would not say that anybody in our department had rights to work in that project.

SENATOR BEDELL: What would happen if the person who had the career job was then terminated? Could that take place while the specialist is doing the same job?

MR. DRUZ: It is a possibility. We, if we had good sense, and I hope we do, and I think our record on what happened to demotions and all that--in our department, if the money was running out for the regular people, I can assure you, we would put them on the project.

Just as an example, although it wasn't a project, when the demotional rights of the people in Transportation -- there were quite a few that got laid off last year in Right-Of-Way, because that program had diminished so. We had run out of their demotional rights, and we looked around and found that unemployment unfortunately was increasing. There were jobs, which these people had no rights to, such as claims examiners, I believe they were called, and about 26 of them were moved over to Labor and Industry. The Commission came up with a kind of new idea. We called it transitional. So I think that is in the record. That is a fact.

So when that kind of thing occurs, the department, if it has any kind of good sense, would do it. If it came to our attention, we would try and work something out that would fulfill that for people being laid off.

SENATOR BEDELL: What is a C.S.-21?

MR. DRUZ: That is the appointment form in state government. It is similar to the C.S.-6 in local government.

SENATOR BEDELL: I am led to believe that there is a form that everyone employed in the Civil Service System must sign or you must have a record of to be paid. Is that true?

MR. DRUZ: The 21 must come through except for the exceptions we make.

SENATOR BEDELL: C.S.-21, that is the form. So at a given time we could find out how many people are on the Civil Service payroll?

MR. DRUZ: Yes.

SENATOR BEDELL: But this does not allude to the consultants. They don't appear on that.

MR. DRUZ: They may not. As I say, some consultants can be vendors. And therefore they would be paid by that procedure.

SENATOR BEDELL: I'm talking more in the vein of the consultant that we heard about in the paper, a hundred dollars a day.

MR. DRUZ: Right.

SENATOR BEDELL: How are they paid, do you know, Bill?

MR. DRUZ: It comes under what they call special service. When that comes through, they are supposed to describe the job and say -- and this could be at any level -- they are going to get paid an hourly rate. And we would say, well, that sounds right. It sounds like they are bringing them in for some clerical or administrative job, and hourly we would say it sounds like a rate, and Budget would review it that way, I guess, too.

But then consultants are paid by the day. And I am a little hazy on this, but I think I should tell you anyway, because I think it is fairly accurate. It would say that they are being paid so much a day, and we would probably look at the kind of

job, and say that seems like what a person on a comparable state job would get. Now, the number of days we would have no control over. That would be controlled by the amount of money they placed into that particular situation.

SENATOR FAY: How did the project specialist job come through with the job description of chauffeur?

MR. DRUZ: What I think you are referring to -- I don't know. But I think you are referring to what was in the press. I read in the press that it was assigned to another agency.

SENATOR FAY: Wouldn't that ---

MR. DRUZ: It would have something on it, yes. And we would check it. That's available.

SENATOR FAY: For making left turns, or ---

MR. DRUZ: Well, let me say this: There are some - and I may be moving ahead or sideways, I'm not sure - in the Executive. They are all unclassified, whether they are project specialists or consultants. That is by statute. So we would have no reason to ever check. It has been a practice throughout the administrations to have people assigned from other departments into the executive, but they are unclassified anyhow. So we would not have any real reason to review that.

SENATOR FAY: In the series of articles in the Star Ledger by Linda Lamendola that prompted this Commission, you are quoted as saying that you are going to investigate the Division of Youth and Family Services, and you are going to look into the project specialists.

MR. DRUZ: Right.

SENATOR FAY: I hope you aren't qualifying this now by saying that your staff has been reassigned and they might not be able to complete this investigation.

MR. DRUZ: Oh, no, we are already looking into that. I know the term in the newspaper said "investigate" but I said we would certainly check into it. That is what we said, and that

is what we are doing. We expect within a fairly short period of time to make such a report to the Commission. It will be available to this Committee as well.

SENATOR VREELAND: Wouldn't it be possible then in your estimation, Bill, and I don't want to put you on the spot, that any division of state government could assign someone to a job as project specialist and not be classified and therefore could circumvent Civil Service regulations? Isn't it possible? I'm not saying that this is going to be done, but it could be done that way. That is a possibility, isn't it?

MR. DRUZ: Well, since I am not on the spot, it's a possibility. It is a possibility, by the way, in every department if every department head certifies that any senior clerk or principal clerk or head clerk is working in that job as well, and certifies that they worked all week. So if you have the kind of people who don't fulfill whatever their responsibilities are, right, they could.

SENATOR VREELAND: And also the same procedure could apply to consultants. You could have a consultant who could be there and never come under Civil Service regulations.

MR. DRUZ: To make the merit system work, you have to have people who believe in it. That is out in the field, as well as in the Civil Service Department.

SENATOR VREELAND. Right. Absolutely.

MR. ZOLKIN: Mr. Druz, you mentioned previously that there are certain people paid as vendors and then you indicate perhaps an hourly employee. Number one, are you informed at the Civil Service Commission of each instance when a consultant is hired on a voucher basis?

MR. DRUZ: No.

MR. ZOLKIN: Are you consulted on this thing at all or just if the department feels like informing you they will.

MR. DRUZ: Well, if they are paying them as a vendor, they would not inform us, as far as I know.

MR. ZOLKIN: Are you aware of any hourly employees or what their rate of pay might be on an hourly basis?

MR. DRUZ: Oh, yes, we would actually, I beleive, establish the hourly rate, if it came through us. See, some come through us, and then we get a form that says there is so much money involved, and there are going to be four people working at a certain clerical level and a certain administrative level, and they are asking for that rate. We would either set that rate, somewhere in the range for a comparable state job, or approve the rate they put down, believing it is a regular comparable rate.

MR. ZOLKIN: And these people could theoretically be paid by voucher?

MR. DRUZ: No, no, not these. These would be paid regularly. I have no idea how many, if any, are being paid by voucher or how few.

MR. ZOLKIN: If a man is hired on a federally funded project, and he gets put on the payroll, is he put on the regular payroll in that department?

MR. DRUZ: Many departments are operated to a very substantial degree through federal funds, and they are regular jobs and have been.

If you are talking about grant money, they are put on the payroll, and I presume it is a regular payroll, but I think you better ask Mr. Hofgesang.

MR. ZOLKIN: Along that line, does Civil Service ever check that people are on the payroll supposedly for the length of the project? If a man is hired for twelve months, does Civil Service check to see that he is only paid for twelve months?

MR. DRUZ: That extension takes place whether the funds can be continued beyond that year. Now, we do have some programs -- and I am going back, but it hasn't been an up-to-date one particularly since the layoffs have started -- but the actual extension of that takes place, I believe, through the extension of those funds, and that does not come through us.

MR. ZOLKIN: Does Civil Service ever verify that the programs have been extended?

MR. DRUZ: We go out verifying that the job should now become a classified job. If they are going to continue, they should have a regular title.

MR. ZOLKIN: Perhaps you are not understanding my question. If a man is hired for twelve months and the project is funded for a twelve-month period, at the expiration of twelve months, does Civil Service check whether or not the funds have been extended?

MR. DRUZ: No, and I think I understand you now. We don't check the extension of funds in that sense. We may, as part of going out and looking, say we have approved that for a certain length of time and you have had it for that length of time, now either drop it or we want to make it a regular Civil Service title. That is the way we do it.

MR. ZOLKIN: You don't check to make sure the funds are actually paid to the State, do you?

MR. DRUZ: No, sir.

MR. ZOLKIN: You just pay that as part of the regular payroll?

MR. DRUZ: Yes.

MR. ZOLKIN: That is with the regular deductions, incidentally, am I correct?

MR. DRUZ: I believe they do, but this again is something I think Mr. Hofgesang might answer.

If it is okay with you, gentlemen, Senator Fay I think had asked about the Division of Youth and Family Services. Now, I have some tentative figures. They are not the individual analysis ones, but I bring them forth to indicate that we have started to check into it. This is from January 1, 1974, to November 7, 1975, Division of Youth and Family Services, which I guess is somewhat before the present head of that Division. I think he took office in June or July. At any rate, from

January 1, 1974, to November 7, 1975, the number of employees appointed to classified titles from open competitive examinations is 465.

The number of employees appointed to classified titles pending open competitive, where the list ran out is 455.

The number of employees appointed to classified titles by permanent intra-departmental transfers, that is within Institutions and Agencies, is 18.

The number of employees appointed to classified titles by permanent inter-departmental transfers, and I guess that is from other departmental authority, is 27.

The number of employees appointed to non-competitive, 20. The number of employees appointed permanently to classified titles from regular re-employment list, 30. The number of CETA employees, 14. That shows you where we are at that stage.

Project specialists, 22; teachers, 17 - they use teachers in some of their programs, and those are unclassified. The number of per diem employees, 80. I don't know for what extent of time. I believe there is data coming which they are working on as to how many days these were employed, and some are very few, I think.

SENATOR FAY: On these per diem employees, who sets the rate? I have noticed in these articles that some of the rates were \$100 a day. Who sets that rate?

MR. DRUZ: This is Ralph Shaw with me who is the Assistant Chief Examiner. If they would come through us, through the special service, we would either set the rate based on the kind of performance or the kind of duties they have, and we would look for a comparable state job and approve or set the rate that way. But if they have a contract directly, then they would set the rate.

SENATOR FAY: Of those 80 per diem people, just how many rates were set by you?

MR. DRUZ: I don't have that yet.

SENATOR FAY: I think that would be significant. We would like to know just how many were set by Civil Service and exactly how many people were under that \$100 per diem rate. I think we can use that bit of information.

I think that we have already found out that the Appropriations Committee for years has been dealing with a lack of information and a lack of knowledge in trying to make decisions department by department. The last time they did request information of you and you sent it along to them on unclassified employees and project specialists, you broke the categories down from five and ten thousand up to thirty-five thousand but less than forty-thousand category ---

MR. DRUZ: In terms of money?

SENATOR FAY: Money. But unfortunately, this was April of 1973 that you sent that information along to them. At this time the figure was at 293 project specialists. But only 276 of the 293 were not broken down by department, and I believe from your earlier statement that we will have a complete report department by department; is that correct.

MR. DRUZ: Right. I have something right now, but I think you want more. I will give you what I have now; is that suitable?

SENATOR BEDELL: Yes.

MR. DRUZ: This is the number of project specialists: Agriculture, 1; Civil Service, 5; Community Affairs, 31; Defense, 1; Environmental Protection, 15; Executive, 1; Health, 6; Higher Education, 29; Institutions and Agencies, 126; Insurance, 2; Law and Public Safety, 18; Public Advocate, 4; Public Utilities, 8; State, 3; Treasury, 23. That is a total of 273.

Now, you want a more detailed breakdown than that, and I think we are working on that.

SENATOR VREELAND: Did you say 126 project specialists in I & A?

MR. DRUZ: Yes.

SENATOR VREELAND: Are we going to get a copy of those figures?

MR. DRUZ: Yes.

SENATOR VREELAND: You do have the figures as to the number of classified and unclassified. You said 58,174 employees total, but you didn't give the breakdown as to the number of classified and unclassified. Do you have it?

MR. DRUZ: I have it, and I am giving you a sheet which has it by department. And we are also going to give you how it is generally broken down as to how many professors, instructors, state troopers, how many there are in the larger categories. We will also tell you -- each department by law is entitled to so many confidentials, assistants, and so forth.

I can read some of the departments off to you. I have the figures from 1961 to 1975, and it might be interesting for you to have me read some.

SENATOR VREELAND: Fine.

MR. DRUZ: Agriculture, 1961, there were 215 competitive employees and 11 unclassified. The latest figure we have is 300 competitive and 7 unclassified.

In Banking and Insurance, and that is split up into Banking and Insurance. In Banking in 1970 there were 114 competitive and 5 unclassified; and currently, 1975, there are 102 competitive and 6 unclassified. In Insurance in 1970 there were 157 competitive and 9 unclassified, and now there are 193 competitive and 15 unclassified.

In the Civil Service Department in 1961 there were 200 competitive and 9 unclassified, and now there are 423 competitive and 9 unclassified. And so on down the list.

Institutions and Agencies in 1961 there were 5,298 competitive and there were 670 unclassified. Currently we have 12,928 and 1272 unclassified. Now, you notice if you add those two together there are over 20,000 employees. I don't have the non-competitive in Labor. That would make up for that kind of difference.

Law and Public Safety is where you have the state troopers. In 1961 there were 2117 competitive and 1179 unclassified. And currently there are 3537 competitive and 2430 unclassified. Now, if you just looked at that alone, it looks like a lot of unclassified employees, but those are basically the increases in troopers. You will get a copy of this.

SENATOR DAVENPORT: Mr. Druz, do you know how many State employees reside outside the State of New Jersey?

MR. DRUZ: We don't keep that figure, but again, I think I heard this figure not too long ago, I think it is running around 4,000.

SENATOR DAVENPORT: Out of how many?

MR. DRUZ: Fifty-five to sixty thousand, and that I would ask you to verify with Mr. Hofgesang.

SENATOR BEDELL: Mr. Druz, when you mentioned the numbers of project specialists, I think you mentioned I & A with 126, that figure stands out as being a great deal more than the rest of the departments. I realize, of course, that I & A is a great big department in itself, so therefore it probably would demand more.

To your knowledge, has the growth of specialists over the past two years risen dramatically in the Department of Institutions and Agencies, or has that figure been consistent?

MR. DRUZ: I don't have that. I don't have a comparative figure. If we can get one, we will.

SENATOR BEDELL: I would like to know if it shows a dramatic or marked increase in the use of specialists over the past two years or since two years ago?

MR. DRUZ: Well, I know it is one-tenth of one percent of all the employees, but I don't know whether it is increased or -- I don't have that figure.

SENATOR BEDELL: But we can get it, probably?

MR. DRUZ: I'm not sure now whether we can check back on project specialists. We will check into that for sure.

SENATOR BEDELL: Mr. Druz, what is the Salary Adjustment Committee?

MR. DRUZ: The Salary Adjustment Commission or Committee is provided for in the Appropriations Act and it is made up of the State Treasurer, the Budget Director, and the President of the Commission when there is one. That is what it is.

SENATOR BEDELL: Well, what do they do.

MR. DRUZ: The function of the Salary Adjustment Commission is to provide for salary adjustments when they are not provided for under any other general rule. For example, if there is an inequity -- well, I won't call it an inequity at first. If there are errors made, certain types of administrative errors, it could correct them by providing a special adjustment.

If, for example, we have problems of recruitment, we would request the Salary Adjustment Committee to present or permit hiring above the minimum salary range. For example, every job that has a salary range has a minimum and a maximum. Only the Salary Adjustment Commission can approve appointments above the minimum. Now, it may do it, let's say, in the case of nurses where there are special recruitment problems. They may say to the Department, we are establishing this policy: If you feel this nurse meets more than the basic requirements or if you just can't get somebody, you are entitled to pay a certain amount of money above the minimum.

Anything above that, if that's a policy of the Salary Adjustment Commission, would have to come as an individual item into the Commission. In addition, any individual appointment -- some years ago there was a great deal of problem in talking with new employees about whether they could get a higher rate, particularly in the '60's when the employment market was so wide open or in another sense tight, the Salary Adjustment Committee said one of its members could approve people - instructors, professors and others - being appointed above the minimum in order to attract that kind of an individual.

In addition, it provided for merit increases. Well, it always has, I guess, but it was a follow up on the bonus arrangement, too, that former Governor Cahill attempted to institute to get more incentive. And certain departments would then come to him and say this employee has worked well beyond what would be expected and you would ask for an additional increment or two or more.

So it is used for recruitment and retention. On occasion the Salary Adjustment Commission would get requests and say we are are going to lose a person unless we make an adjustment. So these are the kinds of things it would handle, any kind of special adjustment that a department head would request.

SENATOR BEDELL: That is the other question I wanted to ask. Who determines who is going to be looked at for a salary adjustment? Does that recommendation come from a department head?

MR. DRUZ: It has to be recommended for that individual but -- not on occasion. Many times the Civil Service Department would make recommendations, for example, in general, such as the situation with nurses. We may say that we think that you need a hiring rate or permission to hire above the minimum. That would be across the board without thinking of individuals. So we might come in and request it. But otherwise it must be requested by the department head. In fact it is a policy that unless the department head is away, he must actually sign the request. It cannot be signed or delegated unless he is not in the area.

SENATOR BEDELL: How frequently does the Salary Adjustment Committee meet?

MR. DRUZ: Usually -- they had not set up through the years a regular time. But it usually meets two or three times a year.

SENATOR BEDELL: More specifically, Mr. Druz, the Committee met or made some decisions recently ---

MR. DRUZ: Yes, during the past couple weeks.

SENATOR BEDELL: I was just very much surprised to see that of all the job categories that were considered most prominently mentioned in the media were persons working in the Transportation Department who were in charge of the Commuter Programs. And I believe that in most of those cases the increase was granted to those people. It just struck me that it was extremely poor timing.

I am not belittling the efforts these individuals might have made or how much time they were putting in on the job, but it just seemed, I think, from the public's point of view, rather strange that we are rewarding these people at the same time we are cutting essential commuter services and raising the rates. This doesn't feel too good to "John Q. Public."

MR. DRUZ: I have no argument with that at all, sir. I'm not a voting member.

SENATOR BEDELL: I just question the timing. I can imagine how the commuter feels about it and what he would say they were worth. I'm not saying what my own evaluation might be of their worth. I am just saying from the public opinion position ---

MR. DRUZ: There is very substantial pressure, I guess. The meetings were being held off at this particular time, but there are substantial pressures to hold them, because people are waiting and so forth. I don't know what to say in reply to your statement.

SENATOR FAY: What is the history of the Salary Adjustment Committee? I mean, who invented it?

MR. DRUZ: This goes back even before my time, sir. And it wasn't always statutory, but then it became statutory. If you are trying to establish regulations that will affect fifty to sixty thousand employees, you do have cases of inequity, and you do need policies, and you do need some uniformity as to what departments can do.

SENATOR FAY: When did this become statutory?

MR. DRUZ: I guess it is at least ten or fifteen years ago, Senator.

SENATOR FAY: So they have been meeting about three or four times each year for the last ten years?

MR. DRUZ: Yes.

SENATOR FAY: You mentioned the fact that you were not a voting member.

MR. DRUZ: Well, I am the Chief Examiner and Secretary. The President is a member by statute, and he votes, and the Treasurer, and the Director of the Budget.

SENATOR FAY: Those are the three votes?

MR. DRUZ: Right. You call them votes. They gather together. They don't formally vote on each item. They agree on them.

SENATOR FAY: If a person comes up, like a few of them did, for three thousand dollar raises, if two agree and one disagrees, what happens?

MR. DRUZ: In my experience with it, it doesn't happen. I haven't seen it that way. It gets resolved. Either they agree or they don't -- they agree to reject or they agree to approve. There is no formal voting in the record. You would not find that the Treasurer and the Budget Director voted no and the President of the Commission voted yes. You would not find that in the record.

SENATOR FAY: But we do find people who are refused or denied the raise?

MR. DRUZ: Right.

SENATOR FAY: Are the reasons given as to why the raise went through or did not go through?

MR. DRUZ: No, normally I don't believe they are in the minutes. In some cases they are, and normally they are not. However, if it is requested, it is given.

SENATOR FAY: Don't we therefore have a situation where the Treasurer and the Budget Director are both coming out of the same

office, and they are making recommendations for their own departments. I know it is ludicrous, but couldn't the Treasurer be recommending a big raise for the Budget Director and the both of them agreeing?

MR. DRUZ: No.

SENATOR FAY: That couldn't happen?

MR. DRUZ: No. I think the Budget Director's salary is pretty much set.

SENATOR BEDELL: Along that same line of thinking, Bill, let's say the Treasurer is making recommendations for people in his department for salary adjustments; does he vote on it then, too?

MR. DRUZ: He would approve.

SENATOR FAY: Do other states in the union use this ---

MR. DRUZ: Let me say this: Normally, if it is in the Treasury Department, the Budget Director would pick that up. If it was in the Budget Director's own division, the Treasurer would pretty much review that. It is not really that they do their own.

SENATOR FAY: From your professional viewpoint, is this a common procedure in other states, or are we unique in this procedure?

MR. DRUZ: I don't really know. I would have to presume, again -- you need some way of correcting this.

SENATOR FAY: Would it be proper to ask you and your staff to write a critique of this procedure and possibly make recommendations for improvement on this procedure?

MR. DRUZ: Let me say this: You did ask me a question on the history. At one time the Legislature had a representative on it. It was not too long ago.

SENATOR FAY: I think that is even more frightening. (Laughter.)

MR. DRUZ: Well, the increases for staff and the Legislature do not go to the SAC. I think they are approved by a Legislative Commission. They handle that sort of thing in a comparable way.

At one time it was William Kurtz who sat on this Commission. But then a question arose - I think by your present Director - as to some conflict of the branches of government serving in an administrative way or rather implementing, so then it was taken out of the statute that there would be a legislative representative. That is just about maybe three or four years ago.

SENATOR FAY: I do believe strongly that it would be a major contribution to this Commission if we could obtain a critique from Civil Service and also from the Budget Director on the status quo here, and how it can be improved, and ---

MR. DRUZ: I know that the emphasis has been on the large increases on upper levels, but there have been many, many items and many employees who have had inequities or errors adjusted by this Committee.

