

# Committee Meeting

before

## ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE AND EMPLOYEE BENEFITS

"The Director of the Division of Pensions and  
representatives of the public employee unions  
appeared to provide basic information"

LOCATION: Committee Room 10  
Legislative Office Building  
Trenton, New Jersey

DATE: April 2, 1992  
1:45 p.m.

### MEMBERS OF COMMITTEE PRESENT:

Assemblyman David C. Russo, Chairman  
Assemblyman Richard H. Bagger, Vice-Chairman  
Assemblyman Alex DeCroce  
Assemblyman George F. Geist  
Assemblywoman Harriet Derman  
Assemblywoman Stephanie R. Bush  
Assemblyman Louis A. Romano



### ALSO PRESENT:

Pamela H. Espenshade  
Office of Legislative Services  
Aide, Assembly Select Committee on Civil  
Service and Employee Benefits

### ***Hearing Recorded and Transcribed by***

The Office of Legislative Services, Public Information Office,  
Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068





David C. Russo  
Chairman

Richard H. Bagger  
Vice - Chairman

Alex DeCroce  
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New Jersey State Legislature  
ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE  
AND EMPLOYEE BENEFITS  
Legislative Office Building, Cn 068  
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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY SELECT COMMITTEE ON  
CIVIL SERVICE AND EMPLOYEE BENEFITS

FROM: ASSEMBLYMAN DAVID C. RUSSO, CHAIRMAN

SUBJECT: COMMITTEE MEETING - APRIL 2, 1992

*The public may address comments and questions to Pamela H. Espenshade, Committee Aide, or make scheduling inquiries to Kathleen Lieblang, Secretary, at (609) 292-9106.*

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The Assembly Select Committee on Civil Service and Employee Benefits will meet on Thursday, April 2, 1992 at 1:30 P.M. in Committee Room 10 of the Legislative Office Building, Trenton, New Jersey.

The Director of the Division of Pensions and representatives of public employee unions have been invited to appear and provide basic information.

Issued 3/27/92





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ASSEMBLYMAN DAVID C. RUSSO (Chairman): I would like to call to order the second meeting of the Assembly Select Committee on Civil Service and Employee Benefits. Preliminarily, we have two new members: Assemblywoman Stephanie Bush and Assemblyman Louis Romano. We are happy to have them on the Committee.

ASSEMBLYWOMAN BUSH: Thank you.

ASSEMBLYMAN ROMANO: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: This is our second meeting. We had one last week, where we heard several witnesses. Should we outline that for the record? For example, we had Director Margaret McMahon; Commissioner of Personnel, Skip Cimino; and Mel Gelade, which was a briefer presentation.

We have at least three witnesses: Mr. Yackel, AFL-CIO; Vince Trivelli, CWA; and possibly one or two more. We want to move in that direction.

I should also mention, just for the record, and for the new members in case they don't have this, that the next meeting we have scheduled is for Thursday, April 9, at 1:30 -- and also for the other members, Thursday, April 9, at 1:30, in this room. Also, April 15 -- which is an easy date to remember -- at 1:30, this room. That will take us up to about the break. The intention here was to try to get the meetings completed -- and we don't have a set schedule for how many -- obviously by sometime in May. We are trying to get input on bumping rights, Civil Service, these kinds of things, and we had some interesting testimony last time with regard to health benefits and that kind of thing. So that is where we are going to start.

Mr. Yackel, would you like to start.

ASSEMBLYMAN DeCROCE: Are both of those meetings in the afternoon?

ASSEMBLYMAN RUSSO: Yes, at 1:30. We tried to schedule them on days that people don't have Committees, hopefully.

R O B E R T   Y A C K E L: Good afternoon. My name is Bob Yackel. I am the Chairman of the Public Employee Committee of the State AFL-CIO. We represent all the AFL-CIO unions which represent public employees. There are some 25-odd individual unions.

I would like to thank you for the opportunity to appear before you today -- before this new Committee on Civil Service and Employee Benefits.

I would first like to address the issue that the Civil Service Reform Act of 1986 "didn't go far enough." A-2194, which was the vehicle for the Civil Service Reform Act was sponsored by the then Republican-controlled Assembly. We worked very hard to fashion a compromise that would satisfy the public employers, and still protect the rights of public employees. We were able to work together with the Legislature: To ensure that merit was the only basis for hiring and promoting employees covered by its provisions; to encourage and reward meritorious employees' performances; to retain or separate employees on the basis of performance; to ensure equal opportunity; to protect career employees from political coercion; and to ensure recognition of bargaining rights.

We were able to clearly define the functions of administration and regulation with the new Merit System Board and the Director of Personnel. The Merit System Board has significant responsibilities, with, among other things, all the rule-making powers, title designation authority, layoff cases, and discipline appeals of State and local employees.

I might add that the number of appeals being brought to the Board from county and municipal employees alleging political coercion has given increased importance to the Merit System Board.

The largest complaint we hear from State political leaders is that to lay off workers, the layoff rules are too

difficult. Prior to the Reform Act of 1986 and the rule changes of 1990, the bumping ratio was 10 to 1, and we were able to get that number down to 3 to 1, a significant change. That was accomplished using a last permanent, least senior concept. This change directly resulted in the lower ratio, which we agreed to.

Another myth is that these workers who are displaced fall into jobs which they are unfamiliar with. Quite the contrary is true. Most of the time they have held the position they are being bumped down to.

I would also like to address the employees' point of view on what we view as the tax on public employees by the new Legislature. We read news articles stating that certain legislators want to repeal laws which govern such items as work rules, vacations, sick time, health benefits, and, last but not least, pensions. While the clatter around the State House is, "cut the budget, downsize, privatize," the new buzzword is "revaluation." Public employees are being asked to accept less pay, reduced health benefits, and increased work loads due to downsizing and privatization, which results in less workers performing the tasks that a larger number of employees used to perform. We have even had the unfortunate experience of a death which resulted from the lack of adequate staffing at Trenton State Psychiatric Hospital.

If this demoralization isn't enough, we have, at the same time, a proposal to revalue our pension systems, whereby reducing the contributions from public employers by 45 percent, taking \$572 million to balance the State budget and \$341 million for education, changing the assumption rate to 8 3/4 percent, the highest in the nation.