SENATOR FAY: I admit my own astonishment, and I should know better, but I don't, that there are 58,000 employees having their raises ultimately decided by three people. I myself question this kind of procedure.

MR. DRUZ: Well, they are deciding it, but it is being requested by the people in the department. It isn't initiated by any of the three. They are only acting upon what somebody else is requesting. And I could give you another example. When it was difficult - and to an extent it still is - to appoint instructors at the various state colleges, it was the Salary Adjustment Committee that approved a policy of appointing up to a certain step.

You know, these are their general policies. The emphasis here is on the individual raises, as I understand it. But I am trying to give you a broad purview, and we will give you a critique of it.

SENATOR HIRKALA: Bill, in the operations of this Committee on Salary Adjustments, are there many adjustments recommended in the case of classified employees?

MR. DRUZ: Oh, yes.

SENATOR HIRKALA: Are some of those recommendations possibly an evasion of Civil Service regulations as far as promotional opportunities are concerned.

MR. DRUZ: Well, I don't consider them that way, because it doesn't change a person's title. It gives them more money within that range. Now, if you are saying, is it meritorious, we presume that it is meritorious if a department head gives it and he gives a reason for it.

SENATOR HIRKALA: Well, let me give you a hypothetical question. Suppose there was a raise recommended by a department head of three thousand dollars, and the employee who was being considered for the raise was in the same title as other wouldn't that in effect be an evasion of Civil Service rules, by permitting a raise to go to this particular employee, and it would not be available to other employees in that same category?

MR. DRUZ: Well, if the reasoning was a proper one, but actually that is what the Salary Adjustment Committee is for, to provide more monies on a merit basis for some special achievement or sustain a superior performance. So it actually is for that particular purpose, to select through the department heads those who deserve that kind of thing.

SENATOR HIRKALA: Except for this, Bill. What is to prevent a department head from taking care of a favorite, and you are not going to have an examination wherein it may be determined that there are other people in that same category who probably would have been able to qualify by the examination, but they were not being considered that "fair-haired boy."

MR. DRUZ: It is different in State government because we have a maximum, and all people in that title would end up at the maximum with the same salary. It means in this case they might be getting it faster, but they all -- we don't have single rates which you might have in some local governments, where that could happen. Do you follow what I am trying to tell you? In

other words, if the salary range went from twelve to fifteen thousand dollars, and there were two employees and they both were making thirteen thousand dollars, a department head could say, "I am requesting, because of meritorious service, that the thirteen thousand get fourteen thousand, one of them, okay. They would then get the fourteen thousand dollar salary.

SENATOR HIRKALA: Who would?

MR. DRUZ: Just the one. But eventually they both would end up - assuming their performance was satisfactory for both - at the maximum range of fifteen thousand. So it doesn't change their title.

SENATOR HIRKALA: No, but I still say the possibility exists wherein the favorites will be taken care of through this Committee.

MR. DRUZ: I think I did say before that a merit system depends on everybody believing in merit. And there is room all over any kind of commercial, or private or government establishment to use favoritism, but I think the elections and I think the appointments of department heads are done in good faith, and the selections are well made.

SENATOR FAY: Does the grievance procedure allow for the other employees to challenge these raises?

MR. DRUZ: Yes, there could be a grievance procedure.

SENATOR FAY: Does the grievance procedure ever get to the Salary Adjustment Committee?

MR. DRUZ: They would review it.

SENATOR FAY: And again take this non-binding, non-voting vote on whether to agree or disagree?

MR. DRUZ: Yes.

SENATOR DAVENPORT: Does this Committee ever grant an increase above the maximum in a particular range?

MR. DRUZ: No, except it does provide a lump sum amount. And actually people feel this is more economical. For example,

if someone is holding a position of the title above him, instead of going through a reclassification, it would be lump-summed and possibly given for that period of time that they held that job.

So if they were at the maximum at the lower job, that lump sum, just for that temporary period, would have taken them above the maximum. But otherwise it does not provide that you could get a salary range above the established maximum rate of that range.

SENATOR DAVENPORT: One other question. If you grant a salary adjustment, let's say, in March, and July first the increments are due to employees, would they then be given an increment if they are not at a maximum?

MR. DRUZ: That is taken into consideration. They would make that determination at the time. They would say, "We are going to change their anniversary date or we are not."

SENATOR DAVENPORT: Suppose it was just granted, and you didn't change their anniversary date?

MR. DRUZ: They would get that in addition.

SENATOR DAVENPORT: They would get that July first?

MR. DRUZ: Yes, yes.

MR. ZOLKIN: At the last meeting, November 19th, there were a flock of adjustments made. Were you given advanced knowledge of these things prior to this meeting.

MR. DRUZ: Oh, those they gathered for months before. They don't come in at the last moment, if that is what you mean.

MR. ZOLKIN: Now, another thing, just about every department is having somebody appointed, either classified or unclassified, at a figure higher than the base salary. Is this salary which is approved by the Salary Adjustment Committee based on one of the increments or ---

MR. DRUZ: Yes, it is an increment step within the range.

MR. ZOLKIN: So that man might be hired at possibly the second or third step?

MR. DRUZ: Exactly.

MR. ZOLKIN: One thing further, at this meeting on November 19th there were various effective dates for these salaries. Would these dates indicate the date these people were hired?

MR. DRUZ: If they are newly hired, yes.

MR. ZOLKIN: Well, for the sake of argument, the first gentleman was in the Department of Civil Service, and the salary range was \$7925 to \$10,697. He was approved for a salary of \$8717 effective August 18, 1975.

MR. DRUZ: It sounds like the date of employment to me.

MR. ZOLKIN: Was he paid this salary from the date of employment?

MR. DRUZ: After it was originally approved it would go back, if he didn't get it from the first day.

MR. ZOLKIN: What I was asking you was, this gentleman was hired August 18th. Was he paid at a higher salary, and then approval came?

MR. DRUZ: No, what I am saying is it would be retroactive. If it was approved subsequently, then he would be paid at the minimum and then subsequently if it was approved as of the date of his hire, he would receive the money.

MR. ZOLKIN: But in all instances, he would be paid at the base of the scale and then given the retroactive adjustment?

MR. DRUZ: If that is the way the date is set, yes.

SENATOR FAY: On that point, Peter Stangl, Assistant Commissioner of Public Transportation, and Richard Anderson, Director of Commuter Services received \$3426 and \$2684 in raises. Now, where does the increment come in in the \$3426 raise. Would it be the increment plus the bonus?

MR. DRUZ: No, he would have his anniversary date changed if he got two increments or more by the Salary Adjustment Committee.

SENATOR FAY: This is a question I had asked before and I wasn't sure of the answer. If a salary request is denied for an employee, you say there is nothing in the minutes which would indicate the reason why this request was denied?

MR. DRUZ: It may have been written on the sheet of the request.

SENATOR FAY: Are all 58,000 employees at the justice or mercy of the Salary Adjustment Commission?

MR. DRUZ: No, no. I don't think so, because these are only for specialists. The Legislature through appropriations -- and now to some degree I guess the collective bargaining and I guess the Civil Service Commission -- the regular increments are set up that way. This is for adjustments that are not covered through other statutory or appropriations procedures.

SENATOR FAY: When you say special, how do you define special?

MR. DRUZ: Well, I gave some of the reasons. It would be a special request. But it would not stop any employee from getting his regular increments.

SENATOR FAY: Oh, no, I'm saying that the department head and division head would have to request that.

MR. DRUZ: Right, an individual request, yes.

SENATOR FAY: Therefore we do find within this Commission made up of the Treasurer and the Budget Director -- it would be an awfully favorable position to be in their division or their department, since two of those people are the majority of the three who make this decision.

MR. DRUZ: Well, I don't know what wisdom went into setting it up that way. But they are two of the most knowledgeable persons in the fiscal situation in the state and the budget situation within the state.

SENATOR FAY: How wise do you have to be to recommend a \$3,000 raise?

MR. DRUZ: When I spoke of wise, I was referring to Legislation which said who will serve on the Commission, Senator. I don't know about the wisdom involved. It is in the minds of men, I presume.

SENATOR VREELAND: On page 11 of the minutes of the meeting of November the 11th, 1975 -- and the reason I picked this out is because if you go down to the Department of the Treasury, it says, "Henry N. Luther, Director, Division of State Lottery" -- and I am not picking on that one particularly, because I happen to know Henry very well. But it says there "\$32,627 unclassified," and then the salary was set by this Committee of \$37,520. Would you say that arbitrarily then the Committee said we are going to start you at \$5,000 more?

MR. DRUZ: No, no. Senator Vreeland, that is not the procedure. The procedure is -- and I will make some presumptions again -- that the Salary Adjustment Committee gets a form requesting this. They take no initiative.

I presume that when Mayor Luther was considered for the position, whomever he discussed it with, they came to an agreement as to what salary he would come to the State for. And following that, I guess it would be the Treasurer then requesting that his salary be \$37,520. And this Salary Adjustment Committee would either approve or reject that.

SENATOR VREELAND: I will ask you another question, then. Was the salary of the previous holder of this position \$32,627?

MR. DRUZ: I don't know that offhand. I can tell you that.

SENATOR VREELAND: But the budget department would know the answer to that.

MR. DRUZ: I don't think so. We have the personnel records.

SENATOR VREELAND: I noticed it here, all along in this Department of the Treasury and other agencies, but shouldn't we get the answer to that from some other agency? I am not saying that you have it.

MR. DRUZ: We have -- I think the predecessor was Charles Carella, and we would have the salary of him when he was Director of the State Lottery. We have that.

SENATOR VREELAND: It seems to me, just from looking at these minutes, that it would be in order for these people to say that the recommendation came from somebody. You know, it doesn't say that here, does it?

MR. DRUZ: Oh, the Department of Treasury -- it has to come from the department head. This is one policy or rule of the Salary Adjustment Committee. Every request must come from the department head, unless he is out of town, then it would only be accepted from his deputy who is serving as department head while he is gone. The request must come through the department head.

SENATOR VREELAND: But there ought to be a reason. Now, all of these are not -- there are different circumstances for each one, are there not?

MR. DRUZ: Right. Senator, there are reasons given on the form requesting it.

SENATOR VREELAND: Right, but it is not in the minutes?

MR. DRUZ: That's right. The forms requesting them, I presume we keep up to a certain period of time, at least. We would have them for this meeting, that is for sure. There is an individual sheet for each request.

SENATOR BEDELL: Bill, the consultants are hired by the department heads, am I correct in that assumption?

MR. DRUZ: It may be or it may not be. I would say in the large departments, yes.

SENATOR BEDELL: And logically they would be terminated by the department head at a given time too when the project runs out or when they feel they have fulfilled their duties?

I guess we would have to go to the particular departments to find out to talk about some of these consultants and whether they are doing their jobs or not?

MR. DRUZ: Yes.

SENATOR BEDELL: I have a report before me here that day care contracts scheduled to go to the federal government were filled out incompletely and inaccurately by \$100 a day consultants and \$21,000 a year project specialists who strangely enough came from, of all places, New York City, and I am just wondering if they are still with us lending us that kind of expertise that we need so desperately here in New Jersey.

Bill, you have been in Civil Service for a long time ---

MR. DRUZ: Twenty-nine years.

SENATOR BEDELL: Okay, have you noticed a very large amount of people who are importing from New York City in the last two years as compared to our past employment history in the State of New Jersey?

MR. DRUZ: I would say no. During the sixties, again, when we opened up recruitment, because it was difficult to find certain people, I think that is when we really started to bring people in and started to open up our positions to people from all over the country.

If you recall, before you passed the entry non-residency law for police and fire, there were recruiting teams racing across this country from as far away as Los Angeles picking up New Jersey people and taking them. So at that time, that is when we opened up. Now we still have to a substantial degree a preference in our classified jobs for New Jersey residents. But in the social work area, we have for some time opened up at least beginning jobs to non-residents.

SENATOR BEDELL: I'm talking about the unclassified specialist, so to speak. I am not talking about the lower echelon employee.

MR. DRUZ: I really have not taken too much interest in unclassified before.

SENATOR BEDELL: I am just trying to draw from your own experience. Again, Mr. Druz, this is just an estimate. You know, is it logical to assume that this great State with its large population that we continually have to go to New York to find the expertise that we need to run this government? I mean, don't

we have those available talents and people who have the abilities here in New Jersey to qualify for these jobs?

MR. DRUZ: I really can't answer that to a large degree or to a real definitive or accurate degree. I am not even going to refer that one to Mr. Hofgesang, but I think the people who can answer that best are the ones who hired them, really.

We have a substantial amount of expertise in the State, and if you look at our Civil Service, promotions go up to, I know, a good decent level salary, you know, in the thirty thousands.

SENATOR FAY: Is the living wage category \$100 a day or \$30,000---

MR. DRUZ: In our classified service, through promotion, you can go up into the thirty thousands, and I think it should be that. So there is a great deal of expertise there. Whether you have to go outside the state, I don't know, but we have also had court decisions now knocking out, you know, the one year residency requirement that we had. I forgot what basis it was on.

SENATOR BEDELL: I'm not concerned so much about that area where the job is competitive and people from New York or New Jersey or Pennsylvania for that matter would attempt to qualify on their ability. I am more concerned about this unclassified specialist area. It just completely confounds me that we suddenly have to depend so heavily upon surplus talent from New York City to run our government.

Now, I certainly will ask the department heads at a given time during these many hearings about this. I do think at this present time there are no questions further we would like to ask you, Bill, but we will be calling you back again in the future. I want to thank you very, very much for your time and your candidness with us.

The Committee will now declare a ten-minute recess to return, and the next witness will be Mr. Hofgesang, Director of the Budget Department.

(Whereupon a short recess was taken.)

SENATOR BEDELL: This hearing of the Special Senate Committee on State Hiring Practices is again in session.

I had mentioned that the next person to testify would be Mr. Hofgesang of the Budget Department. Mr. Hofgesang has kindly consented to defer his appearance to allow our colleague from the House of Lords, Senator Wayne Dumont, to get his remarks on the record at this time. So, Wayne, it is good to see you and the chair is yours.

W A Y N E D U M O N T, J R.: Thank you very much, Mr. Chairman and my colleagues. Incidentally, I like to consider the two Houses on the same basis, without referring to Upper House or Lower House. But I do appreciate this opportunity to speak briefly to you and Mr. Hofgesang's yielding until a few minutes from now.

One of my constituents who spent a great many years in the Department of Civil Service and worked his way up to one of the top positions before he had to retire because of age - and I think this was maybe ten years ago - wrote to me recently as a result of these revelations about the Department of Institutions and Agencies, particularly, which appeared in the Newark Star Ledger. And I think that paper deserves a lot of credit for uncovering these items that were pointed out in the Star Ledger. He wrote to me indicating that he hoped this particular review of hiring practices by the Senate Committee would check into the question of consultants, and he puts that in quotation marks, as a matter of fact, holding down full-time positions which normally ought to be filled as a result of competitive examinations on a merit basis.

He points out further, for example, that it would show whether these consultants, so-called, are paid by voucher or carried on regular departmental payrolls because, if they are carried on the payrolls, the State may be picking up a share of the social security costs for people who should be considered as self-employed; and that the policy might

also not be appropriate with respect to any paid sick leave and other paid leave they might have, including vacations and other benefits which should accrue only to those regularly appointed and qualified by civil service procedures. Along with that, there should be an inquiry as to the unclassified appointments, which I know all of you are interested in particularly, in various departments, which are limited by law in number and a roster of which is required to be furnished to Civil Service and maintained by them. I think his recommendations have a lot of merit.

In the Department of Institutions and Agencies, I think we are all pretty upset about this hiring of so many people from New York City. I remember there was a bipartisan discussion on the floor of the Senate nearly two years ago when three of the department heads out of eighteen were chosen from outside the State. Without having to mention their names, they came from Rhode Island, Connecticut and New York. It would seem that with all the people we have in New Jersey and their expertise and their talents, and as you pointed out earlier, Mr. Chairman, with seven and one-half million people, we ought to be able to find individuals either within the department - and I think it is important to try to promote, from the viewpoint of the morale of public employees, people from within - but at least to find someone in New Jersey out of the seven and a half million people who can do the job and do it well. We must have a lot of talent in this State because actually both the former Director and his Deputy in the State Lottery are now running the lotteries in two other state. I refer to Ralph Batch in Illinois and Peter Simmons in Delaware. They were picked by those two states because they had done a good job in this State, and they were native New Jerseyans.

We know we have talent and it isn't necessary to go outside the State to get people. I think that is particularly important these days when we have the second

highest rate of unemployment of any state in the nation and that we should try to fill jobs with our own people and get them back to work.

As a matter of fact, the Department of Institutions and Agencies recently closed down the Hospital for Chest Diseases at Glen Gardner in Hunterdon County. A number of my constituents were thrown out of work as a result of that or they went to other institutions, if they wished, and bumped other employees who had had a higher rating than they finally wound up with because of being bumped out of their jobs as permitted by Civil Service.

Finally, I might say with respect to New York City, which is hardly in an exemplary position as far as its fiscal state is concerned at this time, when we get people from that city who have been advisors to administrations there which helped to get the city into its deplorable financial condition today, that we really don't need that kind of advice or help nor do we want it in New Jersey. We want rather to stay away from that type of fiscal situation, and I believe we can. With all the talent and expertise that we have among our people in this State, we ought to be thinking about promoting them or selecting them from the public at large in the State in an effort to cut down on the very high rate of unemployment which exists today.

That is really the basis of my comments, Mr. Chairman.

SENATOR BEDELL: We appreciate your bringing them to our attention, Wayne.

Does any member of the Committee wish to ask any questions?

SENATOR FAY: I think Senator Dumont's points are all well taken. The Star Ledger has already found these kinds of contradictions. With regard to your comment about the high unemployment rate, I am not to the point of saying that no one can come in from out of state.

SENATOR DUMONT: No.

SENATOR FAY: But I think what is really insulting and galling so many people is when we don't even make an effort to find qualified people in the State.

SENATOR DUMONT: That's right, Senator Fay. It is not a matter of trying to construct a wall around the State and saying we are not going to hire anybody from outside the State, but we certainly don't need so many of them at a time when our own people are having grave difficulty finding work.

SENATOR FAY: Such as the wonderful people who brought the word "default" into the picture.

SENATOR DUMONT: Exactly.

SENATOR BEDELL: Thank you very much.

SENATOR DUMONT: Thanks to all of you. I appreciate it, and again my thanks to Mr. Hofgesang.

SENATOR BEDELL: The Committee would like to call Mr. Ed Hofgesang, Director of the Budget, at this time.

E D W A R D G. H O F G E S A N G: I have no prepared remarks.

SENATOR BEDELL: That is quite all right.

MR. HOFGESANG: If you want to ask me some questions, I will be very happy to try and answer them.

SENATOR BEDELL: I posed this question earlier, but I would like to ask: When the Appropriations Committee resolves itself into the Subcommittee on New Positions, are all the positions that each individual department might wish to hire during that fiscal period made available to the Subcommittee for their consideration?

MR. HOFGESANG: Senator, as you remember last year when we discussed this, it is true that in that new position book which was provided to the Committee, there was not included the positions which related to the lump-sum program requests in the so-called extraordinary account of those budgets. As a result of that discussion, we tried to give

the Committee a supplement which did provide that and we are taking steps this year to include all that information in the new position book.

SENATOR BEDELL: Senator Vreeland.

SENATOR VREELAND: That is an important subject to all of us who are members of the Appropriations Committee. Do I understand your answer to mean that there is a category of employees that any division can add to or increase, but such positions would not be listed as new positions in the budget as we see it on the Appropriations Committee as members?

MR. HOFGESANG: What I am trying to explain is that for the regular on-going operations of any agency that is budgeted, those positions are listed as budgeted positions or new positions and so forth, but where there are new programs that were started recently or proposed in the new budget, in some of those lump sums there are salary funds included; and those salary funds might be supporting some on-going positions or some new positions in those extraordinary accounts. That has always been done in the past so the Legislature and people involved could speak to those particular new or extended activities or services. It has been the practice, after they have existed for a number of years, to try and then drop that as a special category and include them in the regular operating budget of that particular agency.

SENATOR VREELAND: But, Mr. Hofgesang, for example, take the Division of Youth and Family services. In the budget that we will get eventually when the Governor submits it to the Appropriations Committee, there is a line item, say, for 100 new positions or 50 new positions, right?

MR. HOFGESANG: Right.

SENATOR VREELAND: And those, of course, may or may not be funded by the Appropriations Committee, right? So what I am trying to find out is - and I think Senator Bedell started this: Those new positions then have nothing to do with the

operation of the previous year? They are positions that are going to be added in this coming fiscal year, right?

MR. HOFGESANG: That's right. On the on-going program, there is a line item "new positions" and we might put \$500,000 there and that would represent primarily jobs related to maybe their caseload, what they have been doing for a number of years, the necessary expansion and so forth.

As you remember, last year one of the new items was Children in Crisis.

SENATOR VREELAND: Right.

MR. HOFGESANG: And there was a lump sum for that. And that lump sum included some salary money also. That is what Senator Bedell was referring to. This year the new position book will cover both the upper figure and the one in the extraordinary account.

SENATOR VREELAND: But in the final analysis, when the budget is adopted, voted on and signed by the Governor, it is an official document. Let's say there are 50 new positions in Youth and Family Services. In your opinion or do you know whether any division or any department could add 60 where there were 50 in the budget?

MR. HOFGESANG: The department can add positions during the year, but it has to be requested of us and justified.

SENATOR VREELAND: Over and above the amount that is in the budget?

MR. HOFGESANG: But we would refer to them as non-budgeted positions. They would be financed from what is referred to as salary balances and they would have to justify that to us, that it was for some unusual reason: either unexpected increase in caseload or some new activity that they have been involved in or something unusual happening. And we then would authorize them to add an extra position, a non-budgeted position. Then in the following budget, if that program continues, they would probably ask for that to be

budgeted. Then we would reflect that as a new position request.

SENATOR VREELAND: But where would they get the money for the additional ten people I used in my example in the current budget? You are saying in the coming budget, you will budget that. But when their budget only allows for 50, how can they add 10 more?

MR. HOFGESANG: Well, they might keep some other jobs vacant. They might hire some people at a lower rate through turnover after somebody has left, or they may transfer some money into salaries from some other account.

SENATOR VREELAND: Thank you, Mr. Chairman.

SENATOR BEDELL: Senator Hirkala.

SENATOR HIRKALA: Mr. Hofgesang, I would like to explore the utilization of consultants in our state departments. Do you know how they are paid? For instance, a consultant who is paid at the rate of \$100 per day, how is he paid?

MR. HOFGESANG: He would be on a regular payroll if he is hired as an employee.

SENATOR HIRKALA: Are these consultants full-time employees?

MR. HOFGESANG: I think in most cases, as far as I know, when they are hired, it is for a limited period of time, for a limited number of days.

SENATOR HIRKALA: Right. I am not asking that. I am asking: Do they work full time for the State of New Jersey?

MR. HOFGESANG: Most of them, Senator, might be hired for \$100 a day and they would work a certain number of days. On those days, I would assume they are working full time.

SENATOR HIRKALA: I don't think you get the import of my question. Do they work full time? In other words, we are saying \$100 per day; what is their working day? Is it an hour? Is it two hours? Is it a six-hour day?

MR. HOFGESANG: I think you would have to ask the departments where they work. When they say a day, I would

assume it is at least seven hours.

SENATOR HIRKALA: Do you know whether the consultants are allowed to hold other positions within New Jersey or out of New Jersey while they are being paid the consultants' fees?

MR. HOFGESANG: I don't specifically know, but I think it is conceivable that there could be a consultant in more than one department working at the same time.

SENATOR HIRKALA: Thank you very much.

MR. ZOLKIN: I am a little bit mixed up on some of the statements you have made, Mr. Hofgesang. If a man is hired as a consultant, did you indicate that for the day that he is paid, he is put on a regular payroll for that day or is he paid by a voucher for that day?

MR. HOFGESANG: If he comes through the salary account and through the civil service procedures and the CS-21 form that was referred to before, he would be on either a regular payroll or a supplemental payroll. If he comes through the, Division of Purchase and Property, through a bidding procedure, etc., then he would be paid by voucher.

MR. ZOLKIN: Now you are opening up another can of worms, Mr. Hofgesang. We are talking about bidding procedure. If a man is hired as a consultant, let's say, for Institutions and Agencies to perform a particular function and there is an agreement that he is to be compensated at the rate of \$100 per day, where would he show up, if at all, as a line item on the budget as submitted to the Appropriations Committee?

MR. HOFGESANG: Well, he would be in the line item "officers and employees" if it related to some sum of money that was provided for in the budget.

MR. ZOLKIN: Let's assume it is a particular project to study a particular institution, for the sake of argument, or to administer a particular program, for the sake of argument, and you want to call on one particular individual's particular

expertise. Am I right in assuming that this need not necessarily be bid, that the department could indicate, "we want to hire the firm of A,B,C, Inc."?

MR. HOFGESANG: In these instances, I don't think it is usually a firm; I think it is an individual.

MR. ZOLKIN: An individual.

MR. HOFGESANG: Yes.

MR. ZOLKIN: Mr. A,B,C.

MR. HOFGESANG: Right.

MR. ZOLKIN: And Mr. A,B,C would be hired on the basis of \$100 a day not to exceed 50 days per year?

MR. HOFGESANG: Could be, yes.

MR. ZOLKIN: And that would be approved by the Division of the Budget; is that correct?

MR. HOFGESANG: Well, we would approve the initial application for a lump sum of money for that particular service.

MR. ZOLKIN: -- up to 50 days per year.

MR. HOFGESANG: Right. Then the agency would make the arrangements for the people and they would have the authority then to place them on the payroll as long as they stayed within that arrangement.

MR. ZOLKIN: To your knowledge, if such an individual is hired, must he be put on the payroll?

MR. HOFGESANG: That is the only way he could be paid.

MR. ZOLKIN: He could not submit a voucher, for the sake of argument, for one day per week, and say, "I worked Thursday, December 4th. I am submitting a voucher for that hundred dollars"?

MR. HOFGESANG: When that would be approved, if it is charged to the 120 account, the salary account, the only way he could be paid would be on the payroll.

MR. ZOLKIN: Must he be approved by the salary account?

MR. HOFGESANG: Yes.

MR. ZOLKIN: Now, if he appears on the payroll, the State would be paying him the \$100 per day plus other

deductions. Is that correct?

MR. HOFGESANG: Yes.

MR. ZOLKIN: So on that \$100, we would have to figure the social security, etc.

MR. HOFGESANG: And the income tax.

MR. ZOLKIN: So that any consultant who is hired on a daily basis must go through Civil Service - must appear on a payroll.

MR. HOFGESANG: Yes.

MR. ZOLKIN: And there are no consultants being paid on a voucher that Civil Service does not know about?

MR. HOFGESANG: That is why I brought up the Division of Purchase and Property. If there are consultants hired through that mechanism, they would not be on the payroll, and in most cases they would be the firms - you know, when you hire an accounting firm, or a management firm.

MR. ZOLKIN: To your knowledge, are there any individuals who are hired through the Division of Purchase?

MR. HOFGESANG: Yes, there might be.

MR. ZOLKIN: Do you have any idea how many there might be?

MR. HOFGESANG: I think you would have to ask them that.

MR. ZOLKIN: When they are paid through a department, this would not reflect on the payroll?

MR. HOFGESANG: That is correct.

MR. ZOLKIN: Before when Mr. Druz testified, I asked him certain questions relating to policing the life of a particular project, to make certain that a Project Specialist is not paid beyond the life of the project. Does the Division of the Budget play any part in that?

MR. HOFGESANG: Well, many of the projects, of course, are federal grants and we get a form after the grant is received which lays out how that money will be expended and over what period of time, and a separate account is set up for that particular project. Then the agencies would

spend money against that account. Once that account would go into the red, we would be aware of it, yes.

MR. ZOLKIN: Are there many federally-funded projects where the federal government reimburses the State after the expenses are incurred?

MR. HOFGESANG: Yes, there are many that way.

MR. ZOLKIN: How often are those accounts policed, if you know?

MR. HOFGESANG: Well, if it is part of our accounting system, they would be policed -- monitored -- all the time.

MR. ZOLKIN: Have there been any instances that you know of or could recall that salary was paid for people, supposedly for a federal project, for which the State did not receive reimbursement?

MR. HOFGESANG: As far as I know, we get all the money we are entitled to.

MR. ZOLKIN: Do you know of any instances where a Project Specialist may have been hired for a period longer or was paid for a period longer than the effective life of the project for which he was hired?

MR. HOFGESANG: If that happened, he would have to be moved then from one account to another because the account could not stay in the red. They would have to fund him from some other source then.

MR. ZOLKIN: Have there been instances where somebody was funded for a period longer than he was supposed to be hired, and then he was paid from a different account?

MR. HOFGESANG: There may have been.

MR. ZOLKIN: Would your office have that information?

MR. HOFGESANG: I don't think so.

SENATOR BEDELL: May I ask at that point: Are we talking about maybe a consultant or a specialist who would be working for one funded program and then perhaps at the termination of that program would then be hired for another funded program? That's what you are saying, right?

MR. HOFGESANG: Right.

SENATOR BEDELL: -- for a completely different job.

Now I would like to ask you, Mr. Hofgesang, a question I posed before. We have the salary line item, let's say, for a specific job category or position. With regard to those people who are working under the funded programs where they're a part of federal funding or maybe a foundation or something like that, most of those programs to my knowledge have a reimbursable administrative cost. CETA, for one, I think has a 5 percent total budget you can apply to administration cost. I know in local government, you can take, let's say, someone who is directing your CETA program and have in your budget, as a budget item, a salary of \$10,000 a year. It is possible then to apply some of the administration money that is available to augment that salary. Does this also occur in the State?

MR. HOFGESANG: We do, Senator, two things. We would bill the federal government for the fringe benefits - the social security, the pension and health benefits and so forth - and then we would through our indirect cost mechanism - you may be familiar with that - our circular A-87, we would bill the federal government for those indirect costs, these administrative overhead amounts, and that would come back into the general treasury.

SENATOR BEDELL: That is what I was talking about. Those monies, those reimbursables, when you get them, go back into the general fund?

MR. HOFGESANG: The general state fund, yes.

SENATOR BEDELL: No portion of it is directed right to an individual to augment ---

MR. HOFGESANG: That's right.

SENATOR BEDELL: That is not the case?

MR. HOFGESANG: You are right.

SENATOR BEDELL: So when the salary is stated, either as a line item or as it may be, that is all there is; there

is no more that we don't know in another place, as to the salary?

MR. HOFGESANG: Right.

SENATOR BEDELL: A question has been raised by the media, and it has to do with the growth of the Executive Department's personnel - I am talking specifically about the Governor's Office at this time - stating that the staff is 29 percent larger and 26 percent more costly than stipulated in the State budget. If this is fact, it means that people are hired in other departments and then are put in the Governor's Office, working directly under the Governor. Is that a common practice?

MR. HOFGESANG: Senator, as far as I know, that has been a common practice. I think it goes back to some rationale like this, I believe, that the Governor's Office gets involved in many kinds of activities that affect many departments and, rather than have people going back and forth or have the papers flowing back and forth to a great extent from the Governor's Office to the departments, that if they had some people there in the Governor's Office, those things could be handled. And that rationale was used for certain departments' financing those people.

We plan to try and correct that in the new budget by reflecting those people in the Governor's Office budget and making the corresponding change in the department budgets.

SENATOR BEDELL: I see some rationale there. I can understand the need.

MR. HOFGESANG: We have discussed that with some people and ---

SENATOR BEDELL: But in your experience in your years with the budget, has that practice grown, the use of people who are actually attributed to other departments, working in the Executive Branch? Is that a practice that is growing as time goes by?

MR. HOFSESANG: It may be growing as government is growing.

We have more departments, more activity. I don't think it has grown that much though.

SENATOR BEDELL: I am bothered by something Senator Fay alluded to earlier. I can understand the rationale you are talking about and, if that were applied, certainly there wouldn't be too much wrong that the public, I think, could react to. But, here again, maybe we accentuate the negative. But I don't see that rationale standing up when we need a chauffeur to chauffeur one of the cabinet members back and forth and we pick upon someone who is a Project Specialist as an energy consultant in another department. I don't see where that rationale stands up in a case like that.

MR. HOFGESANG: I am not familiar with that case.

SENATOR FAY: Do you agree with Mr. Druz' figure on State employees? He came up with a figure of 58,172.

MR. HOFGESANG: Yes, sir, right to the number. We have worked jointly on that project.

SENATOR FAY: Good. First of all, I want to congratulate you on your promotion and say I admire your courage. We are going to have now, for the first time, I believe, since Governor William Franklin a complete breakdown on the classified and the unclassified.

MR. HOFGESANG: Mr. Druz is going to provide that. We would not have that.

SENATOR FAY: As to the questions staff counsel was asking where Mr. Druz did not have the information - for example, on job descriptions, under unclassified when we get to confidential secretaries - is there a specific designation as to who has confidential secretaries and how much they should be paid?

MR. HOFGESANG: I think you probably should have followed that up a little more with Mr. Druz. I would say, yes, there is.

SENATOR FAY: As to the other category with regard

to the Division of Purchasing - Senator Vreeland was developing this - what is in the budget when the Appropriations Committee sits down? Before their few months' series of meetings are over, is there no way within the budget process as we have it now that we can have actual dollar figures on the category of consultants? That doesn't show up in Civil Service. Do you say the vouchers for these corporations or these individuals do or do not get to you eventually?

MR. HOFGESANG: Well, through the Purchase and Property mechanism, when any agency wants to employ consultants, that has to be approved by us before Purchase will make those arrangements. We do not approve the individuals or anything; we just approve the project - the management information project or whatever.

SENATOR FAY: The Project Specialists, themselves, you don't approve them; they come to you from the Commissioners - from I and A, from Community Affairs, etc. - from the departments on whose payrolls they appear?

MR. HOFGESANG: Those personnel forms, those CS-21's, come through our office.

SENATOR FAY: In those personnel forms, is there a job description of the Project Specialist?

MR. HOFGESANG: It is my impression when those positions are established, there is attached what we call a CS-40 form, which is a job description of what that person will do.

SENATOR FAY: And how long he will do it and the salary of the Project Specialist?

MR. HOFGESANG: And the salary, yes.

SENATOR FAY: How is the salary arrived at? I have read where some of them are getting \$15,000 and some of them are getting \$25,000. Who arrives at that dollar figure?

MR. HOFGESANG: The initial request would be made by the department and Civil Service would review it. I think Mr. Druz said they try to relate it to some similar classified titles and what ranges they would be in. And we take a

look at that also.

SENATOR FAY: Now Civil Service reviews it. Do they have a veto over it? Can they say you are overpaying these Project Specialists?

MR. HOFGESANG: They could do that, yes.

SENATOR FAY: They could. Have they?

MR. HOFGESANG: I don't know if they have.

SENATOR FAY: Do we have any documentation of any salaries being sent in by any departments and Civil Service actually doing that? Is there any record of that?

MR. HOFGESANG: I don't know if Civil Service has changed it, but I know that we have in some cases.

SENATOR FAY: You have.

In the consultant category, how does one arrive at the per diem figure? Correct me if I am wrong. Maybe we are jumping at conclusions. But the only figure I have seen bandied about is \$100 a day. Is there anyone who works cheaper, like for \$90 a day, or at a real sacrifice for \$80 a day?

MR. HOFGESANG: I think Bill Druz said that they take a look at those rates. I believe they have ranges of rates for certain kinds of people. I don't know if there are any less. I know perhaps some Hearing Officers or Psychiatrists and people like that might get up to about \$150 a day.

SENATOR FAY: There is no question but that those of us in politics know what mental health costs and how badly it is needed. But I think when we get into the other categories, these vague social sciences, - and we will find this out before we are finished - \$100 a day always struck me as being somewhat high in comparison to the civil service categories in the Department of I and A and in the Department of Community Affairs. Correct me if you think I am wrong, but I thought \$100 a day was in the higher ranges.

MR. HOFGESANG: I think it would be sort of the intermediate level.

SENATOR FAY: I did have a few questions to pose to you about Confidential Secretaries. Do we find them in the budget? Do we find in each department each person who qualifies for a Confidential Secretary? How confidential are they; are their salaries confidential?

MR. HOFGESANG: In some cases, Confidential Agents or Confidential Secretaries are in budgeted positions. And in other cases, they are paid, as I mentioned to Senator Vreeland, from some balances. But there is a statute - and Druz is more familiar with that than I am -- but there is a statute that provides for Confidential Agents in certain specific areas. And most departments or divisions that are established by statute, I believe, are entitled to two. It is usually a Confidential Agent and a Confidential Secretary.

SENATOR FAY: Each division --

MR. HOFGESANG: If it is established by legislation.

SENATOR FAY: (Continuing) -- is eligible for two confidential employees?

MR. HOFGESANG: Generally that is the rule. But you would have to ask Bill about the specifics because we really don't get involved in that.

SENATOR FAY: Another question that we were posing to Mr. Druz and Mr. Bragg was on the Salary Adjustment Commission. Is the Salary Adjustment Commission just for classified people?

MR. HOFGESANG: The Salary Adjustment Commission can act upon classified and unclassified, but not the Legislative Branch.

SENATOR FAY: Not the Legislative Branch. They act on recommendations from division heads and/or commissioners for salary increases?

MR. HOFGESANG: Correct.

SENATOR FAY: And there are three people on that. Mr. Druz was a bit vague and ambiguous about voting. But these three people make decisions. They speak ex cathedra when a salary request comes before them.

MR. HOFSESANG: That's correct. As far as I know, while I have participated on the Commission, it has always operated that whatever decision was made should be unanimous.

SENATOR FAY: It should be or it has to be?

MR. HOFSESANG: Well, I would say in 99 percent of the cases, it is. If there is some question, as Mr. Druz mentioned, some reservations or something ---

SENATOR FAY: Mr. Druz also mentioned that because he is not the President of the Civil Service Commission that he couldn't vote, that he couldn't even wink knowingly even if he wanted to, because by law it has to be the President of the Civil Service Commission, which we don't have at this moment. When you were Acting Director were you allowed to make decisions?

MR. HOFSESANG: Actually, I was the Deputy Director and acting as the Director. Since our statute provides for a Deputy and the Treasurer's statute provides for a Deputy, they are permitted to vote.

SENATOR FAY: How long have you been sitting on this Commission?

MR. HOFSESANG: Well, I frequently represented Mr. Wechsler, so I would say maybe six years.

SENATOR FAY: We asked Mr. Druz - and I am making this request to the Chairman - for a critique of the Commission, itself. Is it the last word? Is it the millennium? Where do you feel it could be strengthened and improved? Before this Committee's study is over, I think this does bear looking into. Do you feel there might be a conflict of interest, for example, when the Treasurer and the Budget Director are acting on their own recommendations? If a request came from I and A or a request came from Community Affairs, they have no one on that commission. It is really a very narrow commission.

MR. HOFSESANG: Senator, I would say generally it might appear that way. But I think we would probably lean over

backwards in those instances and that it might be even harder to get something through for our department.

SENATOR FAY: Are there minutes of this Commission going back through the years that we can review?

MR. HOFGESANG: Yes.

SENATOR FAY: Off the top of your head, could you tell me the percent of refusals? You get a recommendation that a person should get a raise, you agree to the raise, and that is that. How about when a person is refused? In the minutes or on the civil service form will we find the reason why the person was denied a raise that his division head or department head or his commissioner requested?

MR. HOFGESANG: As Mr. Druz said, it is not in the minutes generally. But in most cases, I am sure, it would be in the backup information that is on file.

SENATOR FAY: I wanted you to know for the record that I am happy to hear that you are changing the budget procedures not only for the Executive, but every other department. I think it is most misleading and confusing for us to be voting on departments - for example, the Department of Transportation saying they need more people - and finding a few of their people working full time for the Governor.

It goes without saying that a change is absolutely needed when we look at a department that says it has \$800,000 for employees and it turns out at the end of the year it is really a million and a half. This is especially true when we start talking about laying off people and budget gaps. This befuddling of issues makes it very difficult to make decisions. Thank you.

SENATOR VREELAND: Mr. Hofgesang, I would like to go back to the Salary Adjustment Committee minutes to page 12. At the Ancora Psychiatric Hospital, a Clinical Psychiatrist was hired, effective August 2, 1975. Under the unclassified division, the salary was \$28,000. He was hired at \$38,000.

If you go down three more paragraphs to the Trenton Psychiatric Hospital, Frank DiMoias, a Clinical Psychiatrist, the same category as the one above, the salary was \$25,000 and he was hired at \$29,000. So the question, I guess, and I posed the same kind of a question to Mr. Druz on the head of the lottery, is: Evidently the salary unclassified is \$28,000 in the first one and in the second one is \$25,000, but, in the first case, he was hired at about \$10,000 more than I assume the previous gentleman was who had that job. Is that right?

MR. HOFGESANG: Well, this would not be related to what the previous gentleman may have had. But if you notice on the Ancora situation, that is a Clinical Psychiatrist, Grade I; and in Trenton Hospital, that is a Clinical Psychiatrist, Grade II. Those grades are based on their experience, their qualifications, etc. I have to say that it is frequent that a Psychiatrist will be hired at the maximum of the range. For instance, if you will look at the Ancora Psychiatrist, the \$38,047 is the maximum of the range. It is very difficult to recruit qualified people.

SENATOR VREELAND: You have two different categories, I and II. Let's go back to page 11 then and Henry Luther - and again I must say that he is a very capable individual; I know him personally - but here again the starting salary was \$32,627 and he was hired at \$37,520. Evidently your committee approved this. Somebody recommended that increase.

MR. HOFGESANG: In all these cases, these would be recommended. At that particular level, in some instances when the Governor or the cabinet officer is negotiating with a person to come with the State, certain commitments are made based on that person's previous salary, his background, his credentials, etc.

SENATOR VREELAND: So then you get the information from whoever recommends it.

MR. HOFGESANG: Yes.

SENATOR VREELAND: I am sure that your committee doesn't disagree.

MR. HOFGESANG: If the Governor works that out with the individuals, we would not disagree, right.

SENATOR VREELAND: Thank you.

SENATOR DAVENPORT: Mr. Hofgesang, I notice here the lump sum payments that your committee grants. How do you arrive at a lump sum payment. For instance, I want to give you one specific incident, page 8, November 21st, Deputy Director, Division of State Lottery, a lump sum payment of \$3,806 for this woman acting as Director. How do you arrive at that?