While we understand the budget problems which plague the State and the local governments, we do not want to bear the brunt of the responsibility for balancing the budgets. We urge

you to weigh carefully the actions you take so as not to create more problems than we have now.

With respect to privatization, we can point to examples where the privatizing of State employees' work has resulted in the squandering of millions of taxpayers' dollars.

Thank you. I would be glad to answer any questions or provide any insight I can give you.

ASSEMBLYMAN RUSSO: Questions?

ASSEMBLYWOMAN DERMAN: Could you explain, or give an example, Mr. Yackel, of last permanent, least seniority? I think that was the expression you used.

MR. YACKEL: Yes. It works on the senior rule. The person with the most seniority is the person who retains his position, and the person with the least seniority gets bumped. It works that way in all facets of government.

ASSEMBLYWOMAN DERMAN: As simple as that.

MR. YACKEL: Very simple.

ASSEMBLYWOMAN BUSH: I have a question, please.

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN BUSH: Could you explain to me what you mean by the ratio of 10 to 1?

MR. YACKEL: It used to be that you had a layoff notice for 10 people to get to 1. If you wanted to lay off one position, you had to bump 10 people. Now, we were able to-- In the last go-around, we tried-- With the Civil Service reform, which was extremely difficult, it took a long time, and there was a big hullabaloo, but we were able to get it down to 3 to 1. We thought that when we reformed Civil Service in '86, and then again with the rule changes in '90, that we had done enough. Then when I read the Speaker's comment that it didn't go far enough-- I don't know where it wants it to go.

ASSEMBLYWOMAN BUSH: Thank you. Thank you, Mr. Chairman.

ASSEMBLYMAN ROMANO: I have no questions, Mr. Yackel. I just apologize. Assemblywoman Bush and I-- We only came on board with this meeting. We were not at the last meeting. I would only ask, since time is of the essence, that mid-May-- I would appreciate your forwarding over to my office, and to Assemblywoman Bush, whatever position papers you might have, for us to review. I know we are both in the process of forming an opinion on the whole matter, and whatever information you could possibly give us -- and I offer that to anyone in the audience-- We would appreciate getting all the material you have.

MR. YACKEL: We certainly will.

ASSEMBLYMAN ROMANO: Thank you very much.

MR. YACKEL: We will be meeting on this, as well. It is kind of a new thing to us, too, because we thought we had this put to bed. Obviously, it has come back to life.

ASSEMBLYMAN ROMANO: I was just asked yesterday to go on the Committee, so you can appreciate--

MR. YACKEL: Well, I had a little more notice.

ASSEMBLYMAN ROMANO: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Thank you. Assemblyman DeCroke?

ASSEMBLYMAN DeCROCE: Mr. Yackel, I happen to be one who does believe in privatization. I am not convinced, frankly, that there aren't certain areas of State government that can't be privatized. I am not convinced that we can't privatize certain aspects of the Division of Motor Vehicles, the inspection stations specifically. I am not convinced that we can't privatize certain areas of DOT. You know, I have a bill in to do just that. I am not convinced that we can't privatize our correctional facilities.

I talk about this only with the idea of cost savings in mind for the government, because, frankly, costs are going-- They are way out of control now, in my opinion. I would say to you that anybody in those areas -- any of those

particular departments being considered for privatization -- should obviously be given first choice to retain a position with whomever.

MR. YACKEL: It is interesting. I am quite interested in this privatization thing myself. In Florida, in the Florida Keys, they privatized the prison system. It was with the Wackenhutt (phonetic spelling) Corporation. One day they were in there, and the next day the prisoners were walking around the Florida Keys, because they left. That is one example.

The other one I can give you is right here in the State. In the Department of Human Services they had pharmacists who worked for the State, in some cases 20 and 23 years. They decided to privatize. It cost them \$22 million more to privatize the pharmaceutical end of Human Services, for the patients and the inmates in the prisons, than it would have had they left it the way it was.

There are a lot of examples pro and con. It is really something that has to be studied thoroughly.

ASSEMBLYMAN DeCROCE: No doubt in my mind. I mean, I do not disagree with you. There are certain aspects of county and State government that cannot be privatized. You have to look at all phases and see what will work and what won't.

MR. YACKEL: New Jersey Transit, for example, used to be private companies. The State formed New Jersey Transit to take it out of their hands. Now what they do is subsidize the private contractors. They give them buses; they give them-- I mean, I am kind of thinking of going into the bus business, to tell you the truth. It sounds pretty good to me.

ASSEMBLYMAN DeCROCE: That's why we are looking at privatization, by the way. Thank you.

ASSEMBLYMAN ROMANO: I do have a question, if you can possibly answer it. I apologize, as I said. I am not totally prepared on all the information, but perhaps you can help me -- share your knowledge with me.



When we talk about privatization, what have you found in your own studies about where the privatization takes place? Is it at the lower portion of the employment ladder, or at the higher, with the professions? Is there a relative savings in this area? What happens to the people who were employed in those positions prior to privatization?

MR. YACKEL: Well, when you talk about privatization, you have to realize that you go from a public entity to a profit motive, because no one is going to go into business to lose money. So that is an area where you know you are going to have a certain amount of money that is going to be made as profit for the people who take over the privatization.

It is a cross section. They have tried it in the fire service, and it has not worked. They tried it in transit. Sometimes it works; sometimes it doesn't. I mean, I am not going to sit here and say that privatization absolutely does not work anywhere, because I do not believe that is true. But I would say that in the majority of the cases, it doesn't work.

It is probably more in the middle-income brackets that they privatize, because it is hard enough to get public employees to go to work in these institutions, let alone try to hire private sector people, and public sector people do it basically so they will get benefits. The pay is low, but the benefits are usually good. It is a career opportunity for a lot of people who may not otherwise get one.

But I don't believe that privatization of hospitals, or things of that nature, where you are paying people menial salaries, is going to be a profitable thing for anyone to do.

ASSEMBLYMAN ROMANO: My own limited knowledge about it would suggest, though-- It would appear that when a public employment group gets to a point of having -- how should I say this? -- having satisfactory, or adequate, or livable vacations, health benefits, etc., that one decides to do away with this, to start over again, so that the number of holidays

are limited; the number of vacation days are limited; accumulated sick leave pay. Have you found this to be the case?