MR. HOFGESANG: I am not specifically familiar with that one, but I can mention one in my own division. I have been Acting for over a year and other people have also been Acting and some of these were mentioned in the newspaper article. Those individuals were not only performing their regular jobs, but the higher level job. The lump sum payment was based on what salary they would have been in in the higher level position if they had been in that position that length of time. It is the difference in the salary for the number of months.

SENATOR DAVENPORT: Looking at this, it seems that this exceeds that because it runs for a period of April 28 through September 12, which is less than four and one-half months, at \$3,806. That is equivalent to over a \$10,000 yearly raise if it was on a yearly basis.

MR. HOFGESANG: You are looking at Bea Tylutki in Lottery?

SENATOR DAVENPORT: That's right. Wouldn't that come to over \$10,000 on a yearly basis?

MR. HOFGESANG: I would have to look at the ---

SENATOR DAVENPORT: Well, the figures are there.

MR. HOFGESANG: Is that page 8?

SENATOR DAVENPORT: Page 8. It was for less than four and a half months. That would be about \$10,000, wouldn't it?

MR. HOFGESANG: I think that was based on her salary as the Deputy and what she would have received if she had been made the Director. Since she was performing both jobs, it was justified on that basis.

SENATOR FAY: Who would have justified it? Who recommended it?

MR. HOFGESANG: In that particular case, it would be a request from the State Treasurer.

SENATOR FAY: The State Treasurer?

MR. HOFGESANG: Yes, because the lottery is in the Treasury Department.

SENATOR FAY: Was this after she moved in as the head of solid waste administration? Which way was she moving?

MR. HOFGESANG: She is now employed in the Department of Environmental Protection.

SENATOR FAY: There is a lot of solid waste there.

MR. HOFGESANG: But these requests were probably made at the time she was in the Lottery. It was just that we just got around to acting upon them.

SENATOR FAY: Is there a yearly accounting from the Salary Adjustment Committee? At the end of the year, do you total up the number of people that were given raises by department?

MR. HOFGESANG: No, we have not done that.

SENATOR FAY: I think that would be an improvement in the accounting procedure if we did have a yearly report on just how much money was appropriated to these salary adjustments.

MR. ZOLKIN: On the question of the Consultants, are you familiar with the job category, Project Specialist?

MR. HOFGESANG: Yes.

MR. ZOLKIN: And in each instance, a Project Specialist generally or is supposed to be employed in a situation where it is funded by either the federal government or an outside

source, is that correct?

MR. HOFGESANG: Yes.

MR. ZOLKIN: Is there any such restriction on Consultants?

MR. HOFGESANG: The Consultants could be employed with funds from either category, state or federal.

MR. ZOLKIN: Then theoretically the money for a Consultant could come completely from the State of New Jersey general fund?

MR. HOFGESANG: It might, yes.

MR. ZOLKIN: When a request is made for a Consultant, is any check made whether or not that could be applied to a particular project which is funded or whether there is someone within the classified service who could perform that function without the necessity of going to a Consultant?

MR. HOFGESANG: That would not be part of the request, but I assume that that would be something that Civil Service would look at.

MR. ZOLKIN: Budget would play no part in that?

MR. HOFGESANG: No.

MR. ZOLKIN: So if a particular department applies for a Consultant, at \$5,000 a year, 50 days, at the hundred-dollar figure, nobody in the Budget would check whether we could get that funded through another organization, either the State or a grant?

MR. HOFGESANG: We might look into the question of the funding. I thought you were referring to whether there were other people eligible to do that kind of work.

MR. ZOLKIN: No, my question is directed toward whether or not the Budget would look to see whether or not this particular function could be funded from another source.

MR. HOFGESANG: We would make every effort, if possible, to fund it from federal funds if we could.

MR. ZOLKIN: To your knowledge, is that looked into by the department prior to the time they request a Consultant from you?

MR. HOFGESANG: I didn't hear the first part.

MR. ZOLKIN: Would the department at the time it makes a request for a Consultant look into that question also?

MR. HOFGESANG: I think they probably would also.

MR. ZOLKIN: In each instance, Budget does look to see whether we can get the funds reimbursed from somebody.

MR. HOFGESANG: Right.

SENATOR BEDELL: Mr. Hofgesang, I would assume that the people who are paid by the State are on a computed system now, are they not, so a print-out would be available.

MR. HOFGESANG: Yes.

SENATOR BEDELL: Would it be possible to get a complete listing of every individual? I am not asking for it. I am asking: Would it be possible to get a complete listing of every individual by name and title who is receiving money as a State employee at a given time?

MR. HOFGESANG: Well, that would be our whole payroll listing. You are asking for a mountain of paper.

SENATOR BEDELL: As I said, I am not asking for it, but would it be possible? It can be done?

MR. HOFGESANG: Yes.

SENATOR BEDELL: Would it be possible to locate the individuals by the departments they work in also?

MR. HOFGESANG: Yes.

SENATOR BEDELL: Let me then request of you - and I certainly don't want it tomorrow - but I would like to have the names, the departments, time hired, salary history, of all Project Specialists employed in the Department of Community Affairs, the Department of Health, The Department of Institutions and Agencies and the Department of the Treasury. I think that information is something this Committee would like to look at.

MR. HOFGESANG: Senator, if we take that from the payroll records, we can tell you the Project Specialists now

employed. We would not have the original employment date. You would have to get that from Bill Druz. But we can put it on.

SENATOR BEDELL: That is fair enough. I would like to have that information. You are aware, of course, too that we have already requested the minutes of the Salary Adjustment Committee for the last two years at any rate.

MR. HOFGESANG: And the Office of Fiscal Affairs would also have that.

SENATOR BEDELL: I have no further questions.

SENATOR FAY: As to the request Senator Bedell just made of you, is it also necessary for us to request the very same information from the commissioners involved?

MR. HOFGESANG: No, they would have the same information.

SENATOR FAY: They would have the very same information. There would be no Project Specialists or Consultants or anybody else - I don't know what other categories there are - but this would be a complete up-to-date record of this department by department?

MR. HOFGESANG: Yes.

SENATOR FAY: One other question: Mr. Goldman was requested by Governor Byrne to do a study for you and for us as well of the Youth and Family Service Division?

MR. HOFGESANG: Yes.

SENATOR FAY: Do you have any idea when that report will be ready from Mr. Goldman?

MR. HOFGESANG: I think they are trying to do it as fast as they can. Mike tells me it should be done by December 18th at the latest. He is doing some of the work on that.

SENATOR FAY: The Governor should be back by then.

SENATOR HIRKALA: The Chairman asked you to provide us with information regarding Project Specialists. I think that request should be enlarged to also include Consultants.

SENATOR BEDELL: Is that possible?

MR. HOFGESANG: Yes.

MR. ZOLKIN: May I make a request along that line?

SENATOR BEDELL: Mr. Zolkin.

MR. ZOLKIN: Is it possible to get a list of the Project Specialists from the point of view of whether any individual has been a Project Specialist on different projects or how long one person might have gone from project to project?

MR. HOFGESANG: No. We would be operating from the current payroll so we would know the existing Specialists, what account they are assigned to and what salaries they are now making.

SENATOR BEDELL: We could, I assume, develop that with the department if we had that information before us.

MR. ZOLKIN: We would have to go project by project.

SENATOR FAY: In confidential hirings, be they Consultants or Project Specialists or Confidential Secretaries, are there security studies done? Do you have to request the State Police to do checks on people?

MR. HOFGESANG: I really don't know, Senator. We would not do that. I don't know if anyone else does.

MR. ZOLKIN: Is there any listing of any employees perhaps paid completely by the federal government through a federal payroll who are performing functions within departments of this State? Are there any such employees?

MR. HOFGESANG: All employees would be on our payroll, whether they are paid from State funds or federal funds. They would be identified by account number.

MR. ZOLKIN: So there is nobody working for the State now performing a State function, paid completely through the federal government on a State project, similar to the Manpower Program?

MR. HOFGESANG: That might be rare. Somebody might be here on assignment for some reason. But I would say generally that is not the case.

SENATOR BEDELL: I don't think the Committee has any further questions at this time, Mr. Hofgesang. We hope you will be available to the Committee in the future. We will be asking further questions. I want to thank you very, very much for your time.

MR. HOFGESANG: Thank you.

SENATOR BEDELL: The Committee is now going to recess for lunch. We will be back in session at 2:15, and the first person we are going to call is Dr. Sussman who will be here representing the New Jersey Civil Service Association and the Mercer Council.

(Recess for Lunch)

AFTERNOON SESSION

SENATOR BEDELL: The afternoon session of this public hearing of the Special Senate Committee on State Hiring Practices is now in order. The first witness this afternoon will be Dr. Sussman who is representing the New Jersey Civil Service Association, Mercer Council, as well as himself. Dr. Sussman.

D R. O S C A R S U S S M A N: I would like the record to show that I took a day's vacation in order to speak here today.

It is a privilege, Mr. Chairman, to be here to present my views to the committee. As you said, I do represent the Civil Service Association, Mercer Council in particular, and I also represent an organization called Retch, Roach, and Rat which is aiming toward effective and efficient government.

I would like to call to your attention that while this committee is discussing hiring practices, we think that no study of hiring practices could be adequately made if an equally in-depth study were not made of firing practices. We believe this is necessary to revitalize, where needed, those areas of government where poor upper-echelon supervision has resulted in no profit to the consumers, the New Jersey taxpayers. The only profit government can give to the consumers as a dividend is good service. Your study must, or should, in our opinion, therefore be an in-depth one which will ferret out high-ranking administrators who tolerate waste and inefficiency which result in sluggardly foot-dragging actions by all levels of employees, not just the extremely few who do this in the lower ranks.

In too many instances the public and politically appointed and elected officials have pointed their fingers at classified Civil Service employees and shouted

"bureaucrats" in a most derogatory manner, excepting this committee. In fact, the term "bureaucrat" has become synonymous, in many minds, with sluggards, sloths, foot draggers, and hog-trough types of persons. As one of the so-called "bureaucrats," I resent this. In many cases we have found that higher-echelon supervisors do not want employees to aggressively pursue their tasks.

I can speak from personal knowledge that I was considered a "good guy" when I did not do my work rather than when I did do my work. A specific instance that comes to my mind is the internal governmental harassment I was put under by former Governor Cahill, Attorney General Kugler, and State Commissioner of Health Cowan when all my staff was trying to accomplish was the attainment of the same level of sanitation within state institutions that outside, privately-run hospitals and nursing homes were forced to attain. To this day - in fact, just the other day - high-ranking officials in Institutions and Agencies, who permit rodent, roach, and insect infestations and depredation of food supplies with a concomitant waste of taxpayers' money, continue to harass our sanitarians instead of attacking the core problem in their jurisdiction, namely, proper supervision of their institutions.

This lack of proper supervision that we say is occurring in too many instances in state government means that some people are riding free. None of us in classified Civil Service positions who are doing our jobs want to have people coming along for a free ride. We all want proper supervision throughout the system. It is our opinion that with the eight million people living in New Jersey, with proper funding, the Civil Service Department - and I emphasize proper funding - could do its job better, could set up examinations, could properly classify people, and could determine what is necessary in order to do the job. This would, of necessity, eliminate the need for many

importations of people to do specific jobs in the State of New Jersey at the unclassified level.

One of the things you have alluded to is called, in Civil Service, "dead-end itis." "Dead-end itis" occurs when you see people coming in from outside state government and, in many cases, from outside the State and getting the choice jobs at the higher levels, and then you look at yourself and see that you are in a dead-end position. I am not referring to myself now because I am at the end of my role in state government. There are, however, a lot of young, vigorous, interested, capable, and willing-to-work employees who are being given the impression that no matter who you are, you cannot be an expert unless you come from another town or State. That is not increasing the morale of the state employees, and when you have low morale, you get low efficiency, and you get less for your money than you could get if the morale was high and there was a place to go.

We believe that the essential function of the Civil Service or merit system of employment is not one created primarily to serve management or to exclusively shelter public employees. Remember this: I am representing the Civil Service Association, and I just made a statement that is approved by our group. We do not think Civil Service is to shelter public employees; we think it is to provide service for the public. It is to shelter employees from unfair political harassment. That is true. The intent, in our opinion, of the state constitutional proviso calling for a merit system of Civil Service employees is to provide a framework for the public good by eliminating a political spoils system and giving management tools for dismissal of employees who fail to produce.

Some of you may have participated in discussions where it was said, "You cannot do anything; he's Civil Service." That is not true. If someone is doing a bad

job and his supervisor does in fact do what he is supposed to do, namely, supervise, he can have the employee demoted, removed, or fired, but he has to work to do it. He cannot just say, "I don't like the way the guy parts his hair." He has to do something about it. This will take guts, aggressiveness, and backbone. It will not be accomplished by derogatory, unsubstantiated name calling.

To us it appears that New Jersey is returning to the spoils system. I would like to call your attention to this sheet that was distributed by Mr. Druz. It is a very good compilation, and it once again proves that statistics never lie, but liars may make them, or unintentional errors may occur.

SENATOR BEDELL: Pardon me, Doctor. Does the sheet you are referring to have a title?

DR. SUSSMAN: It is called "Growth of State Employees Based on Civil Service Record Years 1961 - 1975." If you will look at the figures for 1961, you will see that the total number in the classified service was 17,176. The total number of unclassified employees that year was 3,768, which represented 21 percent of the classified service. If you will now look at the figures for 1975, you will see that there are 36,768 employees in the classified service and 10,167 in the unclassified service, which represents 27 percent of the classified service this year as opposed to 21 percent in 1961. These figures also show a total of 29,215 employees in 1961 which means that 12 percent of the total number of employees were unclassified. The total number of employees in 1975 is 55,598 which means that 18 percent are unclassified.

I think one of you asked a question of Mr. Druz with regard to how many unclassified employees there are in the State. These figures show that in 1961, 12 percent were in unclassified, and in 1975, 18 percent are unclassified. That is a 50 percent jump, and that is not a little bit.

I have to go back now to something I mentioned before, "dead-end itis." The jobs at the higher levels that are unclassified are not normally like that of Mr. Kaden's chauffeur. That one just happened to pop up in the papers. These jobs usually pay \$25,000, \$30,000, or \$35,000, and these are the jobs that have gone up by 50 percent since 1961. This is what causes the inflammation of the brains of most Civil Service employees and gives them a case of "dead-end itis." They don't see any reason for being a good employee, and they don't see that they can work their way up the ladder to some of these more lucrative jobs. Some of you alluded to that before.

I would like to get back to a point I made before, that is, we think the spoils system is returning. I don't mean this to sound as if it is because of this administration. It isn't just because of this administration. This has been a slow but insidious, invidious progression over the years. So no finger should be pointed at a particular administration. It is just that this is a habit we have gotten into.

Since the 200th anniversary of our country is being celebrated, I think it would be nice to go back to the Constitution, and I would like to read Article 7, section 1, paragraph 2, of the New Jersey State Constitution, and please remember that it is the Constitution. It is not a statute; it is not Title XI. This is the State Constitution, and it cannot be changed by a legislative act; it has to be enforced. It reads as follows:

"Appointments and promotions in the Civil Service of the state, and of such political subdivisions as may be provided by law, shall be made according to merit and fitness to be ascertained, as far as practicable by examination, which as far as practicable, shall be competitive; except that preference in appointments by reason of active service in any branch of the military or naval forces of the United States in time of war may be provided by law."

There are a couple of things in there that have been used by administrators over the years. It says, "as far as practicable by examination," but it does not say you should create unclassified positions. If it cannot be done "as far as practicable by examination," it says that it "shall be competitive." If there are no examinations, there still can be methods of putting the people under Civil Service protection and requirements. That has not been done.

We urge your committee to carefully consider our State Constitution which should never, under any circumstances, be abrogated in either the intent or the letter. I just mentioned the word "intent" because I have gone back into some of the history of the State Constitution, and I have learned that there was a great deal of discussion by Civil Service employees and by the public. They did not want to be hooked into a political spoils system. That was the reason for the particular paragraph I read being included. It seems to me that we have to go back to that Constitution to see whether the intent of it is being followed with regard to the unclassified appointments.

If an assumption is made that there is a reason to have unclassified employees other than those allowed by law, two confidential agents and one deputy, then you have to look to see whether or not the Civil Service Commission has set up any standards. You were asking questions of Mr. Hofgesang and Mr. Druz, but nowhere did I hear the word "standards" for determination of whether a position can move from classified to unclassified. By law, our department is required to set up standards as to what is clean and what is not clean. We don't have, from the Civil Service employees' standpoint, a statement that indicates that a position may be moved from classified to unclassified if it meets certain criteria.

The original constitutional proviso did not state that people would not take examinations. It stated that there shall be a merit system, it shall be competitive, and it shall be by examination.

I would like to refer to one particular situation: We had a man who left the State Department of Health who was the Director of Public Information, and he was very good. There was a list made, and they were able to test for that position. This is not unique to the Department of Health. I just happen to know about it. There are people on that list, some of whom now work for the Department of Environmental Protection. These men in Environmental Protection have been moved down in grades, and they have been given opportunities to take lesser jobs. But one or two of them, as I understand it, are on the list for a job in the Department of Health if they took from that list. Instead of that, someone decided that it is not practicable to test for public relations positions. We don't think that is true. We think what has happened is this: There seem to be more refinements on the circumvention of "as far as practicable" every day, and it does seem to get easier to get through the Civil Service Department and the Civil Service Commission acquiescence to a request that a position be moved from classified to unclassified.

It appears that the constitutional term "as far as practicable by examination" has, by the Civil Service Commission, been changed to, "It is not practicable to test for high-level positions for our testing program is incompetent to do so, and the boss - meaning the Governor - doesn't want us to do so."

I know this is an accusation, but if you look at the figures of 12 percent unclassified in 1961 as opposed to 18 percent unclassified now, and if you look at the intense work that outfits like Educational Testing Service and others have done, you can readily see that there are more

finite ways of testing for a specific job now available to the Civil Service Department than was true in 1961. Yet we have more unclassified employees now than we had in 1961.

We would like to see that the Constitution is complied with.

With respect to this business of public relations directors and press secretaries, we really now have political press secretaries. They are not there to give the information to the public as the information is true. They are there to see that it is worded in such a way as to make the department look good. I don't think that is what the public wants. The public wants to get the facts, good or bad. I think all the facts can be given out by anyone who knows how to write English. That has been done for years. As of now, all of those positions have been taken out, for the most part, of the classified service, and they are in the unclassified service.

Someone mentioned earlier - and we have thought about this - that contracting out is really the next step. That is another way to eliminate classified Civil Service jobs. You need only look to the Sports Complex in upper New Jersey. You need only look to a place like Rutgers, to the Institute of Technology, and to the New Jersey College of Medicine and Dentistry. Employees who are cleaners, carpenters, and plumbers and work for those three organizations and for many of the authorities, such as the Sports Complex Authority, have, for some reason, by some legislative action, been brought out of the State Constitution. It's not legal. I think it is absolutely unconstitutional, and I have been trying to get some groups together to test it, but we would need a lot of money to do that. The point is that the State Constitution does not give any Legislature the right to say that Rutgers University employees, aside from the

professors perhaps, are not under Civil Service. It also does not give a Legislature the right to pass a Title XI that says you have to have a referendum in Somerset County. If I may go back to the constitutional proviso, it says, ". . . and of such political subdivisions as may be provided by law . . ." That does not mean "by referendum." It means that when you created the County of Somerset, that was a subdivision, and it is under the state constitutional proviso, and saying that "it is not practicable to do so by examination" is the only out they have. Yet I saw in the paper last week that four small communities - and I don't know if Buena Vista and Cape May were involved - voted either pro or con for Civil Service, and they don't have a right to do so under the Constitution. And the Legislature that passed Title XI with the proviso calling for a referendum did not have a right to do so. I think that should be looked into by your committee.

I also want to bring up the fact that some of the departments have Deputy Commissioners, and somewhere along the line, someone gave them permission to have the Deputy Commissioners. By state law, some of them are entitled to a Deputy Commissioner, but unless there is a legal basis for it, administratively people should not be given the title of Project Specialist. As it is in the Department of Health, we have two Deputy Commissioners. One is legal as far as I'm concerned. The other one is a Project Specialist, and he is being paid a high salary, and he is probably worth it. Some of you were trying to make a point earlier, I think, but it never really was made clear. If there is a legal basis for a Project Specialist, and if there is a need for Commissioner Klein, for example, to have people to do certain work, I believe, and my Associations believe, that should be advertised. It doesn't have to take a long time, but it should be advertised as follows:

"We need a man who knows something about --- Is there anyone in state government or out of state government in the State of New Jersey who wants this Project Specialist job and has the qualifications for it?" Then they could at least have some sort of interview system where people would have an opportunity to come in and be heard. But to have someone come in and bring along five or ten people he or she happened to know somewhere else doesn't really give the people of New Jersey a break.

I am not trying to say that we need only New Jersey residents. I agree with what you said before, Mr. Chairman. We are not trying to put a wall around New Jersey, but if you do decide that Project Specialists are legitimate - I don't think they are in the way they are being used - there should be some method whereby Civil Service and the departments give people who are in the State or in government already an opportunity to compete by examination, not necessarily classified, and be heard. We believe there are many people here who should be heard from.

This brings me to a suggestion I have, and I have cleared this with Retch, Roach, and Rat, but I have not cleared it with the Civil Service Association or the Mercer Council. So I am speaking now as a representative of that one group only. We believe that there is a need for the Civil Service Department to be strengthened to get money. The other organizations agree on that. We also believe that personnel matters should be uniform within the state government structure, and I am speaking now only about the state government structure. If that is so, there should not be private, little, special fiefdoms of personnel officerships who are responsible to the person who gives them their raises, their efficiency ratings, etc. That person should be someone from the State Department of Civil Service detailed to the departments perhaps on a rotating basis so all personnel matters within the State of

New Jersey could be covered by one set of rules. The department would not have to try to see that the rules were enforced, but it would have its employees in all the departments. If that were done, there would not be lack of uniformity, and it would not become a monster. It would be one department doing personnel work. I know that at least eight of my friends in personnel work will want to cut my throat before I'm finished, but I believe, and the group I represent believes, this would be a forward movement in New Jersey. Since you took the time to go into it, I think perhaps you may want to look into it.

I also want to bring to your attention the obvious fact that the framers and adopters of the New Jersey Constitution, the people of New Jersey, intended to give veterans a break in getting government employment after honorable service and risk of life and limb in war. We think this seems to have been forgotten by this administration. This is not true of this administration alone, but this administration is doing a better job of psychologically forgetting about it.

I read in the paper that people from New York had been hired for at least ten high-ranking jobs in Institutions and Agencies. If they can do that, they have forgotten what the Constitution says. Maybe there are New Jersey veterans who could have done those jobs and would have had a crack at them if the people had not been brought in the way they were.

The Constitution does not say, "Give the veterans jobs." It says, ". . . preference, if properly qualified." This veteran preference has been obviously dumped in recent years. Every time an unclassified and unconstitutional appointment is made, this dumping becomes truer and truer for obviously, as we are all aware, there become fewer jobs to which veterans may apply their constitutionally-granted preference rights. Veterans'

organizations - and I have spoken to several of them - are very upset about it, and they do not believe this should be done by legislative fiat because it is in the Constitution, they do not believe it should be done by executive fiat from the Governor's office because it is in the Constitution, and they do not believe it should be done by a department head.

I think you should know that there is a method of testing for high-level appointees. If you will go into the State Department of Civil Service, other than the Project Specialists that Bill Druz mentioned, you will find that everyone, including Bill Druz, is a classified appointee. I don't know what that means to you. It means that we can protect certain positions if they are in the Department of Civil Service. But if the position is Deputy Commissioner of Health or a Deputy Commissioner of Transportation--- I'm talking about the extra ones now. We are not contesting that some policy positions have to be present in each department to implement policy. But I am talking about the high-level appointments that have been made throughout the State. I am not privy to that information, but when it comes out, I can speak about it. I am privy to some, however, and you are aware that those positions could have been tested for.

To have the Civil Service Commission just blandly say, "These are not practicable to test for," without giving us the standards--- We have never known when these were going to be decided. Maybe the new "Sunshine Law" will do this for us, but we never knew when the decisions were being made, and we never knew who was being discussed or what positions were being discussed, and there was nothing in the newspapers to inform the public, and I think that should be looked into also. When a position is going to go from classified to unclassified, it should be brought out in the public press

why the department wants to do it.

I saw that one of these raises - and I may have to try to get an SAC, Salary Adjustment Committee, action at some time, and I'll probably never get it - was given to a man or woman because of the tremendous work he or she did due to the firings of other employees. Someone who had done a good job on the removal of other employees was given a salary adjustment.

SENATOR BEDELL: A purge specialist?

DR. SUSSMAN: Yes. It sort of blows your mind when you think of it.

It is really disheartening for us to see how the State Constitution has been abrogated with these federal contracts. You may be aware that someone has been put on one of these projects, and I don't care what the particular program is, but if you read the State Constitution - and you may think I'm a nut for going back to it, but I am a strict Constitutionalist - you will see that there is nothing in it that gives the State the right to hire anyone outside of the prerogatives of that statute even though the money may come from the federal government. And there is nothing in the federal Constitution that permits the federal government to tie the hands of the State with respect to anyone employed by the State with money from the federal government if it does not comply with the State Constitution. So what we are asking you to do is look at these federal contracts and look at the money that comes in. We are not against minority groups being given the opportunity to take examinations. If they pass, they should get the jobs. But to have 200 or 300 people at a time put on a project while other people who are qualified and have been fired due to the economy are not rehired puts us in a position of not knowing whether we are coming or going.

Everyone realizes that if there is no money, you

have to fire people. Everyone realizes that if you have too many people to do the job, you should fire some. But when you fire them, they should have the opportunity to be rehired for the first jobs available, and that is not being done right now.

That is why I said that you have to look into more than the hiring practices; you really have to look into the firing practices also.

There is one other thing I would like to bring out. Perhaps it is outside the scope of your responsibilities, but as legislators you should know this. I promised myself I wouldn't bring this up because I really have nothing against Mr. Kaden. He has an employee who drives him from New York to New Jersey and back. Aside from the classification, there is another proviso in Article 7, section 1, item 3, of the State Constitution that someone failed to read recently, and it applies also to people like Chancellor Dungan; I believe he has a house in addition to his salary. Incidentally, the federal Internal Revenue Service just ruled the other day, as I understand it, that about 4000 men and women in Washington who have chauffeur-driven cars - I don't know that that figure is correct - are going to have to pay IRS for the amount of money the cars are costing the federal government as part of their salaries. This was an Internal Revenue Service ruling. But that is not as important as our State Constitution. The State Constitution has a very interesting statement in it. It says, "Any compensation for services or any fees received by any person by virtue of an appointive State office or position, in addition to the annual salary provided for the office or position, shall immediately upon receipt be paid into the treasury of the State, unless the compensation or fees shall be allowed or appropriated to him by law." This business about Mr. Kaden's chauffeur has been bandied about in the papers

for weeks, months. If the Governor thinks, as he has been quoted as saying, that by giving Mr. Kaden two hours of freedom while the chauffeur is driving him, he is getting his money's worth - and I think that is legitimate - he should come, as the Constitution says, to the Legislature and say, "I want Mr. Kaden, Secretary of State Crabiell, the Commissioner of Health, etc., to have chauffeurs." He should ask you to put it into a legislative Act, which you are entitled to do. You may struggle over it, but you are entitled to do it. But that has not been said so far, so right now we think Mr. Kaden owes the State of New Jersey - and many other people along with him - money for this chauffeuring. Since we are looking for money, maybe we should suggest that they ante up.

I appreciate the opportunity to speak here today, and if you have any questions, I'll be happy to try to answer them.

SENATOR BEDELL: I want to thank you for giving us your views and your time this afternoon. I want to assure you that your remarks, having been recorded, will be very carefully perused by this committee. Does anyone have any questions? Senator Fay.

SENATOR FAY: Doctor, has the Mercer Council or the state group ever made any specific recommendations with respect to the Salary Adjustment Commission? Has this ever been on your agenda?

DR. SUSSMAN: I just recently got on the Executive Board of the Mercer Council, and I really cannot answer that. I don't believe there has been any action.

SENATOR FAY: I think it would be most proper for the people involved. I cannot think of another group that should be more concerned about the procedures for promotion and salary increases, and I think you should recommend to your countywide and statewide employee

groups that they make recommendations to the committee.

DR. SUSSMAN: It is our intention to do two things. One is the thing you just mentioned, and the second is this: We would like to work this out with the Legislature and the Department of Civil Service so we don't make some more lawyers rich, but if we cannot, we will have to go to court and say that, for example, in Somerset County where they do not have Civil Service, there is a compelling motive in the State Constitution to have it. I will take up your point about the Salary Adjustment Commission with the group, Senator. We, of course, have been discussing it prior to this.

SENATOR BEDELL: Thank you again, Doctor.

DR. SUSSMAN: Thank you.

SENATOR BEDELL: I would like to alter our agenda at this point to allow some nice people to come before us and testify. I am told this is the only day they have available. So, I hope that the gentlemen from the Office of Fiscal Affairs will abide by this and give us just a little bit more time.

Mrs. Ruth Fox, Mrs. Rosemarie Suelto, and Mr. Alexander Popa, representing a citizens group from Richland, New Jersey.

A L E X A N D E R P O P A: Senators, I am going to try to save a little time. Primarily, the three of us are a group of citizens from Buena Vista Township, Atlantic County. What we have to offer here are documents and these documents have been given to other constituents, you gentlemen, and Departments. But there has been a lot of slow action.

I will start off, if I may.

SENATOR BEDELL: Certainly.

MR. POPA: At the time of these documentations I was unemployed - unable to get a job. I have four children, a wife to support, in addition to other responsibilities - one of them is paying my taxes in many forms.

During the month of January, 1975, I noticed State cars parked at the East Vineland Fire Hall, of which I am a Fireman - a volunteer. I thought they were State Auditors or investigators, as an investigation was being conducted in Buena Vista Township by both County and State Officials.

However I discovered two of these State men were our Buena Vista Mayor, John Krokos and the Buena Vista Township Civil Defense Director, Rosario "Butch" D'Amore, and a group of inspectors from their Department. At that time I asked the other firemen, "What are these cars doing in our firehall?" No one seemed to know. At that time I started to document these State vehicles - dates, times, tag numbers, etc. I did not go out of my way to do this, but since I live across from the Township Clerk's office and am a member of the Fire Company, which is also close to my home, each time I went on an errand I became more conscious

of our Mayor and our Civil Defense Director being in the area during a normal working day. Most times they were at the Township Clerk's office and every Monday they gathered at the Fire Hall.

At that time - on March 7th - our group contacted Senator James Wallwork for advice and consultation on the Buena Vista matter. We went to Senator Wallwork because he opened the no-show and patronage battle in the State with charges of two no-show, non civil service employees payed by the Division of Tax Appeals. The two phantom employees are paid by the Division but never report to work. This was out of a newspaper article. This was exactly what we felt was going on in Buena Vista Township with the multiple housing inspectors. Gentlemen, there is no multiple housing in Buena Vista Township.

He then arranged for us to visit the SCI. On May 13th we were interviewed by Inspectors Rosamilia and Evans. They directed us to continue our documenting; took what we had to date; and told us they would do their share in this matter. These men are employed by the Department of Community Affairs - the Housing Division - and their 1973 salary range was \$11,129 plus benefits, State vehicles, gasoline, insurance, etc. You know these are political patronage appointments in a Township with no multiple housing.

Our Mayor was always available early mornings and early afternoons. You can look at the documentations that are in the Departments. I think we have extra copies if you gentlemen want them. Now, don't you think this is doing Township business on State time?

On May 15th the membership of the East Vineland Fire Company looked into the matter of State employees meeting in our hall and made a decision to tell this group that the fire hall was no longer available to them for their use. On May 19th this group was still meeting at the hall and I, myself, entered to speak with Mr. Krokos. He was not present, so I spoke to Mr.

D'Amour. This was at 10:30 in the morning. They were in the kitchen lounge area of the fire hall, not in the meeting room that has large tables, blackboards, etc. They were not doing classwork, lectures, or what not.

Our documenting has all kinds of dates and tags of our officials and others in our area. As recent as November 11th - a State legal holiday - I documented a State vehicle at the Landisville Social Club. It was 3:45 P.M. The tag number was State Government P538. It was a green Plymouth. I have no idea what Department he is from but it was a legal holiday from the State.

As recent as November 17th Mr. Krokos and his private car were at the Township Clerk's office at 9:30 in the morning and he was back again at 4:00 P.M. Now, how did he arrive at Multiple Housing Inspection, do a day's work, have lunch, etc. in less than six hours? This is even more hours than our other documentation shows.

We also visited Senator Ammond who joined with Senator Wallwork to bring this matter to the attention of the Departments responsible and to the attention of the public. Lest we forget, the taxpayers of the State of New Jersey are paying over \$122,419 - and, again, these are 1973 figures - plus the cost of State vehicles, gasoline, insurance, and benefits for these inspectors. We are talking about 11 inspectors in our area from one Department.

Next I want to give you an example of a local gentleman of political patronage - his name is Mr. Charles Halliwell. He is the past president of the Democratic Club, Buena Vista Township; Chairman of the Atlantic Democratic organization; Buena Vista Township School Board member; investigator of the Atlantic County Prosecutor's office; State Sales Tax inspector; Buena Vista Township Committeeman. He is a Commissioner on the Atlantic County Board of Taxation; Buena Vista Township Public Relations Director; and had a position as counselor with the Manpower program of Atlantic County.

SENATOR FAY: Is this one person?

MR. POPA: This is one person, yes.

As a result of this patronage position he was indicted by the Atlantic County Prosecutor's office. He pleaded guilty on June 11, 1975 for conspiracy in an influence peddling scheme, misconduct in office, conspiracy to commit bribery and unlawful taking. Sentencing and his debt to society was \$1,000 fine and a suspended prison term. Some charges were dismissed in exchange for his cooperation with the Atlantic County investigators.

He was also fired as counselor to the Manpower Program of Atlantic County and I believe this position is unclassified.

Now, quotes from the Atlantic City Press from Mr. D'Amour, who is one of these Housing Inspectors - He said, "The charges were strictly political." Another quote from Mr. Krokos - and, again, this is from the Press - "My Bosses knew about the meetings, so it is no big deal. It is up to my bosses to take care of things like that. They tell me what to do."

Now, gentlemen, we want to know just what the Community Affairs Office and this Committee will do about the waste of these political patronage positions. As you can see, there is probably more money involved than the money that I quoted because they are 1973 figures.

Now, the other two ladies here have other things that they have documented - have seen, etc. I am finished unless there are any questions.

SENATOR BEDELL: Would you identify yourself, please, sir?

MR. POPA: Oh, I'm sorry. I am Alexander Popa, East Landis Avenue. I have a Vineland mailing address but I live in Atlantic County, which is in Buena Vista Township.

SENATOR BEDELL: May we have a copy of the document you have in your hand, sir?

MR. POPA: Definitely.

SENATOR BEDELL: Thank you.

SENATOR FAY: Mr. Popa, just a few questions. As I understand it, you brought all of this information to the SCI?

MR. POPA: That is correct.

SENATOR FAY: So, they are working on this?

MR. POPA: Mrs. Fox is a little more familiar with the SCI. She has had more time to work on this.

SENATOR FAY: All right. The second point, when you went to Senator Wallwork and Senator Ammond, just what are they doing for you?

MR. POPA: Well, Senator Wallwork lead us to the SCI. He made an appointment with us. We went there and told these people about it. I guess he is waiting for word from the SCI - concerning the Departments involved. Again, Mrs. Fox has letters.

SENATOR FAY: Your citizen group, or the two Senators involved, did they ever direct all this information to the Commissioner or to the Division head?

MR. POPA: Yes.

SENATOR FAY: Have these people answered at all?

MR. POPA: I am pretty sure they did. Again, Mrs. Fox has this.

SENATOR FAY: But it has been brought to their superiors?

MR. POPA: Over a year ago, yes.

SENATOR FAY: Okay.

MR. POPA: Mine is mainly documentation. In other words, I keep getting - even at home - "big deal, what am I trying to prove," and this and that. I proved that, in 1973 figures, we are talking about a lot of money here and this is just one group.

SENATOR BEDELL: Thank you, we appreciate your coming.

Mrs. Ruth Fox.

R U T H F O X: My name is Mrs. Ruth Fox. I live in Richland, Buena Vista Township, Atlantic County and, just like I am at home, I will talk about money.

I live on a corner of a cul-de-sac in a development of homes in Buena Vista Township. On the end of this cul-de-sac is the home of one of our township officials, who is also employed by the Department of Community Affairs as a new housing inspector. He has a salary, which in 1973 was over \$11,000, plus all your State benefits - and this is a classified position - plus the free use of a vehicle, and, for some reason, he seems to get a new State vehicle every year.

Now, about five years ago, I noticed that this man certainly had the greatest hours. He would leave in the morning at about 9:00 or 9:30 - the time I usually go out and get my paper - and he would be home for the day by noon - which was usually the time I would go out and get my mail. Now, you gentlemen have to realize that I live on the corner of a cul-de-sac and, very unfortunately, this man cannot leave - or go - without going by my house or another neighbor.

It really was a joke as I and another neighbor started to set our lunch hour by his arrival home and it really became funny when he installed an automatic garage door - then it was "whiz" around the cul-de-sac into the garage and no one would see him until after 4:30. This is what made us think that, you know, something was wrong. This was not a seasonal position where you could figure, "Well, you know, you can not have too much at certain times of the year." This was all year around. In fact, he operated a pretzel business in Ocean City, on the boardwalk, for several summers. This wasn't too tough on him, though, because he was at home by noon, no one would see him, then sometime between 4:00 and 6:00 in the afternoon, off he would go for Ocean City to his pretzel business until the early morning hours.

Now, gentlemen, this was observed for five years. The documented times, dates, and tag numbers are only for the past year or so, since we decided to take this to the State officials.

I have two girls in college, one at Cornell and another one at Mount Saint Joseph - pre-law. Next year I will have a boy in college. I will have three. So, I had to go back to business and I discuss money all the time. I discuss taxes and tuition bills and bank loans. I went back to business and I work for the State and I work very hard and everybody else that I work for works very hard. When I go, the past year and one half or so-- This is our thing because other neighbors started to document these things when I went back to business. I always hear from the other people, "Oh, it can't be" or more often I would hear, "Gee, how can I get one of those jobs, three hours a day, a State vehicle, and \$12,000 a year."

Now, our Mayor is also a State multiple housing inspector. He also is seen in the area these hours. Whenever there is a trouble spot, if you go to a township meeting and somebody has a drainage problem, or a Board of Health problem, the next meeting he will say he was down to the Board of Health the other day and the Board of Health hours are 9:00 to 4:00. So, you can always be sure that our Mayor is taking care of our Township problems during his State working day.

Senator Ammond was aware of this situation and I understand after her aide made some calls these fellows may have been talked to about abusing State employee privileges. I say this because our Mayor came to the husband of one of our group and said, "Do you know that your wife and others dared to report me to the State Attorney General?" And this man said, "No, I didn't know it" and just walked away.

But, you know, before we visited Senator Ammond's office, we visited the Department of Community Affairs. During this time we were having all kinds of investigations which have resulted in five indictments, etc. When we went to the Department of Community Affairs it was not only with this inspection bit, it was also with the assessors, the collections, our Mayors - all kinds of problems that we were having in our Township.

We went to see Paul O'Connell, who is the Deputy Attorney General, on November 23, 1974. He is a very nice person. The first thing that I said to him was, "You know, I believe you have corruption right here in the Department of Community Affairs." He got a little upset. We discussed our tax situation, etc. and he did direct us properly.

When we discussed these inspectors - who were right in the Department of Community Affairs - he told me, and I truly believed him, that he would see to it that his boss would get this information. So, the Director, John Laezza, told us on January 7, 1975 that he did receive this information from Mr. O'Connell and he forwarded this information to the Department of Housing, to the correct supervisor, Mr. Davies. Now, this is January 7, gentlemen, 1975. We saw that they just kept going on about their merry way. They thought it was very funny. We were documenting them and nothing was happening.

So, from Senator Ammond, we went to see Senator Wallwork. Senator Wallwork sent us to see the SCI, and here we are visiting Senator Bedell. I have to say this, gentlemen, I think their honeymoon is over because in the past month this has had a lot of publicity and I notice now that they come home about 4:15. We won't argue this point. Maybe there is something they have to do at 4:15. But, they are coming home this late now because they are being investigated. But how about the loss of all that money during the past years because of all of our over-staffed political patronage positions?

We would like the answers to the following questions from the Department of Community Affairs. I think you gentlemen as Senators should have the answers. I think we, as citizens, should have the answers also. Are these inspectors working a part-time job at this salary? Now, look, I don't know if they are full-time. I just know their salary and the hours they are working. Where are their weekly time sheets and who signs them? Who are the area supervisors, or is there supervision? Who

signs and justifies their performance ratings? How about weekly reports? Do they turn them in? How do you know if they really make these trips of inspections and the times? Do they ever compare car mileage to the distance of the work inspections they are supposed to be making? Does the Department of Community Affairs, and you, Senators, approve of 20 to 25 working hours a week? We would like to know who authorized these men to meet every Monday at the East Vineland Fire Hall in Buena Vista Township, using their kitchen, etc. and not State property. Who will be responsible if one of them dropped dead there? And why would you authorize them, in any way, to go there every Monday for months, park their cars and go in and-- No matter what they were doing, they shouldn't be there.

I'd like to know if you approve of our Township Mayor doing Township business on State time. I would also like to advise this committee that Senator Ammond called me and she asked for a meeting of our group after we made this public. She wanted to know if we would meet at her office with Mr. Davies. She felt as though it just might be the un-American way if we didn't give Mr. Davies an opportunity to discuss his side of the situation. We thought it over and we feel as though the American way is to do a day's work for a day's pay. I don't know how you were brought up but I could not always afford a suit like I am wearing today.

So, we told the Senator that we would be glad to go from our house in Buena Vista Township, at Mr. Davies convenience, to Senator Ammond's office in Cherry Hill and we would be willing to listen to him. Just, perhaps, he knew something that we didn't know. Maybe these men were working part-time and, in all honesty, maybe this Mr. Davies didn't know the whole story.

Mr. Davies called Senator Ammond's secretary the day of our appointment and asked who was going to be at this meeting and the secretary mentioned the names and he asked if Senator Wallwork was going to be there and the secretary said that

Senator Wallwork had been invited. He then cancelled the appointment.