MR. YACKEL: Absolutely. When privatization takes over and a new company comes in, you automatically start with zero. And no matter what was negotiated, or what benefits were provided prior to the company coming in, they start fresh. So, where you might have had three or four weeks vacation after 20 years, now you have seven days vacation, a lesser health plan, and things of that nature. That is why I don't believe that privatization will work in the lower pay scales.

ASSEMBLYMAN ROMANO: Do you also find that with privatization they usually have nonunion shops?

MR. YACKEL: Oh, absolutely; absolutely.

ASSEMBLYMAN ROMANO: Would you also think that this might be an attempt at union busting?

MR. YACKEL: Most definitely.

ASSEMBLYMAN ROMANO: Thank you.

ASSEMBLYMAN RUSSO: Questions? (no response)

Were you here at the last meeting -- at the first meeting?

MR. YACKEL: Yes.

ASSEMBLYMAN RUSSO: You were? Okay, because I wanted to ask you some questions to see if you could help out on a few--

MR. YACKEL: I wasn't here for the whole thing, because it was too crowded.

ASSEMBLYMAN RUSSO: We were selling tickets, you know.

Some of the testimony-- Let's start with health benefits. If I understood correctly, with regard to the pension system, one in 14 people in the State is a member -- if I understood correctly -- and with regard to health benefits, one in seven people is covered under some form of the State Health Benefits Plan, whether a State employee--

MR. YACKEL: One in seven employees?

ASSEMBLYMAN RUSSO: No, one in seven people in the State, meaning-- For example, you would be covered possibly as a member, and your spouse and children maybe--

MR. YACKEL: Right.

ASSEMBLYMAN RUSSO: My understanding was that one out of seven are covered with regard to health benefits, whether they work for a local school board, or whatever -- police, fire, the whole gamut. My understanding is that these benefits are mandated, they are not negotiable. Is that correct?

MR. YACKEL: For State workers, health benefits are done by legislation.

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: In the municipalities and counties-- Like, for example, I am a fire fighter. We negotiate our benefits, and we are not part of the State health benefits, in my particular case.

ASSEMBLYMAN RUSSO: Does that depend upon each municipality -- that it's negotiable?

MR. YACKEL: Yes.

ASSEMBLYMAN RUSSO: Now, my understanding is that at the State level they are mandated. They are not negotiable. From your point of view -- and this may be a naive question, but maybe not -- would that be something that would be better to be on the table? You mentioned some points that you had read about, and I read the same things you do.

MR. YACKEL: Well, I said to the person who said they would like to put everything on the table, "Everything means everything."

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: Not just everything that you want on the table; everything that we want. For example, as a fire fighter, staffing.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: You know, I am working with three less guys on an engine company now than I was 20 years ago, and I am 20 years older. I used to be the guy who kicked the door in; now I am looking for these young kids and saying, "It's your turn to kick the door in," and they are not there. So those are some of the things that we want to discuss, just like teachers want to discuss classroom size and things of that nature.

ASSEMBLYMAN RUSSO: Yes.

MR. YACKEL: So, not necessarily putting everything on the table, but when you open up that Pandora's box--

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: --you better be ready to deal with it.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: And I don't think that the comment that was made, that the people are fully ready to do that-- I don't think there is a plan. I don't think there has been enough vision or enough study done on this to actually realize what they are talking about. You are talking about a monumental task here.

ASSEMBLYMAN RUSSO: With regard to the State work force, I believe the testimony last time from Commissioner Cimino was that the State work force peaked in approximately 1988 at approximately 80,000 State employees. Since that time to the present, I believe we have approximately 75,000 State employees, a reduction of 5000. Do you agree with those numbers?

MR. YACKEL: Yes.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: The other point I would like to make is, while you are studying the Civil Service system and worrying about those people, there are a ton of people on the payroll who are not covered by Civil Service, who are political appointees, from both parties. Some left from the Kean

administration, and new ones from this administration. I suggest you take a look at that, as well as the career employees.

ASSEMBLYMAN RUSSO: Okay. Would you have any percentages or approximate figures on that? And, with regard to that, could you give us some ideas on possibly what departments, if you know, or is it just pervasive?

MR. YACKEL: It goes through the whole system.

ASSEMBLYMAN RUSSO: Through the whole system. Has it been the same, relatively speaking, from your perspective, during the last 12 years, or has it increased--

MR. YACKEL: Well, I have been down here 20, and I haven't seen much of a change in that kind of thing.

ASSEMBLYMAN RUSSO: Okay, so it has been constant. Has it gotten--

MR. YACKEL: "To the victor goes the spoils."

ASSEMBLYMAN RUSSO: Basically a constant percentage, or has it been increasing in your 20 years?

MR. YACKEL: Well, during the '80s, of course, with the economy the way it was, it increased because nobody was paying attention. Then when we hit the early '90s now, everyone is conscious of what the costs are and what the economy is. So that is why it has come to the forefront, I'm sure. But you have to be very careful where you cut, because there are certain places where you just cannot cut. I am sure there is enough fat around that you can find it.

ASSEMBLYMAN DeCROCE: You make a good point, because I just learned recently that DOE put on 26 middle managers, and supposedly we are in a hiring freeze. So, that's baloney; you know that.

ASSEMBLYMAN RUSSO: Now, with regard to the 5000 employee--

MR. YACKEL: Reduction?

ASSEMBLYMAN RUSSO: --reduction-- I don't know if you were here for this part of the testimony. I asked Commissioner Cimino -- and this also goes to Assemblywoman Derman's question on bumping rights-- The question there was, last in, first out.

MR. YACKEL: Last hired, first fired, right.

ASSEMBLYMAN RUSSO: Right, okay. I asked the question, "Who are these 5000 people who are not there?" which, again, may be a naive question. Who are they? What types of people are they, meaning were they people who were terminated by-- We heard testimony that there were originally 40,000 layoff slips, but your testimony today agrees with the three to one ratio, as Assemblywoman Bush was asking.

Are these people minorities? Were these the last in? Were these the highest paid? And the other question I asked--

MR. YACKEL: Well, the only example I can give you is, the IFPT Local No. 195 represented security guards in State buildings.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: These people were paid minimal wages, with minimal benefits, and were terminated, and it was contracted out to a private company.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: I'll give you an example: I am on the Public Employee OSHA Board. When I would go to the meetings, the State guard at the time-- You would sign in, log in; they would know who was in the building, who was coming and who was going. So you had security in the building. Most of them were minorities and women. They have been replaced. When you go to the building now, if you can wake the guy up, he'll tell you what floor you have to go to. That is an example of privatization; that is just one I can think of.

In the Department of Transportation, a lot of the lower income people were laid off. Those were the jobs that were cut. There is still management-- To my knowledge, there

has been very little, if any, management cut out of State government.

ASSEMBLYMAN RUSSO: I asked a question last time with regard to the same issue: Are the people-- Not only are they management, or whatever, but were they early retirements, or those people who were being terminated because they were just not needed, or positions were being eliminated? Have you seen any of that? I asked for figures on that, but we haven't gotten any.

MR. YACKEL: Well, there have been a lot of early retirements.

ASSEMBLYMAN RUSSO: There have been?

MR. YACKEL: More than I think the State projected. We projected a number; they projected a number. I think our number is a little closer. I think that if they open the window on that again to afford people the opportunity for early retirement-- There was a large group of people in the middle management section, or supervisory personnel, who did not have the age to retire when it was offered, but now do have the age.

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: And I think that would be one way of downsizing government. However, when you downsize, just because a person retires doesn't mean that the position doesn't have to be refilled. If it is an important position that is needed, they you are going to have to fill the position. What will happen is, the bottom-- Hopefully, people will be elevated through the system, and then you are going to have to fill in on the bottom. I know the hospitals need people desperately.

ASSEMBLYMAN RUSSO: You mentioned before -- which is something I would generally agree with -- that generally government employees are not paid particularly well. The benefits may be fairly good--

MR. YACKEL: They offset the salaries.

ASSEMBLYMAN RUSSO: That's right. I have looked at some figures and I would just like to comment on this because-- You made a comment also with regard to the 1980s which may be apt, that when times are good, people just don't pay attention. That may be a very apt comment.

But with regard to private sector employee compensation, supposedly you have about a 12 percent increase in those eight or nine years, or ten years. State government employees, about 20. In essence, during those periods you had the increase for government employees being more. You see the same thing now, where basically private sector people are not only losing jobs-- You have that issue, and you also have the problem where they are not getting increases, or they are taking cuts. Now, you don't see that here, and I think we should at least discuss that.

I also asked you that question with regard to benefits on the table. Again, I read what you read. What is your comment on that?

MR. YACKEL: Of course, being with the AFL-CIO, we have 975,000 members, so we see a pretty good cross section of what is going on economywise and in the job market. Private sector employment now is down. Construction workers have been out of work for 11 months, some of them; some of them longer. Some of them will get a day or two a week here and there, and that is about the extent of construction.

In the public sector, I know from my experience -- my personal experience -- workers are not being-- After they retire, or if they go on disability, they are not being replaced, and I am sure that is the same in municipality and county government, as well as authorities, where because of the budget crisis-- How do you justify hiring large numbers of people when the private sector people are out of work and nobody is supporting the system? So it is very difficult.



I would say that that is true. Now, the 20 percent increase in pay-- You have to take that ratio with what the private sector average weekly wage is, and add 12 percent to that number, and then take what the average public employee person makes, and add the 20 to that. You'll see that dollarwise there is a big difference, even though 20 percent sounds like a lot of money. The 20 percent isn't nearly as high as the 12 percent on the private side.

ASSEMBLYMAN RUSSO: Because you are saying that State employees start at a lower base.

MR. YACKEL: As far as health benefits, I think one of the things that the new Legislature should attack and tackle -- and it is a very important thing -- is the Uncompensated Care Trust Fund, because that is putting health plans and the State and county governments and municipalities in huge jeopardy dollarwise, because we are paying such an unfair tax of 19.1 percent. Our private sector construction plans are just about bankrupt because they have to pay that Uncompensated Care tax.

There is a court case -- if you are not aware of it -- pending that we filed in the AFL-CIO against -- for health and welfare plans that are funded by employees in the construction industry, that we are probably going to win because all the cases are coming down on our side. That is going to throw this Uncompensated Care tax into a spin, because we are probably going to be made exempt from paying it. Then the Legislature is really going to have something to work on, because that is going to be coming down probably within the next 30 days.

ASSEMBLYMAN RUSSO: Speaking of court cases, I thought I read in The Star-Ledger -- I think it was AFL-CIO, and not the CWA; if I am mistaken, I'm sorry -- that with regard to the Pension Reval there was going to be a suit filed.

MR. YACKEL: Yes, that's me.

ASSEMBLYMAN RUSSO: That's you, okay.

MR. YACKEL: The Public Employee Committee of the AFL-CIO, which the CWA is part of, is contemplating going into court to block that. We received an actuary report from the Segal Company which is contradictory to what we were led to believe by the State, and we have to sit down and come up with some type of -- either an agreement or a disagreement as to who is right and who is wrong.

It is like being in court with two lawyers. Everybody takes their own tack. So, who's right and who's wrong at this point, we don't know. We are not saying the State is wrong. I am not saying the Segal Company is right and they're wrong. But we are certainly going to get into it and find out.

ASSEMBLYMAN RUSSO: You didn't file suit yet?

MR. YACKEL: No.

ASSEMBLYMAN RUSSO: Does the Segal Company-- They are auditors, I assume.

MR. YACKEL: They are actuaries, probably the largest actuarial firm in the country.

ASSEMBLYMAN RUSSO: That is not one of the firms used by the Florio administration, in essence? That is not one of the ones used by the administration?

MR. YACKEL: No, absolutely not.

ASSEMBLYMAN RUSSO: Is that one of the ones that was supposedly being used by NJEA?

MR. YACKEL: I don't know. No, this is a different one.

ASSEMBLYMAN RUSSO: A different firm?

MR. YACKEL: The NJEA and I are comparing notes, so--

ASSEMBLYMAN RUSSO: Maybe you don't have an opinion at this point, is what you're saying?

MR. YACKEL: No.

ASSEMBLYMAN RUSSO: No.