I really do feel he owes an explanation - but to you, Senators. His explanation to the SCI was not acceptable, as far as our group is concerned. I understand from the inspector and also from Senator Wallwork that he said, "Yes, he did give these inspectors 'x' number of jobs a day and it is possible they could be done from 12:00 to 2:00." They are not very busy.

Now, investigator Evans of the SCI - and I will quote him - said to me, "We do not buy that." Now, I don't know what they are doing about it.

Everyone today is worried about money, taxes, etc. I would hope that you would say that we will get back to the right way of doing a day's work for a day's pay. We cannot have this as long as there are political patronage jobs in the State, such as this. It might be okay. I am not against political patronage; it has its place. But at least select someone for their ability and ambition to do the job, earn the pay, and earn the patronage. I also agree with Senator Ammond and Senator Wallwork that a State Department cannot investigate another State Department and do it honestly. They have to be like a horse with blinders; they are not going to see the same as an independent agency would.

I'd like to, finally, just quote to you from our multiple housing inspector and our Buena Vista Township Mayor. This he said at a public Township meeting a few weeks ago: "I don't read the newspaper, except for the comics." That's all I have to say.

SENATOR BEDELL: Thank you, Mrs. Fox. In your case, also, we will look into the remarks you have made today and see if this committee can effect a satisfactory resolve. I can't promise that, since the information has been conveyed to the SCI. They may have prior jurisdiction. But to the extent that this committee can be helpful to the problem you raised, I assure

you we will give it our strict attention.

MRS. FOX: Thank you. I would like to give you a letter from Senator Wallwork and also a copy of our documentation showing tag numbers...

SENATOR FAY: Mrs. Fox, before you give us Senator Wallwork's prose, A, there is no reason in the world why you need a Senator or you need anyone else to get an appointment with a full-time government employee. That goes for the Governor; that goes for the Commissioners. I have always found this somewhat insulting, that a taxpaying citizen has to come to a Senator, or anyone else, when they have specific complaints, specific charges, names and times. You have shown much more patience than I would ever have in getting answers to this. The very fact that you are with the SCI-- I have all the confidence in the world in the SCI but many of the questions that you are asking might not border on the criminal, or might not ever develop into indictments. However, every one of them are legitimate questions about legitimate subjects.

I'd like to know how you inspect multiple housing without multiple houses. That, to me, would be the first question - they go looking for them and they find one inspected, or what? These are very, very direct, pertinent questions. Mr. Davies doesn't have the luxury either of deciding who he meets with or who he doesn't meet with.

While you were giving us this information I would plead with you to send this list of questions off to Commissioner Sheehan with copies of the letter to the few Senators here. I'd like to time that answer to see just how long it takes for the Commissioner, who is directly responsible for all the other people you mentioned, to answer. They work for her and she works for the people of the state. So, I don't think we will wait for the SCI. This is an on-going commission. It would be a long time before we ever get around to getting these kinds of answers. But I am insisting that you forward every one of these questions

to the Commissioner, with copies to us. I am going to assure you that it won't take very long for answers to be forthcoming.

MRS. FOX: All right. I will leave with you, though, our documentation showing that our multiple housing inspector spent quite a bit of time in our Township and Buena Vista Township has no multiple housing.

SENATOR BEDELL: Just one moment more, Mrs. Fox.
Senator Vreeland.

SENATOR VREELAND: I just want to say that I appreciate your remarks. I think all the members of this committee and everybody in this Legislature feels very strongly that we should have a day's work for a day's pay. There is no question about it.

I think, Mr. Chairman, that what we should do is to take that document and have Commissioner Sheehan before this committee. Now, I have heard and I have had complaints about the same people that she is talking about - multiple housing inspectors - in my area. I don't want to go into some of the complaints by people who have seen these people riding around three and four in a car. I think the explanation should be forthcoming from Mrs. Sheehan, the Commissioner, and we should have her in here before this Committee.

MRS. FOX: Thank you. I appreciate that.

SENATOR BEDELL: Mrs. Suelto.

R O S E M A R I E S U E L T O: Good afternoon, gentlemen. My name is Rosemarie Suelto and I reside in Buena Vista Township.

I would like to begin by telling you about some of the events that led to our being here to talk to you today. As concerned citizens we wanted our township officials to investigate and determine whether our local building inspector was doing his job properly and legally, and, if not, to dismiss him. In our Township all appointed and paid and unpaid positions seem to be political patronage, not how qualified you are and how you can do a job, but who you are or who you are related to. We knew this lack of

knowledge and training was causing the taxpayers money and that many of these officials were not paying their fair share. Our officials told us "Go ahead and go to Trenton" they thought this was really funny. However, we did what they told us and gathered our information and went to Trenton, Cherry Hill, Camden, North Jersey, and we got results, indictments, investigations, etc., but 'till this day, no corrections from our township officials; they just legalized everything that was wrong and penalized none of their friends, relatives, etc. But, you know, it was a tough fight. Try and find someone that is interested in corruption in Buena Vista Township. Usually, they shrug and say, "It goes on everywhere."

Patronage positions caused all these problems in our township. Our officials with their State inspector jobs, how did they get them? Were they hired first? Then how did they keep these positions? Did they really qualify under Civil Service rules? Who did they know?

Gentlemen, I have worked for Ancora State Hospital for the past 20 years - and here may go my job - but while our group was discussing and documenting these no-show inspectors I was going to work every day looking at my patients, seeing our hospital being cut in funds, our staff overworked; they sign in and out and really put in their full time job. My patients receive only the barest essentials and thousands of dollars are wasted on employees, such as these inspectors.

If you had a relative at Ancora wouldn't you want the funds to be there to give them all they need to become well or would your choice be political patronage at Community Affairs and the devil with the needs of these sick relatives? Think about it; you know I'm right.

Now, you know we realize there is also political patronage in the Department of Institutions and Agencies, so I am told - relatives of a top department head of Institutions and Agencies. Are they qualified? More important, are they

needed? I have also been informed there is also an assistant to an executive that teaches full time in New York City, yet, he draws a salary from the State of New Jersey, close to \$40,000. Political Patronage when we need doctors and aides, not executive assistants that are not around most of the day to do their job.

These are not just rumors, gentlemen, I think you will find this to be fact. I intend to give this information to the Senator-Chairman of this committee and I would like to see him do his job by investigating these things and correcting the situation.

You know, political patronage begins in the towns, then they get promoted to the county, then they go right on to the top jobs. We are thankful for Senators, like Senator Ammond, Senator Wallwork and Senator Bedell. They are trying to at least bring these things to the public's attention and, if the public is smart, they will listen and help and back these Senators to try and save some of the taxpayers money, or at least put it where the proper action is and needed, hopefully at Ancora State Hospital. Thank you.

SENATOR FAY: What was that one case about? A person getting \$40,000 a year? Would you repeat that?

MRS. SUELTO: There is an employee...

SENATOR FAY: An employee of the State?

MRS. SUELTO: Yes, of the State - an executive that teaches, full-time, in New York City but, yet, he has a full-time job with the State.

SENATOR FAY: He has a full-time job with the State of New Jersey?

MRS. SUELTO: Yes.

SENATOR FAY: In what position?

MRS. SUELTO: I have it in the envelope for your committee and I would like you to investigate it.

SENATOR FAY: All right. Thank you.

SENATOR BEDELL: Thank you, again, for giving us the

benefit of your good time. Thank you.

MR. POPA: Senators, we thank all of you and we hope that maybe you gentlemen will get some citizen input because this is what is needed, I think, to straighten out State out. Instead of us having a "tea party" maybe you can do it.

SENATOR BEDELL: We wholeheartedly concur with you, sir.

MR. POPA: Thank you.

SENATOR BEDELL: It has been said, many times, we save the best for last. I don't know if it fits in this case but we are now going to take the representative of the Office of Fiscal Affairs, Mr. Kenneth Bragg, the Director. I also have on the agenda, representing the Department and I guess standing by in an advisory capacity, Mr. Silliphant, Dr. Bertone, and Jack Callahan.

Ken, you were present throughout the hearing, I believe - most of it - and you are aware of what has been said this far. Would you, just for the record, tell us what is the Office of Fiscal Affairs?

K E N N E T H B R A G G: The Office of Fiscal Affairs is an office established by the Legislature to provide three essential services. One is the audit of all State agencies as performed by the Division of State Auditing, located at 329 West State Street; a Division of Program Analysis to look into certain programs to determine whether legislative intent is being carried out and whether the programs are effective. That Division is also located at 329 West State Street. The other main function is the Division of Budget Review and Tax Analysis and that is located in the State House, along with my administrative office.

The organization reports to the Law Revision and Legislative Services Commission. For administrative purposes it reports to the Appropriations Committee, as far as budget review functions are concerned. And the audits prepared by the Audit Division are signed by the State Auditor and sent to

the Governor and the President and Speaker of the Legislature and the Executive Director, Office of Fiscal Affairs, as provided by law.

I had prepared some very brief comments indicating the services of our staff. It might be of interest to the committee. I would suggest that you hear, individually, from our three division directors in the appropriate area that would be of concern to the committee.

Most recently the Program Analysis Division - well, as far back as January 1975 - issued a report authorized by the Law Revision Commission, on the State Civil Service Commission and copies of that report are available. I hope that you will want to hear from Mr. Silliphant, who will explain parts of that report that are pertinent to your particular review.

The Division of State Auditing is continuously engaged in audits of State operations - the Departments. Some seven or so audits are scheduled for release before February 15th. Those that deal with some of the larger agencies would be the Public Welfare, the Division of Medical Assistance, and the Division of Family Services. These will all be available by February 15th.

Now, in addition, I would like to just make a general comment in urging the committee to - after it has determined all the facts in the particular inquiry it is engaged in - look into the needs of training and manpower development as they affect the matters of selection, classification, certification, and compensation. It is sometimes said that the Civil Service system, by providing protection to employment, does not result in a flexible system of training and retraining of employees.

Now, the Legislature has passed significant legislation in the area of training and whether these programs are effective in providing adequate incentives to management and employees is a significant question, in terms of the operation of State Government.

An example of how improved training can improve morale

and capability of staff has occurred within our own Division of State Auditing. Some four years ago the State Audit program consisted of audits with narrow scope, without utilizing the potential of the staff. Morale was not particularly high and the overall output of the Division was low. By using intensive and low cost in-house training programs, designed specifically to meet the needs of the various levels of existing audit staff, personnel who had been on the job for 15 or 20 years doing one particular type of audit were retrained to do much broader auditing with greater effectiveness.

Over a three year period there has been a 32% increase in budget in the Audit Division, that includes all of the inflationary costs. We have tripled the number of audits and we have broadened the scope of each one mainly by increased training and management techniques.

Now, for such programs of training to be effective, management must have the incentive and flexibility to design training programs to keep pace with the changing conditions. Because of the rate of change of the various skills involved in administering State services, this is very rapid. At times, even programs themselves must be altered, new programs inserted, and existing personnel must be trained to take on completely new assignments. I realize that this may be outside the scope of your particular interest today but I would hope that at some point the committee can give its attention to this other important area - after the people are selected and put on the job, and during the time before you deal with the question of firing that you give intensive review to the training and personnel development of the employees, to make them as effective as possible.

I would suggest now, Mr. Chairman, unless you have questions of me, that you hear first from Mr. Silliphant in connection with his report.

SENATOR BEDELL: I would like to, if I may, while you are in the chair, direct some questions to you, as the head of

your Department.

I have known you - I have been associated with you - since I have been in State Government, by virtue of the fact of also being a member of the Joint Appropriations Committee. I know that you sit sometimes in the adversary position and sometimes not, I guess, with that Committee, through our long and drawn out hearings. But by that mere fact you are deeply experienced and familiar with the preparation and the presentation of the budget at the present time. The question has been raised this morning - it came about in the expression of several questions - do you think, from your point of view and from your experience, that the accounting for salaries of the specialists, the consultants, and those unclassified jobs which involve considerable salaries be more clearly defined in the budget so that those wrestling with the budget problems could really know more about it, see it more visibly, and weigh it more carefully than it had been done in the past?

MR. BRAGG: Yes. I think the testimony this morning indicated that steps were going to be made in that direction. Tom Bertone will have some more things to say in particular in his planned testimony, regarding his specific experiences in this regard.

There have been some problems, which I think he will allude to. Some of the problems of reporting and timing, of course, go beyond just the question of personnel data, incidentally. One of our big problems right now is the fact that the report of the state finances - the annual report which would close the books on June 30, 1975 - has not yet been published and the whole State is operating with a five month delay here in that regard. So, there can be improvements in some of the timing, at least of the reports. That is a specific item.

SENATOR BEDELL: Is Doctor Bertone going to allude more fully to those topics?

MR. BRAGG: Yes.

SENATOR BEDELL: Are there any questions at this time?

SENATOR FAY: Yes. I have just one question. Is there any way to evaluate the very need of the position? You know, like someone saying "We need ten project specialists." It is like they are the judge and the jury. Could Fiscal Affairs, or someone, say, A, you don't need the jobs; B, yes, you need the job but it shouldn't be a project specialist; it should be a classified position. Is there any thought along those lines to actually have some kind of an arbitrator to check on division heads and on Governors even, so that they couldn't arbitrarily assess the need?

MR. BRAGG: Well, they can be spot checked. I think it is impractical for the legislative staff, operating at the legislative level, to get into the details of each one of those selections. What we try to do is deal in the goals of programs and try to identify performance standards and this is a slow process. I think that can be the most effective tool that can be developed - to actually measure program performance and the amount of manpower that is required to do particular work.

There certainly is a need for consultants from time to time. We don't use them by employing consultants on a big job, contracting for a particular job. We identify a particular skill that we need - some actuary to do a particular two or three day's work, or something, and we hire them on that basis.

SENATOR FAY: Is there some way that Fiscal Affairs could determine the consultants salaries? Again, I don't like just one group, or one person, saying "All right \$100 a day," or "All right, \$150 a day." Is there some way to determine whether this is a valid accounting, or a valid salary?

MR. BRAGG: I would just like to say that it seems to me that you have to consider the question of the legislative role and the oversight role, rather than the active participation in the executive decision-making. I think you have to give attention to the machinery that is operating within the executive branch to see that these reviews are taking place, and the proper

controls are taking place. Then you need, at times, some spot checks that will go into the details. But I would not suggest that there be a routine program of that kind of review.

SENATOR FAY: Possibly I am not being fair to Mr. Druz, or the Budget Director, but I still have a gap in the whole day's testimony about just how we arrive at, A, the salary of the project specialist on any given level and, B, how we arrive at the figure for per diem consultants.

MR. BRAGG: Well, I got the impression in listening to testimony - and I think the people testifying were, certainly, at least implying - that there is need to look at the procedures for this. I think they are - I get the impression they are - moving somewhat in that direction. I think there are some gaps there.

SENATOR BEDELL: Mr. Zolkin, I will allow you to question Mr. Bragg but I just want to make mention of the fact that Ken has made his opening statement and if it is a question that can be answered more properly by one of his staff members, he does want to bring in Dr. Bertone to testify at this time. I will allow the question.

MR. ZOLKIN: Well, I am not certain whether Mr. Bragg or one of his deputies would be helpful in this but is there an audit ever made on a particular project to determine the effectiveness of the project, whether the people are used effectively, and whether the State was reimbursed properly?

MR. BRAGG: Yes. Both - Mr. Silliphant, in Program Analysis, can answer that directly and also Jack Callahan, of our Audit Division - can answer that.

SENATOR BEDELL: One more question, Ken. This is of a general nature, again, from your experience with the budget. We have heard the term, many, many times this morning, and it has been used by the press also - "\$100 a day consultant. That would seem to confirm that all consultants make \$100 a day. There may be some making less. To your knowledge, are there very many making

more than \$100 a day?

MR. BRAGG: Well, if you are talking about a real specialist - and that would be the reason that I think you should hire consultants - they are probably making more; at least they are worth more. Generally speaking, if you really know the kind of skill you are after and you hire for a short period of time, you get more value by paying what these people are worth than to try and scale it down.

Now, there may be people who are just kind of borderline - they are not really established as true consultants but, yet, they are kind of in that market and they may be worth less and they may be employed for much less, maybe \$75 or \$50. But, I would think you are not getting consultant skill when you are hiring at that level.

SENATOR BEDELL: Ken, I am not quarreling with the concept of the use of consultants or their credentials, but merely the fact that the \$100 a day quotation has been used continually regarding consultants in State Government. The question that I am asking is, to your knowledge do we have consultants that make \$200 a day?

MR. BRAGG: Well, I know that we have employed, for just a very few days, actuaries that have made that much. And that certainly is not a-- It wasn't a high rate. We got some people that were attached to universities that probably, if we went on the open consultant market, we would pay \$300 or \$400 for that particular highly specialized skill.

SENATOR BEDELL: Okay. Thank you.

Mr. Silliphant.

G E R A L D S I L L I P H A N T: I am Gerald Silliphant, the Director of the Division of Program Analysis. I have with me, Mr. Steve Fritzky of the Program Analysis staff, who was the project leader on the study that we published this January on the administration of the New Jersey State Civil Service System.

I believe that each member of the committee has been

given a copy of the report. We have some extras here, if you don't have one and would like one.

I am going to refer to the report for the next few minutes but I want to concentrate on four particular areas which I think will be of greatest interest to the committee. These are, essentially, the nature and type of appointments made by the Civil Service System to State positions; the question of provisional employees within the classified service; the lack of an effective recruitment program; and the question of unclassified positions within the State service.

I think it is important, at the outset, to make a distinction between classified and unclassified positions, in contrast with provisional and certified positions. A provisional appointment is made only to the classified service. It is provisional in the sense that it is made in the absence of a formal certification via examination. The unclassified positions, on the other hand, are appointments made in the absence of a certified, certifying examination. So, I think it is important that, as you hear testimony from others during the course of your deliberations, this distinction is made clear.

The study which we published in January of 1975 was authorized by the Law Revision and Legislative Services Commission and we were carrying out the statutory mandate given to the Office of Fiscal Affairs to examine into the efficiency and effectiveness of all State programs and ascertain compliance with legislative intent.

This study contained numerous findings about the administration of Civil Service and also over 30 recommendations for changes and improvement in its administration. My Division carries out a compliance activity, following the publication of each program analysis, and we work actively with the agency which has been the subject of a review to assist them in implementing the recommendations in the reports which call for administrative action. We are in the process of doing that with the Department

of Civil Service at this point.

SENATOR FAY: Excuse me. Are all the project specialists and the consultants under unclassified?

MR. SILLIPHANT: Yes, this is my understanding. I believe that is generally true, yes.

Let me refer then, if I can, to the components of the report for your interest. In talking generally about the nature and type of appointments made -- Incidentally, each of the comments that I will be making that include statistics as to the number of employees and percentages, these were valid as of the time the report was published. Now, some of these figures will have been changed, obviously, by turnover and changes in the number of employees and the assignment of employees, but the relationships and the conclusions are as valid today as they were at the time this report was prepared.

Our analysis of data on examination and selection of employees within the classified service indicates that a substantial number of appointments are the result of factors other than a competitive examination of merit and fitness. Of 24,264 appointments that were made within the system during the 18 month period, ending December 1973, and for appointments other than promotions, only 8,683, or about 35%, were the result of competitive examinations, with non-competitive examinations accounting for 23% of such appointments and provisional appointments. This is in the absence of an examination, or a certification, accounting for over 40% of such appointments.

Of the total number of appointments, other than promotional, made in the entire State service, appointments resulting from competitive examination accounted for only 30% of the appointments; non-competitive appointments accounted for less than 20%; provisional appointments accounted for 34%; and unclassified appointments accounted for 16%.

Finally, of 6,363 promotional appointments made during this same 18 month period, 3,545, or nearly 56%, were

appointments made pending a promotional examination. No examination had been administered.

Now, I indicated earlier that we do make recommendations, based on our findings, and these recommendations are intended to assist the agency in correcting the deficiencies that we have noted. And we recommended, specifically, here, in the report that a mechanism be developed within the Department of Civil Service to reduce the number of non-competitive appointments and promotions made in the absence of examination.

Now, the second area I'd like to turn to is this general area of provisional employees. Our study showed that as of March 1973, the total number of employees in provisional status in the State classified service - this is classified only - represented 22 1/2% of the total State classified, competitive work force. Of this number, 5,393 provisional employees were pending in open, competitive examination - 15 1/2% of the State classified, competitive work force - and 2,463 were pending promotional examination. Of this same group of 7,856 provisional employees, approximately 4,685, or 60%, had been in such status in excess of six months and of the group of employees pending open, competitive examinations, approximately 62% had been in provisional status in excess of six months.

So, the average approximate duration of provisional appointments in excess of six months in the State classified service is substantial and amounts, on the average, to 672 days. This is beyond the point of provisional appointment until certification is made.

So, our conclusion is, the number of provisional employees in the State classified service and the lengthy periods of time a majority of such employees have served in a provisional status, not only indicates a failure to provide a sufficient number of eligibles in a substantial number of instances but also raises a serious question of compliance with the provisions of Title 11 of the New Jersey Statute, regarding provisional appointments

and this Statute indicates that provisional appointments shall continue only pending the establishment of a reemployment or employment list and in no case for a period exceeding a total of four months. No person shall receive more than one provisional appointment or serve more than four months as a provisional appointee in any fiscal year.