MR. YACKEL: The report just came in several days ago, and our attorneys are now reviewing it. Also, I am probably

going to bring in the fellow who did the report. His name is Dr. John Makin. He is the Senior Vice President for Governmental Pension Plans for Segal. You know, we are going to find out where we're going here.

ASSEMBLYMAN RUSSO: So far, have you preliminarily looked at the report? I am just wondering-- I would assume there would be differences. The administration, I believe, has come up with the number of \$341 million -- initial savings. I would assume, by what you are saying, that your figures differ from that?

MR. YACKEL: No. I am not so concerned about what they are saying the savings are, as I am about the way they're talking -- the method they are talking about using and the assumption rate.

ASSEMBLYMAN RUSSO: Do you mean the 8 1/2 percent?

MR. YACKEL: Eight and three-quarters.

ASSEMBLYMAN RUSSO: Eight and three-quarters.

MR. YACKEL: Once we ascertain who has the right numbers and whether we are going in the right direction-- See, this is a situation that has gone all across the country. The worst case scenario I can point to is California, where they really raided the pension system, and we don't want that to happen here. Five years from now I don't want one of my members saying to me, "You guys said it was okay, and now we don't have any money in the system. The retirement is in jeopardy." I don't want to have any of that, and neither do any of the other union officials. That is why we are investigating this so thoroughly.

ASSEMBLYMAN DeCROCE: It's your money, you should.

MR. YACKEL: Well, that is another contention I have that nobody else seems to have. I believe the assets of the system belong to the members, not to the State or the counties. I know in my town they are counting the money already.

ASSEMBLYMAN RUSSO: This is sort of a little off track, but--

MR. YACKEL: Yes, well, it is all related.

ASSEMBLYMAN RUSSO: You know -- and I said this to Mr. Trivelli the last time -- I believe it is related, although I know in Appropriations this is going to be done extensively. But part of what we are looking at here obviously concerns money and budget and the need for possible cuts, and obviously one of the reasons we may or may not need them is if there is extra money around from this Pension Reval.

Has the AFL-CIO nationally ever opposed-- I am just wondering. I know California and New York did. Did you ever oppose--

MR. YACKEL: Yes. We have a resolution by the Public Employee Department from the AFL-CIO that details, you know, what we think pension money can be used for and should not be used for. In fact, we are going to adopt that here in the State next week at our annual convention.

ASSEMBLYMAN RUSSO: Going back to Assemblywoman Derman's question on the bumping rights, you mentioned that of the people who are not there anymore-- One example -- the concrete example -- you gave me was basically low paid folks, minimum wagers, etc. I understand the last in, first out, but does that seem to you, especially from your position of leadership, to be fairly equitable, or the best method to use with regard to bumping, when it is not--

MR. YACKEL: Well, it is the only fair way. It does not interfere with women's rights or civil rights or anybody else's rights. It's fair. If you're hired and you have seniority, you prevail. If you don't, you get bumped. That is the way it has been from time immemorial. I don't know of any other way to do it. I mean, if you are going to start pointing a finger and saying, "You get laid off, and you stay," you are going to wind up in court a lot because you will be violating

somebody's rights. That is why the way it is now, we feel, is the fairest way. It is the way that is recognized across the country. I don't know of any other method whereby it is more fair.

ASSEMBLYMAN RUSSO: Can you comment on the Senior Executive Service Program?

MR. YACKEL: The Senior Executive Service was one of the biggest problems we had with the Civil Service Reform of 1986. To my knowledge, now, it is down to, like, 100 people.

ASSEMBLYMAN RUSSO: A hundred?

MR. YACKEL: That is my best-- You know, I could be wrong, but I understand it is down from what-- The projections were, at one time, that everybody was going to be in the Senior Executive Service.

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: When times got tough, a lot of people decided to go back into bargaining unit and Civil Service class positions to be safe, because when you were in the Senior Executive Service you became a pawn that could be moved easily.

ASSEMBLYMAN RUSSO: Assemblyman Geist is here.

ASSEMBLYMAN GEIST: Yes, Mr. Chairman.

ASSEMBLYMAN RUSSO: How are you?

You talked about things you had read in the paper with regard to vacation, health benefits, holidays, etc., meaning that those things would be on the table; everything should be on the table as a matter of equity, from your point of view.

MR. YACKEL: One of the things that State workers would like to see on the table -- not all of them, but some of them -- would be the right to strike. I don't think you want-- No Legislature that I know of would want to entertain that.

ASSEMBLYMAN RUSSO: With regard to -- and maybe you could amplify this a little bit-- Obviously it might be different in certain sectors, but with regard to vacations,

health benefits, and holidays, could you advise everyone here what we are talking about; how many days, etc.? I know I read what you did.

MR. YACKEL: I really don't know what their benefits are in State government, because I don't really pay attention. I only know what I negotiate.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: But whatever is in place has been done either legislatively or through negotiations, with the exception of nonbargaining unit workers, whereby the legislation absolutely protects them and their rights to see that they get equal to what the bargaining unit employees get in benefits. So, to abolish that, you would be taking away the guarantees that the nonbargaining unit workers have, guaranteeing them they are going to get the same benefits and be provided with the same things the union people are provided with.

ASSEMBLYMAN RUSSO: Any questions? I didn't mean to dominate the questioning. Stephanie?

ASSEMBLYWOMAN BUSH: Getting back to one of your comments that the current bumping rights seem to be fairest because they don't interfere with minorities and women, are you saying that because they don't take into account whether a person is a minority or a women--

MR. YACKEL: Well, it does not discriminate against them. In other words, you are a number and a name.

ASSEMBLYWOMAN BUSH: Okay.

MR. YACKEL: As opposed to a physical person, "Well, we are going to get rid of him."

ASSEMBLYWOMAN BUSH: See, what I am looking at, just in looking at a graph we have -- "Work Force Profile, Department of Personnel--" There is a picture right here, just to show you (Assemblywoman holds up material), "Minorities in the Work Force 1974 to 1991." You can see that that percentage is still only, what, about 32 percent, 33 percent, in 1991.

But we can see that it began at less than 20 percent in '74, and it has been going up. It would appear that--

MR. YACKEL: That they would be the last people hired, so they would be--

ASSEMBLYWOMAN BUSH: Right. It seems to me that last hired, first fired is going to hit a lot of minorities. Anything to--

MR. YACKEL: Depending upon where they fall in the spectrum, because-- If they are in a certain position that is not going to be eliminated, then they will be all right. They will be bumped down, they may go to a lesser job, but they won't lose their job. It depends on what year they were hired.

ASSEMBLYMAN ROMANO: I'm sorry to interrupt, but--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN ROMANO: What Assemblywoman Bush is getting at -- and it is very keen on her part that she picked this up-- What she is suggesting is that, in the past 10 or 15 years the affirmative action--

MR. YACKEL: Has become more equitable.

ASSEMBLYMAN ROMANO: --for the State has become more equitable, and, sadly, these would be the first people to go in the order of bumping rights.

MR. YACKEL: I would have to agree with you.

ASSEMBLYWOMAN BUSH: Okay. So, then, it would have a negative--

ASSEMBLYMAN DeCROCE: A question to Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes?

ASSEMBLYMAN DeCROCE: What would be your suggestion to overcome that?

ASSEMBLYMAN ROMANO: I don't have one.

ASSEMBLYWOMAN BUSH: I think it was my question, so if it can be--

ASSEMBLYMAN ROMANO: She asked the question.

ASSEMBLYWOMAN BUSH: What I am saying is, I don't know if I sit with the same feeling that the last hired, first fired is not discriminatory, does not hurt women and minorities, and is as simple as it appears to be, because particularly in what I have heard, just in growing up, particularly as an African-American, has been, "Well, you know, we are the last hired, first fired," as well as in many instances with women. So I think that is something I just can't let go past. I don't know what the solution is, but I'm saying that I don't totally agree that that is fair.

ASSEMBLYMAN RUSSO: That is the downside of the equality of bumping.

ASSEMBLYWOMAN DERMAN: Mr. Chairman?

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN DERMAN: Another point-- I mean, I can see the potential for abuse, that if you didn't have that system there would be tremendous authority and discretion vested in some supervisor. If you had looked at him or her the wrong way, you might be the first to go.

On the other hand, the system doesn't seem to allow for merit. You get the new employee who comes in and works very, very hard, and there is no reward or incentive for merit. Someone with seniority who has done--

MR. YACKEL: Well, there is a recognized-- How do I say this? There is a level that you must attain to be promoted, based on the merit you gained to get to that promotion. Basically that is the fairness of it. People cannot be treated differently than the person they are working next to, with the exception of those people who are appointed politically into jobs that are unclassified.

ASSEMBLYWOMAN DERMAN: But you could have a new worker who comes in and tries real hard--

MR. YACKEL: Very hard, right, but that is the--



ASSEMBLYWOMAN DERMAN: --and is just, you know, on the margin of satisfying the criteria.

MR. YACKEL: But when you weigh everything out, I think this is still a fair system.

ASSEMBLYWOMAN DERMAN: Thank you.

ASSEMBLYMAN RUSSO: This may not affect you, but with regard to veterans, my understanding was--

MR. YACKEL: Veterans' preference.

ASSEMBLYMAN RUSSO: Veterans' preference with regard to bumping because of Civil Service, right? To follow up on your question, Assemblywoman Bush, that wouldn't technically be fair either, but you have a preference built in. That would obviously affect women, I would assume, a lot more than men.

ASSEMBLYWOMAN BUSH: And I don't know if it would benefit minorities. They get pushed further down the scale.

ASSEMBLYMAN RUSSO: Sure, last in, first out works great if you weren't last in. If you look at the graph from 1970, that is one of the things we did-- Is it Commissioner Cimino? (no response) Commissioner Cimino and also Director McMahon-- One of the things, just to follow up here, Commissioner Cimino made some comments, which were not incorrect, that during the Kean administration, when he had served in the Assembly, there was a great deal of hiring, which is exactly correct if you look at the chart. When you look at the chart a little more, you'll see that, really, since the late 1960s, or approximately 1970, the curve is about the same for those 20 years; just about a double, from 1969 or '70 to '80-- Just a big increase for 20 years there.

MR. YACKEL: Well, the other thing you have to take into account, too, is, State government has grown with departments. I mean, we never had DEPE in 1970, and now it is probably one of the largest departments there is.

ASSEMBLYMAN RUSSO: Not until '83. Look at how big it has become so quickly. Isn't that tremendous? Yes, Assemblyman Geist?

ASSEMBLYMAN GEIST: Mr. Chairman, I would like to explore with Assemblywoman Bush and the representative from the AFL-CIO an alternative to last in, first out; the concept of political in, political out. The Governor's patronage practices of Camden County continue in Trenton, and perhaps if minorities are being disproportionately affected in last in, first out, perhaps it is time for the political ins to go politically out. Food for thought!

MR. YACKEL: There are a lot of them there.

ASSEMBLYMAN RUSSO: One of the things we discussed, Assemblyman-- I don't know if you were here at that minute. One of the things that Mr. Yackel stated, in answer to a question, was, "Yes, there have been political appointments, padding," whatever you want to call it. A question I asked was, "Has it gotten worse in the last two years, approximately, because we have seen articles to that effect?" His opinion was, "No, it hasn't really, but it has been pervasive throughout the system in my 20 years, and it is something we should be looking at." When I asked him for percentages or any particular departments where he might think this is going on more than others, he could not give me figures or that kind of an opinion.

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Did I state that correctly? (Mr. Yackel nods head affirmatively.)

ASSEMBLYMAN ROMANO: Mr. Chairman, may I compliment you for being fair-minded throughout this whole proceeding?

ASSEMBLYWOMAN BUSH: Right. If I may, since he was somewhat (indiscernible), Mr. Chairman-- I don't see how that is going to deal with the statistics I was showing, over a period of time, you know, in response to your response. It is not connecting.

ASSEMBLYMAN GEIST: There may be less of a proportionate impact on the minorities with the political appointments being considered first.

ASSEMBLYWOMAN BUSH: I think I would need some information. What I was basing it on were graphs and information that has been presented. I would be more than happy to have information to review, but right now, to be quite honest, it sounds like a political statement. I would like to deal a little more--

ASSEMBLYMAN GEIST: To some extent, you're right.

ASSEMBLYWOMAN BUSH: You know, I want to see facts and figures, if I may. That is where I would like to keep the conversation and the investigation.