SENATOR FAY: You say this is constantly being violated?

MR. SILLIPHANT: Yes, sir, that is correct.

SENATOR FAY: And how did Civil Service answer this?

MR. SILLIPHANT: The general answer that we were given was that the Department is short of staff and they are working earnestly to keep up with the work load.

SENATOR FAY: And if they brought in a few project specialists, they could probably clear this up?

MR. SILLIPHANT: No, sir, they didn't say it in those terms but they did indicate that they are, of course, aware of this problem and the situation is that although their work load has increased dramatically over the past several years, in their judgment the number of staff available to them to process these employees has not increased correspondingly.

Now, I'd like to turn next then to the unclassified employees and indicate this from our report: Classes of positions in the State service are specifically allocated to the unclassified service, either under the provisions of NJSA 11:4-4 or under various enabling legislation related to specific State Departments and Agencies. Classes not specifically covered by either of these sources may be allocated to the unclassified service by the Civil Service Commission, as provided by law. The criteria used, again from law, in determining such allocations reads as follows: Civil Service Commission shall determine whether or not it is practicable to determine merit and fitness for employment or promotion in each such position on the basis of, first, competitive examination or, second, examination which is not competitive or, third, minimum qualification therefore.

In any case in which it is so found to be practicable to determine merit and fitness for employment or promotion to any such position in any such manner, the same shall be classified in the classified service of the State.

Now, as of February 1974, there were approximately 1,255 classes of positions in the State service allocated to the unclassified category and this represented approximately 32% of all employment classes in this State and approximately 9,450 unclassified employees, which represents approximately 18% of the total work force.

SENATOR FAY: This figure we received from you - the report we received from you in 1973 giving the category of project specialist running from \$5,000 a year to \$40,000 a year, is that still valid? Is that still the range - \$5,000 a year to \$40,000 a year for a project specialist?

MR. SILLIPHANT: Yes, sir, it is my belief these are approximately correct today.

Now, our conclusions, based on analysis of these data are these: It appears to us that unclassified titles, authorized by the Civil Service Commission, in most instances, do not appear to comply with the criteria established by law. The Commission may allocate classes of positions to the unclassified service only if it is not practicable to determine merit or fitness, as I indicated. Since all positions in the State service are assigned to a class and virtually all classes require specifications which contain minimum training and experience requirements, it appears to us inconsistent that certain positions could be regarded as not having minimum requirements.

SENATOR FAY: That, to me, is a most serious charge. They are not meeting the criteria set by law. To me that is clear and forthright. Now, who is responsible, A, to correct this?

MR. SILLIPHANT: Sir, the recommendations contained in our reports are directed in two categories, one to the agency

where administrative change can be made to correct a situation without the necessity of modification of law, or introduction of new law. The second category is, where the legislature is asked to consider a change in law or new law which would correct the situation.

Now, the existing law is adequate to control the classified and unclassified service. The problem is that it has not been possible for a variety of circumstances, and according, generally, to the Department of Civil Service because of staff limitations, to meet the criteria in all cases for certification.

SENATOR FAY: as far as I know, we have not corrected this legislatively. There might have been recommendations that I am not aware of but as far as I know we haven't corrected this legislatively. Therefore, when you say the people responsible do you mean the Commissioners of particular Departments?

MR. SILLIPHANT: These are for the administrative type recommendations only, yes.

SENATOR FAY: The report - or letter - to the Commissioners says, "Your Division heads - some of your Department heads - are hiring people in conflict with the law, stop it."

MR. SILLIPHANT: Yes. We have not communicated directly with the operating agencies on this. These findings were communicated both to the Legislature and to the Department of Civil Service for action.

SENATOR FAY: Therefore, Civil Service has been told to tell the Commissioners, to tell their Division heads, "You are breaking the law, stop?"

MR. SILLIPHANT: Well, in so many words we did not suggest that they tell the other Departments. We simply indicated that in our judgment there were many unclassified titles which had been established inconsistent with existing law.

SENATOR FAY: You say-- For example, could you tell us -- I get the impression here that some of the project specialists

do meet the criteria and other project specialists do not meet the criteria. Now, have you told Civil Service what ones are proper and what ones are improper, or illegal?

MR. SILLIPHANT: This, Senator, would have to be done on a position by position basis. It would not be possible for us to generalize on any group of classes.

SENATOR FAY: I would not want you to generalize. I would want you to be specific, as we call the Commissioners in one at a time. I would like to be able to tell which ones, in what Division of their Departments, are really out of line and have been told by you and have been told by us that, "Some of those project specialists you are hiring are really illegal in the first place and if you keep them on you are baiting an action from the Attorney General, at best."

MR. SILLIPHANT: Senator, we have included in the report a listing of classes allocated - employment classes - to the unclassified service and this is identified by department. Now, this list was as of the latest date available to us, at the time the report was prepared. And, of course, this can be updated for your information.

SENATOR FAY: For example, the Department that is receiving top priority right now, because of the newspaper articles on it, is Institutions and Agencies. Now, when Commissioner Klein comes here and when Mr. Kagen comes here it would only be fair and proper to be able to tell them that all these positions that were filled - all these project specialists, all these people, these consultants that they are using - are either proper or improper.

MR. SILLIPHANT: These position lists are maintained by the Department of Civil Service and, of course, this was our reference point and our source for this material and these figures when we prepared the report. But we can provide you with supplemental information on this.

SENATOR FAY: Right. For example, In August of 1974

Mr. Kagen brought in Geoffrey Weinstein of New York City as a project specialist at a salary of \$24,038. He now heads the Division of Fiscal Operations. Is that Division a valid one? Is that project specialist valid? And, how did they arrive at \$24,038?

MR. SILLIPHANT: Yes, sir. If I may suggest to the committee, I think it would be appropriate for the Department of Civil Service and the appointing authority within the operating agency to justify the designation of any of these positions or individuals to the unclassified service and to point out to you how this is in accordance with existing statutes and regulations.

One other point, in connection with the unclassified service, we determined that as of May 1974 there were 54 classes of positions allocated to the State Unclassified Service Division under the provisions of N.J.S.A. 11:4-4. Only four of these classes appeared to meet the criteria established by law for establishing an unclassified. The remaining 50 classes have apparently been allocated to the State Unclassified Service Division, either under the incorrect statutory provision or in the absence of statutory authorization. So, this reinforces my response to you earlier. I think this is incumbent upon both agencies to supply you with the information.

The last area that I would like to address here is in the general area of recruitment. In quoting from the budget presentation for fiscal year 1975 by the Department of Civil Service itself this paragraph appeared: Recruitment programs, including field assignment is at the moment almost nonfunctional, except for bulletin and newspaper advertising due to the assignment of technical staff to State promotional program and examining functions.

SENATOR BEDELL: The newspaper ads you say?

MR. SILLIPHANT: Yes, except for bulletin and newspaper advertising. The reason was given as the assignment of

technical staff to the promotional and examination functions.

The lack of sufficient resources - and I am not quoting now from the budget presentation but from our report - to maintain an effective recruiting program on a continuing basis is compounded by the lack of an effective manpower planning program. Thus, those resources that are available are utilized to resolve the problem of the moment rather than being applied in a planned and coordinated manner to avoid crisis situations.

The recommendation that we made in this area of recruitment is that the Department of Civil Service develop and implement a full-time planned coordinated recruiting program that will compliment the manpower planning program and utilize all available resources, including operating agency personnel to the fullest extent.

I think I have taken up quite a bit of your time, I would be happy to answer whatever questions you may have, and certainly we are at your disposal in the future to answer questions.

SENATOR FAY: I just think that it is incumbent upon this committee to immediately contact Mr. Druz and whoever else is involved. To me this is an absolute statement that I would be glad to hear them refute, if they can, or if they wish to. But when you go on the public record to say that 50 out of 54 positions are probably not even legal, this is adding insult to injury and we have an absolute obligation to follow this up immediately too.

We will be - individually and collectively - in contact with Mr. Druz and ask for an immediate report on this and correction taken, either through the Commissioners or, absolutely, through the legislators. It is a very, very good report.

MR. SILLIPHANT: Thank you, sir.

SENATOR VREELAND: You mentioned several times that Civil Service should have a recruitment program and then, by the same token, you also said that they said because of the lack of staff, adequate personnel, they couldn't perform the functions

that they should be performing. So, do you have any idea how much it would cost? How much more personnel would they need? Would they be able to do it with the personnel that they now have? Would they need additional? How much more money would they have to budget? The recommendation is fine. No doubt it should be done. But is it not being done because they don't have the money to fund it in the first place in their budget?

MR. SILLIPHANT: Sir, the answer to that I believe I touched upon earlier. The obligations placed upon the Department of Civil Service, according to the data available to us and during the course of this study, indicated that the work load requirements have grown rather dramatically over the past several years but the staff and resources available to the Department have not kept pace with that growth.

A direct answer to your question would be that it is incumbent upon the Department of Civil Service, as well as any other Department of State - in the State Government - to determine, internally, its priorities in response to the greatest needs placed upon it. And this alternative can be accomplished in some cases in the absence of additional resources or staff.

Where there are clearly several competing priorities which occupy equal status, or carry equal weight, then clearly the one option is additional money and additional staff. Our reports do not move into this area of where the money should come from or how the Agency should be restructured to meet priority demands. We point out the priority problems that exist and the program deficiencies that exist.

It was estimated by the Department of Civil Service that a substantial amount of money would be required to implement every one of the recommendations contained in this report. However, to put these in proper perspective they have to be evaluated one by one, as well as on a group basis.

SENATOR FAY: The recommendations on manpower training and the recruitment aspect of it, is there any State that

we are modeling that recommendation on, or-- Are there any other States in the Union who are going through this kind of a procedure of recruiting hand-in-hand with the manpower training?

MR. SILLIPHANT: Yes. I can't give you a categorical answer. We did inquire into the Civil Service Administration of several other states and that does, certainly, exist. Some states have, essentially, abandoned the traditional concept of the merit system and a Civil Service Commission and have established Departments of Personnel, which are geared more closely to modern day personnel administration techniques, as is used in business and industry.

SENATOR DAVENPORT: Mr. Silliphant, on behalf of the committee we would like to thank you for your testimony and report.

MR. SILLIPHANT: Thank you very much.

SENATOR DAVENPORT: In the absence of the Chairman - I don't have the agenda but I believe Dr. Thomas Bertone of the Office of Fiscal Affairs will be our next witness.

T H O M A S B E R T O N E: Thank you, Senator and members of the Committee.

I am Tom Bertone, Director of Budget Review for the Office of Fiscal Affairs. When I accepted this job three years ago, I looked at the budget document and the information that accompanied the budget document and concluded from my point of view the information on personnel provided was inadequate. At that point I assigned responsibility to one of my analysts to specialize, among other things, on personnel. That analyst is Peter Lawrence, to my right, who has been spending his time since then trying to understand the personnel system as it exists in New Jersey and as it relates to the budget.

Since that time, we have been attempting to make step-by-step improvements and I believe we have made some. However, I look on this Committee as an opportunity to make some major advancements and hope that we can seize that opportunity. Particularly, from our point of view, the deficiencies in the system as it relates to the budget are systemic deficiencies. They relate to the system of personnel in the State and the information that system produces as it relates to the budget. This is apart from individual personalities that may exist in the system and, on their own, may make decisions that may be inconsistent with the system, itself.

What I am urging you to do is to look, among other things, at the system, as well as upon individual personalities or upon individual acts that you happen to identify.

Within that context then, I want to talk a little bit about the budget and the relationship of personnel management of the State to the budget. I don't want to give the impression that I am going to have a comprehensive, exhaustive statement. It is going to be a series of ideas and concerns and considerations I think you ought to have available to you as you undertake your longer study.

Within this context then, there are three kinds of information generally that our Division of Budget Review requires in order to undertake its responsibilities. First of all, it requires information related to the routine budget submission; that is, the Governor presents his budget every year and there is information on personnel included in this budget. We think that information is deficient.

In addition to that, there is a second category: information required for analyzing this budget. The first category of information comes to the Legislature. The second category, that needed for analyzing this document, should be available to our staff, but need not be presented to the Legislature itself unless the Legislature requests it. But we require information in order to evaluate the recommendations for salaries, wages and new positions in this document.

In addition to that, there is a third category of information which we require to respond to ad hoc requests from legislators during the year. We will periodically get requests for information which we have to respond to. We need that information from the executive; the data base has to be there.

These are the three kinds of information. Let me expand on that just briefly.

Information required on a routine basis. We are talking here about, among other things, the management system of the State. The State has been involved in establishing program budgeting, and I support that concept and that effort. The concept of program budgeting that the State has been trying to implement is that in preparing the budget, presenting the budget to the Legislature, a series of objectives for the coming year will be specified, some resources required to accomplish those objectives will be identified in the budget and requested, and then the agency head following the approval of the budget will have

authority to transfer those resources around to accomplish his objectives and, finally, after the year is over, he will be held accountable for how well the agency accomplished the objectives. That is the theory, and again we support the theory. However, we believe there are deficiencies in the accomplishment of that theory at the present time.

There is too much flexibility available to the executive because the information available in terms of the future for the budget is inadequate and the information available on personnel of what happened in the past is inadequate. The theory says you identify your objectives and you identify resources to accomplish those objectives, but it requires good planning. The budget request should specify the number of people required and the dollars to hire those people. There should be detailed planning.

The follow-up reporting after the fact should specify what has happened since the budget was approved so that the Legislature can compare the plan with the accomplishment and report to itself and the public what has happened.

The document as it comes to the Legislature is deficient in several ways. First of all, I want to distinguish between the concept of control and of information because that is one important distinction we are making here. Perhaps one way to identify it is in the concept of campaign financing. There is a theory that says exposing publicly financing is sufficient to control campaign financing problems. The theory of program budgeting is that making the information available is sufficient to control when you check on what actually happened, that you do not need to get the Legislature or the Office of Fiscal Affairs involved in the decision-making of the executive. It needs flexibility.

The Legislature receives information in this budget on new positions and on positions in total; however, only in portion. If you are familiar with the budget, you know there are at least two components. There is the salaries

and wages line. There is the materials and supplies line. But below that, there is a category of accounts called extraordinary accounts. These extraordinary accounts are lump sum appropriations. What that means is that there is a lump sum of money available to be used by the executive without specifying how. People are hired with that money. But those numbers are not reported in the budget document in the budget year. The reason for that primarily is inadequate planning; that is, a department head would like to start a program, estimates about the amount of money required and requests a lump sum appropriation. Detailed planning would tell them how much money is required to hire a specific number of people.

In effect, I would suggest that the requesting of appropriations for extraordinary accounts is done too soon before the detailed planning is finished. So, in effect we are saying, that through the use of the extraordinary account in the budget, the Legislature appropriates money to hire some unspecified number of people and that from your point of view, as I understand your concern, is inadequate.

SENATOR FAY: On the extraordinary accounts, is this a recommendation that you can make to the Appropriations Committee and they can do it right then and there, as far as correcting these deficiencies?

DR. BERTONE: I would respond in this way: The use of the extraordinary account is so extensive and so widespread and so well-established in our system, that an exercise to do it on an account-by-account basis almost changes the concept of the budget and the budget review that we now have. So, in theory, your answer is, yes; practically, the answer is, no. The budget ought to be submitted in a different way, and I am going to come to this a little later - some of the problems, the burden being on the legislature rather than the executive.

The first part of the theory was: You establish a plan, you allow the executive flexibility to accomplish the plan, and then you check results and measure what happened - the accomplishment. We have just said there is no plan. The extraordinary account means that your beginning point is uncertain. You don't know how many positions you have put in the budget, in fact. What about checking after the result? If you look at the budget document, you will find that for the year just ended an actual number of personnel; but there is no indication of what the budgeted number for that year was. So you can't compare actual to budget unless you go back to the prior year's budget and document and pull that number out.

There is a second column which is the current year budget. But that doesn't tell you what has happened to date. It tells you what was in the budget. Then there is the budget request here. So, in terms of the second part of the theory, comparing your plan to how the executive actually managed is impossible because the two pieces of information are not presented to you.

There are some other kinds of problems, such as the handling of federal funds in the budget. But I simply want to point out that generally it's a systemic problem of the way information is presented.

Without suggesting to you that this is the solution, I have a handout which I would like to give you which shows you some information presented in one other state. The state happens to be Maryland. Let me just pass it out to you.

These are xeroxed pages taken from a document of several hundred pages. The third page shows you it is page 167, which indicates it is not a pamphlet, but a document of some number of pages, which accompanies the budget book. When the Governor submits his budget, he gives a detailed statement of personnel in that budget.

I used the first page because at the bottom there is notation of some information. First of all, you will note --- Well, lets look at the bottom. The star indicates additional positions requested in the budget year. The delta indicates positions authorized since submission of the current year budget. Although the xerox is vague, next there is a cross which represents increase in salaries other than the standard scale; i.e., the salary adjustment kind of action.

You will note that for every organization in the state government, every job title is listed for the three years, the numbers of people authorized, and the salaries.

If you look on the first page at the first star, item 21, Account Clerk III, you will see that there were 4 authorized in 1970 and a request for 5 in '71, an increase of one.

If you turn to page 2 and you look at the first delta, you will see 3 Public Health Engineers IV, and in 1970 the number of 4. The interpretation of that was that the budget for '71 when approved by the Legislature had one in it, but since the budget was approved, using the concept of flexibility to create jobs when necessary, that number went from one to four by executive action. The point is that here the Legislature is provided with that information to question the executive head when he appears.

On page 3, if you examine the cross under State Coordinating Commission on Problems of the Aging, Executive Director, you will see that there has been a salary change. So again, as I say, without indicating that this is the solution to part of the problem, it does indicate that the executive cannot maintain that this kind of information cannot be presented because it is presented. It is at the moment not presented in New Jersey.

The second kind of information is that information required for analysis of the budget request. We require various kinds of information, particularly such information as turnover data, which means that when people leave their

jobs, their jobs are vacant for some period of time, and you need to know when you are looking at a request for appropriations for salaries what kind of reduction to make because of these vacancies that exist over some period of time. We require vacancy information; that is, if someone requests five new positions, the obvious question is, well, how many positions do you have vacant today? We require information such as average salaries in an organization or average grade and range of employees within the organization to follow the trend of what has been happening within that organization over some period of years. This information is not routinely provided or available. I will get to that in a few moments because the situation has improved and, on a request basis, some of it is available.

The information that is still not available significantly is turnover information. The turnover information that we are able to obtain at this point is basically provided on a request. It comes back on one or two sheets of paper with an agency total; that is, Department of Transportation, \$3 million out for turnover. There is not sufficient detail for us to use in an analysis. Again using Maryland as an example, without indicating that it is the proper solution ---

SENATOR FAY: Doctor, when you receive a document that is completely inadequate and completely unusable, your next step is to tell them that and tell them what you do need. Then what? What is their answer?

DR. BERTONE: Again I hate to defer you. I will get to that in greater detail later. But by the time you get that document, it is probably too late. So what you do is wait until the next year. You ask them then and tell them what you got the prior year was too late.

SENATOR FAY: It is known as the Catch 22 budget system?

DR. BERTONE: Yes.

Again, without suggesting that Maryland has the solution, but the kind of approach we had there was that the Legislature had an arrangement with the Governor's Office and the Budget Bureau. We receive the agency request here. That means we get a listing of every individual by name in the State government. However, that means very little because the Budget Bureau acts on that document, changes it and makes its recommendation to the Governor and he decides. We don't know what is happening on that until the Governor submits this document. Then, within a month, we have to report and it is too late. We can't do anything with it.

In Maryland, we had an agreement with the Governor's Office that when the Budget Bureau reported to the Governor and the Governor made his recommendation, we got informal copies which we treated confidentially, which showed on the bottom line what the turnover numbers were, how much had been taken out for specific units, so we could examine whether that was sufficient. We don't have that kind of an arrangement here. We do not get that kind of information. I am suggesting again it can be made available and it can work because it is happening.

The third category of information is ad hoc information to reply to questions asked by legislators. This is a difficult one because ingenious people can ask questions that no one ever anticipated. You can set up a data base to respond to questions, but you are always going to get some that you can't respond to. So we are always dependent upon the executive and, obviously, the executive has problems in responding. So the best thing you can do is try to come to some determination of what questions are going to be repeated on a regular enough basis that you can establish a data base. My point is that you need a data base that will respond to the questions that you want to ask.

All this three-category discussion comes to the final point which is something like this: The Legislature

has never specified, as far as the budget goes, what information on personnel it wants from the executive. The law does not say. No one has told the executive what it wants in terms of personnel on the budget. They have told us what they have available and will give us. In the absence of more information, the burden is then on the Legislature to try to get the rest and do the analysis.

Again, the theory was that the executive has a series of objectives, has the flexibility to move the resources around, and the Legislature checks on that performance. I do not think, therefore, the burden of proof rests on the Legislature to check on the performance, though the executive ought to report to the Legislature its performance.

So there are two critical systemic kinds of problems: the Legislature identifying what information it wants on a routine basis to be submitted to the Legislature itself, available to its staff, and a data base that we agree upon to respond to questions that are likely to be asked. We specify that to the executives and tell them to develop it and what reports we want on a regular basis. We haven't done that in the past.

Since it hasn't been done, how do we get the information? Well, we write letters. There are two variables in our ability to get information: one, organizational variables; and, two, time. Organizational variables mean basically we deal with Civil Service; we deal with the Treasury. Time means - I started three years ago and things have progressed since then - how have we done?