ASSEMBLYMAN RUSSO: No, I agree. I would just say that neither party is incorrect, but we are dealing with a situation-- One fact seems to be, we have a total of 80,000 State employees. They are not Democrats and Republicans, by and large; they're people. The first thing we are trying to figure out, which bothers me a little bit, which I told Commissioner Cimino last week-- These are 5000 human beings. Maybe they were needed, and maybe they weren't; maybe we don't need as many as 75. But the question is, who's going? And how many of these folks are leaving at \$12,000 a year, instead of seven people at \$95,000? How many middle managers are still being hired?

ASSEMBLYWOMAN DERMAN: Mr. Chairman, may I--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN DERMAN: This may have been stated. I missed part of the first Committee meeting. How many of the employees are Civil Service employees and how many are unclassified, possibly political appointments?

ASSEMBLYMAN RUSSO: I don't have the figures. Would you have--

MR. YACKEL: The CWA probably has the figures.

V I N C E N T T R I V E L L I: (speaking from audience) We have a lot of that stuff we can give you.

MR. YACKEL: They have very detailed information, because they work directly with State workers.

ASSEMBLYMAN ROMANO: Mr. Chairman, on page 2 of the "Employee Work Force" -- this book--

ASSEMBLYMAN RUSSO: Right.

ASSEMBLYMAN ROMANO: --it has 15 percent unclassified; 84 percent classified; and they have 1 percent for other. Do you know what "other" means?

ASSEMBLYMAN RUSSO: Maybe that is the padding.

ASSEMBLYMAN DeCROCE: That sounds like George's people.

ASSEMBLYWOMAN DERMAN: Nepotism -- that 1 percent is nepotism.

ASSEMBLYMAN DeCROCE: Confidential agents.

ASSEMBLYMAN RUSSO: Assemblywoman Derman asked about merit, and you made a comment on the fairness of first in, last out. You commented on that. How about, could you comment on the managerial evaluation on merit which goes on now? Does that work with regard to raises? I know it goes on, but, you know--

MR. YACKEL: In my opinion?

ASSEMBLYMAN RUSSO: Yes, honestly.

MR. YACKEL: I can only give examples from personal experience, where I had supervisors making evaluations of my men.

ASSEMBLYMAN RUSSO: Right.

MR. YACKEL: And half of them -- I don't know how they got there. -- You know, that is basically where it is. What qualifies them to make evaluations on people? Are they qualified to make evaluations? I'm sure not all of them are. Is it just a personal opinion? Is it a personality decision, or is it based on what criteria? So, there are a lot of things that go into that. It is very difficult to define.

ASSEMBLYMAN RUSSO: Before I forget-- This is semirelated, but I want to ask you this because you are knowledgeable about the Pension Reval.

MR. YACKEL: I'm getting there.

ASSEMBLYMAN RUSSO: Well, I think the theory is that we will get there in July. Anyway, on the Pension Reval, you made a comment that if there are savings, or overfunding -- whatever overfunding is, which we discussed last time--

MR. YACKEL: Whatever that means, right. I agree with you.

ASSEMBLYMAN RUSSO: Whatever that means, which Ms. McMahon and I disagreed on. I don't know how it could be technically overfunded, but anyway, if there is overfunding, or funds that could be gleaned from a reval-- Your statement, I believe, was that that should, in essence, go back into the system, or go back to the employees, as opposed to that that might be taxpayers' money. Do you have an opinion on that?

MR. YACKEL: All right. The pension money, in my opinion, is deferred wages. It is money that you earn for your future.

ASSEMBLYMAN RUSSO: Okay.

MR. YACKEL: So, it is deferred wages. Any savings that are derived, or overfunding, or whatever term you want to use, should absolutely be at least evenly shared with the members of the system and retirants. If there is so much money, let's give the retirees a few more dollars. I'm sure they could use them.

ASSEMBLYMAN RUSSO: There are contributions from employees and government?

MR. YACKEL: Absolutely.

ASSEMBLYMAN RUSSO: I only ask you that as a theoretical question, because I know some people who would disagree with you.

MR. YACKEL: It is not an employer-funded system. It is borne by both parties, and the employer pays a larger portion.

ASSEMBLYMAN RUSSO: But your feeling would be that that money should inure to the employees or retirees?

MR. YACKEL: Absolutely. The assets of the fund belong to the members.

ASSEMBLYMAN RUSSO: Or at least a portion?

MR. YACKEL: Yes, at least a portion.

ASSEMBLYMAN RUSSO: At least a portion of the contribution.

ASSEMBLYMAN DeCROCE: I don't know. I take issue with that.

ASSEMBLYMAN RUSSO: That is why I am asking the question.

ASSEMBLYMAN DeCROCE: I think he is right. I think all the assets should belong to the employees. That is part of the benefits derived by virtue of the fact that they are working for the State, or whatever governmental department it is.

MR. YACKEL: That's right. It is part of a contract.

ASSEMBLYMAN DeCROCE: Frankly, I just felt, from day one, that those dollars-- As I said to you before, it's your money. I just think it is your money. I mean, that is part of the reason why the person took the job.

MR. YACKEL: It took a long time to get people to realize that.

ASSEMBLYMAN RUSSO: I just want to ask, since you made that comment-- As long as you are here, Mr. Bagger?

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman. I can't help taking advantage of the opportunity, with Mr. Yackel here, to talk for just a moment about the Pension Reval, even though it is not part of this Committee's legislative jurisdiction. Hopefully, I think I may be able to answer an earlier question from the Chair, when he inquired about how the changes in the interest rate assumption affect the Governor's budget.

I saw the article in this morning's Star-Ledger which summarized the Segal Company report.

MR. YACKEL: Briefly.

ASSEMBLYMAN BAGGER: Right. What I gleaned from that was -- if it was correctly reported -- quite similar, in fact, to how I reacted to the Proposal, and the members of the Appropriations Committee, where the Proposal will be taken up and reacted to. Number one, the shift from book value to market value is a sound concept that actuaries and pension consultants agree upon.

Secondly, the interest rate assumption has to be scrutinized extremely carefully, because that is the key as to whether or not it is a fiscally sound--

MR. YACKEL: Proposal.