In terms of the Civil Service Commission, we have actually done reasonably well. We basically get the kind of information we ask for. When we go into the budget season every year, we write a letter asking for a series of information: employees by grade, range; employees by thousand-dollar salary interval; things of this sort. We have done reasonably well on getting that information.

We also have asked for a report which was called the Quarterly Report. We have gotten that, except that in that letter we also asked, "Will you put us on the distribution list so we can get it every quarter," and somehow we never get on the distribution list. So we have gotten that one time a year. However, the last time we requested it, we found it had been discontinued. And I want to come back to that. But generally in asking for that information, getting ready for the budget, Civil Service has done a pretty good job in responding.

Then we have the "ad hoc" questions that we ask during the year. A legislator asks us how many public relations people there are in State government. We write a letter and ask for it. My own impression is that the Civil Service is like any other organization. It says, "We have a workload and we now have a request. What priority does it have?" When we are getting ready for the budget season, my impression is Civil Service says, that's a priority, and they respond to it. When it is in the middle of May and they get a request for something else and they have other pressures, they don't respond quite as well. On the one I mentioned, public relations people, we got a letter back saying, "We are working on it," and that was like nine months ago - six months ago. We haven't gotten a reply yet.

In general, however, I will say that the response from Civil Service is probably a reasonable one in which you can conclude that they do have workload problems and they are probably attempting to respond.

Our experience with the Treasury is not quite as good. Generally, our approach to the Treasury in trying to get the information was to say, "Okay, we have information requirements. But before we tell you what we want and create an unusual workload, let's find out what you have and can give us that we could use." So our general approach

was to say, "Would you tell us what kind of reports you now produce so we can identify which ones we might use for our purposes." And over some period of time in an exchange of correspondence, the general answer has been, "The reports that are public, you get; the other reports are ours for internal use." So we don't know what they have available.

That would have been unsatisfactory so we had to go to the next step. Last spring, the Joint Appropriations Committee passed Resolution 69, which said that the Treasury will now produce on a quarterly basis a report which gives vacancies, salary expenditures to date, and overtime. So we have been getting that information on a reasonably good basis.

One final comment, I mentioned that the Quarterly Report from the Civil Service Commission has been terminated. There are three methods of reporting on personnel in State government: Labor and Industry with the federal report that is required, Civil Service, and payroll from Treasury. To know what is going on in personnel in the State, you really need to look at all three. So for the Subcommittee on Personnel, Joint Appropriations Committee, last spring, we took these documents together, tried to piece the story together and develop a report for the Subcommittee.

The administration, I believe, concluded that that was an imperfect report and that they wanted a new report. Apparently, part of the results of that was a cancellation of the Quarterly Report from Civil Service. And, I believe, you heard earlier today that a new report is being generated. The problem with the new report is that the Legislature had no involvement in its development. One of the points I made earlier was that the Legislature has never told the executive what it needs, what it wants, and we are now in the process apparently of having a new report developed, which may or may not respond to legislative needs. I think the proper process would have been for the Legislature to

have been involved in the development of the new report, assure that the data base established was the one that we require, and agree what reports were going to be produced for our purposes.

All this is by way of saying that progress is being made. There are still deficiencies. I would suggest these general kinds of things for the Committee: to think in terms of information, not control, of executive decisions, but getting information for you to make judgments on how well the executive is doing, the plan versus accomplishment kind of approach. Secondly, for you to grant the executive the development of the information that it needs for its purposes - I have no problem with that. But it has to recognize that the Legislature also has requirements and that the executive has to develop the data base in a series of reports that respond to legislative requirements. And request those reports; if necessary, write them into law.

I think that is probably my message. You are probably glad that I have gotten to the end of it. Are there any questions?

MR. ZOLKIN: With the report as you outlined it, Doctor, would that aid the Legislature in finding potential abuses? Or, if there were abuses, would this new type of report find the abuses for the Legislature more easily?

DR. BERTONE: I think if this kind of thing I handed out were available, it would highlight and you would simply know the Project Specialists, for example, who were suddenly appearing on the list and in what numbers and at what salary levels. If that is the concern, then the answer is, yes, it would get at those kinds of problems. It would not necessarily get at the kind of civil service questions of unclassified employees, things of that sort, unless you require that information - and you could require it because there could be a designation on here, every title that is unclassified having a "U" following it, something of that

sort. I think the system can be made to respond to what the requirements of the Legislature happen to be.

MR. ZOLKIN: --- or the time period that the particular job is scheduled to take.

DR. BERTONE: That's right.

MR. ZOLKIN: If a man has a 10-month job, it would reflect 10 months.

DR. BERTONE: Yes. If you will look at page two, under Air Quality Control, item 17, it says Environmental Health Aide I (1 part time). That doesn't specify whether it is 10 months or 6 months, but it tells you there are some part-time people there.

SENATOR BEDELL: Are there further questions?

SENATOR VREELAND: I think the report that Dr. Bertone gave us is excellent. Basically, what you are saying then is that this Committee in its recommendations, if it feels strongly that what you are saying is the way to do it, should make such a recommendation to the Legislature in its report. Then we would have set forth the number of jobs, etc. I think the way it is done in Maryland is a good idea. If we were given a chart like this, we would then know how many jobs were filled with that amount of money that was appropriated in the budget, which we don't know now.

DR. BERTONE: That's right.

SENATOR VREELAND: The line item for new jobs is one thing, but the ambiguous figure is the number of jobs in that extraordinary account.

DR. BERTONE: The extraordinary account in effect says you have no plan to measure against.

SENATOR BEDELL: Dr. Bertone, I want to thank you for giving us your time, along with Mr. Silliphant and Mr. Bragg. I would expect that you will be available to the Committee as we proceed with these hearings. We do appreciate your help and your assistance.

This concludes the hearing for today. The Committee will reconvene next Thursday, at ten o'clock.

- - - - -



NEW JERSEY SENATE

JAMES H. WALLWORK

SENATOR-25TH DISTRICT

PARTS OF ESSEX, PASSAIC & MORRIS

9 PATTON DRIVE

WEST CALDWELL, NEW JERSEY 07006

201-228-5200

201-378-0011

November 7, 1975

Honorable Patricia Sheehan
Commissioner, Department of Community Affairs
363 West State Street
Trenton, New Jersey 08625

Dear Commissioner Sheehan:

I have received complaints from citizens in the Atlantic County area about housing inspectors in the Department of Community Affairs. The complaints concern, among others, Mr. D'Amore and Mr. Krokus and their alleged failure to work a full day. Your supervisor, Mr. Davis, knows about these complaints, and Mr. Holstein at the State Commission of Investigations can give you further information.


I would like you to investigate these complaints and advise me of any proposed actions by your department.

I would further appreciate knowing how field supervision of inspectors is performed, what type of time sheets and reports field inspectors submit on a daily and weekly basis, and how productivity is checked by evaluating workloads and reports of field inspectors.

Finally, I would like to know why approximately eleven inspectors were meeting each Monday at a local fire house for a period of approximately four months. Were they undergoing training? Who was supervising and what was the purpose of the meetings?

Thank you for your cooperation.

Sincerely,


James H. Wallwork
State Senator, 25th District
Parts of Essex, Passaic & Morris

cc: Mr. Holstein
Mr. Boylan
Mrs. Fox
Mrs. Mannhardt

Just copy
lx

I sincerely thank Senator Ammond for inviting us here today to give us a chance to make public a true story of how we ladies opened a Pandoras Box that started in little Buena Vista Township to the inefficiency of the Department of Community Affairs.

About 7 years ago we moved to our lovely wooded community taking for granted, our investments in our homes would be protected by our Township, County, and State laws, and officials. — Taxes kept getting higher, o k we complained, and we paid, we also assumed everyone else in the township were paying their fair share.

Now the story really starts - The builder Petrini Construction Co decided to build a swim club in front of our homes in a residential section along side of the So River Stream. A swim club in a area that does not have city sewerage.

When we protested we were told "if you don t like it MOVE"

My car was vandalized, tires all cut, paint thrown all over it, another neighbor had paint thrown on her mail box and sidewalk, we were threatened by phone and mail.

Well, we decided to fight back, we started to read, look, ask questions and were told to stay home and crochete..

We discovered that the builder had rerouted the So River Stream to his own advantage/with no permit from the Dept of Environmental — he has been cited for stream encroachment and notified the structures do not provide for the safe passage of flood waters. In the legal department now/Deputy Atty General Ron Heksch. —

We called our building inspector in the township and asked about various permits, he replied "they are on record" we asked what record and he said "DECCA" AND HE HUNG UP.

Our education grew the planning board hadn't even approved a section for building when one house was completed, no permits no health certificates and no occupancy certificates were on file for certain homes. (affects taxes) & No performance bond

For the past 5 years we have been in the area we noticed All this time during the five years we lived in the area we noticed our Civil Defense Director/zoning board member who lives in the same cul de sac as we do leaving for work as a State Employee in a State Vehicle leaves work around 9 - 9:30, his days work over around 11:30 / 1PM we were able to set our lunch time with his arrival home.

So, our Mayor was always in the area during a normal working day, around the Township clerks office, at township trouble spots etc, he too is a State employee.

This was looked into and we found out that they worked for the Department of Community Affairs - Housing Division - Inspectors — Salary range in 1973 \$11,129 plus benefits and state vehicle.

Working hours over 5 years-approx 3 - 4 hours a day.

So, our first trip to the Department of Community Affairs to see Deputy ^{the} Attorney General, Paul O'Connell, Nov 23, 1974, we told him about the whole situation, permits, bonds planning board, and also told him at the same time "we believe that corruption might even be in the Department of Community Affairs" and told him of the working hours of our Mayor and Civil Defense Director ~~and also~~ *into all* State Employees. He passed this information to his supervisor Mr John Laezza, Director of Community Affairs.

We spoke to Mr Laezza January 7, 1975 and he had forwarded some of our complaints to the Dept of the Treasury, Tax office, and passed the inspector information to Bureau of Housing Inspection Supervisor Mr. Davies. *We also wrote & thanked a Mr O'Connell for his efforts*
We visited various other state offices at this time, some good and some bad.

Then on Jan 17, 1975 we ladies took our large scrap book by this time to Senator Ammonds office. Her aide gave us a good lesson in "homework" and he also contacted the Bureau of Housing and I understand at that time they were questioned about abusing state employee privileges.

When we went back to Buena Vista township we did our homework, we looked at the tax lien books and found one township employee hadn't paid the taxes in almost 5 yrs and owed almost \$10,000 builders were having a great time just not paying and some liens dated back to 1946.

Assessments were really something else, some township officials like our Civil Defense Director had their assessments cut by 50%, builders \$20,000 lower than should be, and all this info was sent to the Dept of Community Affairs and they were telling us to tell our township officials. *we have letter telling you*

to go to the arc City's education office

ults after calling the Governors office and a little trickery
e called the Division of Criminal Justice, Mr Richards, and then
the Atlantic County Prosecutors office was in charge they confiscated
the township books, and so far one township committeeman, one former
township committeeman, tax assessor and tax collector ^{have been} were indicted,
and a little later even our township judge. The prosecutors office
still has the township books and it is still a active criminal
investigation.

However, our Mayor and our Civil Defense director must have felt
secure and protected by the Dept of Community Affairs as they not
only continued their short working days but from Jan 75 till May
75, every Monday around 10 you would see parked along side of our
E Vineland Fire Hall around 9 - 10 State Vehicles, inspectors
inside, no letter of authorization from the Dept of Community
Affairs was ever sent to the Fire Co authorizing this gathering.
Coffee clath, etc, eventually around the end of May the fireman
began to ask questions, who authorized these men to use their hall?
What were they doing there? Our mayor? finally they decided
to tell them to move on (in their minutes)

In March we saw a newspaper article placed by Sen Wallwork
inquiring about such state abuses, so on March 7, 1975 we visited
the Senator in W. Caldwell N J explained the inspector situation
and was told to document tag #, times and dates. Which we did.
Our next visit was to the S.C.I. interviewed by detectives
Rosamilio and Evans, May 13, 1975. They took the information we
had and told us to continue to document.

STATE COMMISSION OF INVESTIGATION RESULTS

Division of Housing - Supervisor Mr Davies

"admitted inspectors receive x number of jobs a day and their
working day could be over between 12 & 2.

(Don't they start after 9?)

Our township mayor is a Multiple Housing Inspector he claims
he is not in the Buena Vista Township area until 3 - 3:30.

Our question is there are no multiple housing units in B.V.T
see our documented times, even last Friday at 3:pm he was in
the township clerks office ~~using the phone when a citizen came in~~

Civil Defense Director/zoning board member is a State
New Housing Inspector says there isn't much work on new
housing (how about the past 5 years?) claims he is home around
2 - 2:30 however puts in his 30 - 35 hrs a week.

(Look at our documents we believe he means 20 hours a week.)

I think ~~xxxxxx~~ this shows in no way can these inspectors be
putting in a days work for a days pay of tax payers money.

This can not even be justified by saying seasonal as it has
been going on for the past 5 years all year round.

Our questions to the Department of Community Affairs are;

1. Are these inspectors working a full time position or part time?
2. Where are their weekly time sheets? Who signs them?
3. Who is the area supervisor? Is there supervision?
4. Who signs and justifies their yearly performance ratings?
5. How about weekly reports? Do they turn them in? How
do you know if they really make these trips of inspections and
the times?

6. Do you ever compare car mileage to distance of work inspections?

7. Do you approve of working hours of 20-25 hours a week?

8. Who directed these men to meet at the Fire Hall instead of
state property? Why? *9. Do you approve of an Mayor
using state business and state time?*

Another community affairs ~~xxxxxxxxxxxx~~ rather question,

WE have seen the State Forest Fire Helicopter land in the
field in our area next to the State Forest Fire Warden and
take residents for rides the latest in May 75, how do we make
these arrangements or can only a State Forest Fire Warden be so
generous with state funds? *omit*

Finally, a man I admire very much U.S. Atty Jonathon Goldstein
said last week in a speech

"it is no wonder that the taxpayers resent having to support
programs while the evidence of waste and inefficiency makes
him feel more like a sucker than a responsible citizen"

*Check 10 inspectors understaffed
at 11, and + benefits + need vehicle
around \$250, and a year x 5 years*

STATE CARS OBSERVED AT E VINELAND FIRE HALL ON MONDAYS AL POPE

OFFICIALS BUENA V TOWNSHIP J KROKOS & R D AMORE IN STATE CARS PARKED AT HALL

W

10:25 AM Monday 3-10-75 - 8 State CARS - 1014 601 411's

SG. P450 2-Private CARS - 1 Krokos
SG P757 D amore app. 20 people inside
SG S992
SG P479 rusted out

11:30 AM Monday 3-17-75 6 State cars

SG. S585 1 Private car - Krokos
S757 456
S479
S994 S992

11:00 AM - Monday 3-24-75 7 State cars

SG. S193 1 Private car - Krokos
S994
S759
S214

10:00 AM Monday 3-31-75 4 State CARS

2:30 P.m. " " 1 private Res + BIK
Krokos private car. April 2 - Krokos at Bylone 10:00 AM

4-7-75 - Not available
4-14-75 - } 6 State CARS 2 private - 863 BEM
11:30 A.m. } SG - P542 279 LDR

4-21-75 - 10:00 AM Monday - 5 State Cars

SG. P450 ? 3 private - XHY 42H
S214 ?
S585 ?

SG. W398 GREEN

4-28-75 - 11:00 AM Monday

P. 450 - S214 - S994 3 State - 2 private
2 private XHY 42H
YAR 357

MAY 5 - 9:30 AM

W 398 ?

S 585 ?
?

3 State
3 Private

MAY 12 - 10:30 AM

S 759 D'Amore

S 307

PS 214

S 994

S 585

6 State
2 Private

11:00 AM P468 came in.

Krako's not in building

Men were told to ~~leave~~ ~~D'Amore~~
through D'Amore, not to use the
building any more. 5.

- Feb 10-75 Mr. Krokos at the township hall in private car. In the local newspaper.
- March 11-75 Mr. Krokos in private car at township office on E. Landis at 3:15
- March 12-75 Mr. Krokos in private car on Landis Ave at 10:00
- March 13-75 Mr. Krokos in private car on Landis Ave at 3:45
- March 21-75 Mr. Krokos in area in a state car with other person app. 230. - Private car was parked at Buena Tanera on Rt 40. at 9:30
- March 26-75 Mr. Krokos in private car at township office at 8:45. Came to our private home app. 9:30 with young man in state car (S.D.P 193) and left a message.
- April 4-75 Mr. Krokos in private car at 8:45 at township office. Left office at 9:30 followed by a black car, going down Landis Ave.
- April 14-75 Mr. Krokos in private car at 8:45 at township office. A state vehicle arrived at 8:50 (white in color) both vehicles left at 9:05.
- April 17-75 At app. 2:30, Mr. Krokos in private car was parked on Rt. 54. talking with man. (Believed to be Orlando Brown.

Car was parked in front of Mr.
Dacia's home on Rt 54.

Note: at app. this time I went
to work and was unable to observe
Mr. Kirk's habits. I have not
made official note lately, but he
is still in area from the last date
on this paper. He still goes to
the township office, seen at local
corner store, during most people
working hours.

Date	Time	Location	Notes
1970	12 -	Rosario	
1971	12 -	D'Amore	
1972	12 -	"	
Jan 13 - 75	1 ³⁰ -	4 state cars	Mr. Krokus
			John
			McK D'Amore
Jan 27 - 75	3 ¹⁰ -	East Vineland Firehouse	
		D'Amore	
Jan 29 - 75	leave 9 AM	"	
Feb 4 - 75	4 ¹⁰	"	
Feb 5 - 75	2 ⁵⁰	"	
Feb 6	3 -	"	
Feb 7	9:05 to 3 ³⁰	"	
Feb 11	8 ⁴⁰ - 1 ³⁰	(East Vineland Sports Str)	
Feb 13	12 ⁴⁰	"	
Feb 14	3 ⁴⁵	"	
Feb 18	3 ³⁰	"	
Feb 20	8 ³⁵ to 3 ⁴⁵	"	
Feb 24	11 ³⁰ and 2 ³⁰	6 state cars	East Vineland Firehouse
" "	3 ⁴⁵	D'Amore	
Feb 27	1 -	"	
March 3	at 2 ³⁰	8 state cars	
" "	3 -	Krokus	East Vineland Firehouse with own car

2/7/75 approx 2 PM

56 5759, 56 P214, 56 P450, WXY 86.
 E. Vineland Fire Hall, E. Land's RR, RD 3
 Vineland

Some documentation at Twp. Clerks
office of State car's lost.



6-10-75
DiAmore + Kroko's in State cars at
Clerk's office. 9:10 AM. SG 5759
Kroko's in Green State car

ROVANI
PRINTING
COMPANY
FIRST AND CHEW ROADS
HAMMONTON, N.J. 08037
PHONE: 609/561-2091

6-19-75

DiAmore - SG 5759 at Landis + Truckee-
5 points store 12:50 PM

6-20-75

Kroko's - Private car (Blue + white) at Twp. Clerks
office 9:30 AM.

6-16-75

State car SG R 844 at Andrew Levari's
residence. (Local Farmer + chairman Zoning Board)
at 10:08 AM.

These numbers all visited East Vineland Fire Hall

P-450	S-193	S-759
P-479	S-214	S-992
P-542	S-456	S-994
P-757	S-585	S-307
P-468	S-757	W-398

State Car's
SG prefix

WXY-868	863 BEM
XHY-434	279 LDR
YAR-357	Kroko's private car's

Private Car's

2-3-75 - Monday

Off. 2:00 PM

7 Cars

S.G. 5759 SG 5759

SG P214

SG P450

WXY 868

E. Vineland Fire Hall

E. Landis Ave. RDS

Vineland, N.J.

Bueno Vista Twp.

Atlantic Co.

This Information
Given to Sen. Walwood

3-7-75.

Rosario N. Moore A.M. P.M.

John Krokure

	DATE		TIME	A.M.	P.M.
	3-11	12:30	3-13	9:00	
	left home	own car	3-14	9:15	
	3-20	1:35	9-5	10:45	Krookure
	3-31	8:45			at Bylones
left with other state workers	at	2:00			(Clark)
	4-10	1:30			
	4-11	3:45			
State car at firehouse	4-21	12:00	(Clark) at Bylones	8:20	
	4-28	3:00	at Bylones	5-19	11:45
	4-30	4:00			
	5-1	3:45			
	5-2	8:50			
	5-8	1:00			
arrived home with own car family	5-21	3:30			
car in garage	5-22	2:00			
home all day	5-23				
	6-8	3:30			
	6-13	3:00			
Butch + other state car home	6-17	11:AM			
	6-18	3:45			
	6-19	1:00			
	6-24	3:30			
	6-25	4:00			
	6-26	3:10			
	7-11	9:45			
	7-15	8:10			
			7-16	1:00	

R. N. Moore

Rosario N. Moore

Date AM

PM

Car

8-1

3:00

in garage

8-13

3:45

8-14

1:45

8-18

4:30

8-19

2:55

8-20

3:15

8-26

3:50

9-8

4:15

9-11

1:00

9-15

3:50

9-18

2:15

9-19

pen at home 4:00

9-25

12:30

9-29

2:55

9-30

3:50

10-2

8:50 left 3:40 home

JUN 27 1985