ASSEMBLYMAN BAGGER: --Proposal. I believe the paper reported that the Segal Company said  $7 \frac{3}{4}$  as opposed to  $8 \frac{3}{4}$ .

MR. YACKEL: That was the reporter's idea.

ASSEMBLYMAN BAGGER: Okay.

MR. YACKEL: They didn't give any number.

ASSEMBLYMAN BAGGER: Okay. The Committee is focusing very intently on what that number should be.

The third thing I gleaned from the article that is very, very important to the Appropriations Committee, is to make sure that there is oversight, both by the trustees of the pension system and by the Legislature, as well as the executive, to future fluctuations of that interest rate, because playing with the interest rate is the way to raid the pension system. It is not the book to market; it is artificially raising the interest rate that is a way of raiding the pension system.

What the Chairman was getting at was, how much money is involved when you drop the interest rate? The testimony at the Appropriations Committee was that a full percentage point drop in the interest rate assumption would cost the Governor's budget proposal \$260 million.

That was not a question so much as a statement, but I wanted to respond to what I saw in the paper and let you know that those concerns are very much the concerns of the Appropriations Committee. We look forward to hearing from you and Dr. Makin.

MR. YACKEL: I have never had as many phone calls from public employees in my life as I have gotten over this pension stuff, and I am not talking about my union members. I am talking about management people, city managers, mayors -- unbelievable. So everybody is concerned about this Proposal. It may bear out to be fine, but we have to find out.

I am concerned about the budget particularly because, you know, I have the Speaker saying he wants to reduce the Governor's budget by a billion dollars. They want to roll back the sales tax, which adds to the deficit. So we are all paying very, very close attention to what is going on with budgets, the Pension Reval, and all the other things that go along with the fiscal responsibilities of the State.

ASSEMBLYMAN BAGGER: The Pension Reval will move forward, or not move forward, or move forward in modified terms, based upon what is fiscally prudent and sound for the pension system and for our State employees, as opposed to determining how much money is necessary to plug a hole in the budget. So, I think you can wait and see, but take some confidence from us in that. Sorry for giving--

MR. YACKEL: I have been here on the 4th of July before. It won't be the first time.

ASSEMBLYMAN RUSSO: Mr. Romano?

ASSEMBLYMAN ROMANO: Mr. Yackel, how long have you been in your position with the AFL-CIO?

MR. YACKEL: I have been with the AFL-CIO for about 12 years.

ASSEMBLYMAN ROMANO: I mean in the position you have now. Then you go back to the prior administration. This whole idea of revaluation of the pension is not new.



MR. YACKEL: No.

ASSEMBLYMAN ROMANO: It was also in the prior administration.

MR. YACKEL: It came out of the Kean administration from Doug Forrester when he was Director of Pensions.

ASSEMBLYMAN RUSSO: We are going to have Mr. Forrester, I believe, possibly, as one of the-- We are going to try to have Mr. Forrester at one of our meetings.

ASSEMBLYMAN ROMANO: In your own recollection, was there a reason why the previous administration did not utilize that--

MR. YACKEL: Well, we have one of the soundest pension systems in the country. They believed that the level of funding was particularly high in relation to what the averages were around the country. So, you're right, it is not a new concept. It was not this administration's bright idea. It is something that has been kicking around for quite a while. I guess with the budgetary problems there now, it is probably the last place that there is any real cash.

ASSEMBLYMAN ROMANO: Thank you.

ASSEMBLYMAN DeCROCE: Bob, why didn't the Kean administration use it to plug the \$550 million hole? That is what I don't understand.

MR. YACKEL: I don't know. I don't think they were prepared at the time to move forward with the position, you know, in this area. I think it was the last half of the second term, and that may have had something to do with it.

ASSEMBLYMAN RUSSO: Ms. Derman?

ASSEMBLYWOMAN DERMAN: Mr. Yackel, I have some familiarity with how pensions work in the private sector. When you stated before that your employees are very concerned, as they should be, that their money will be there for them when they retire-- Actually, I am concerned it will be the taxpayers of New Jersey who will have to kick in there, go into

their pockets to pay. I think there is a covenant, a contract with the employees, to provide the pension, and if the money isn't there we are all going to have to pay for it.

MR. YACKEL: Absolutely.

ASSEMBLYWOMAN DERMAN: That really is a concern, that we don't put the taxpayers of the State of New Jersey in a bind somewhere down the line in the future.

ASSEMBLYMAN RUSSO: Any other questions?

ASSEMBLYMAN GEIST: I would like to follow up on Assemblywoman Derman's suggestion. Last time, this Committee heard testimony from the Director of the Division of Pensions, who assured this member that the individual members' pensions would not be affected. They assume no risk; the entire risk is on the employer, because in New Jersey we have guaranteed defined benefits, and that promise will be fulfilled come you know what or high water, meaning, obviously, that the State will need to make sufficient financial adjustments to fulfill the guarantees.

Under the circumstances, as a labor leader, are you so satisfied that the employees are so protected consistent with the representations of the Director of the Division of Pensions, who says to me, "Assemblyman, you can sleep well at night knowing that those workers are being protected, because those guaranteed benefits are guaranteed, and we will be fulfilling those obligations"?

MR. YACKEL: No, I don't believe in the tooth fairy.

ASSEMBLYMAN GEIST: Why do you suspect that the representations of the administration relative to the defined benefits of the pension program being guaranteed will not be so fulfilled?

MR. YACKEL: It is not that I do not believe the administration, or the Director of Pensions. It is just that I represent about 275,000 public workers whom I don't want pointing a finger at me in five years when, as Ms. Derman said,

we may have to have the taxpayers kick in more money. When they have to kick in more money, they are going to be saying, "We can't provide raises to public employees, because we have to make up for their pensions."

ASSEMBLYMAN GEIST: So, it is the other considerations, not so much the concern about the pension integrity with individual members. It is the other considerations that lead you to your concern. Is that fair to say?

MR. YACKEL: Yes.

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Thank you. Are there any other questions? (no response)

Just for the record, and especially for the new members this week, technically we are not dealing with the Pension Reval. However, since we have people with expertise-- I should state that each time we would ask questions of any witness, it just came up. It is sort of pervasive, especially with regard to bumping rights and everything else, because layoffs are tied in.

MR. YACKEL: It is one of the fears public employees have, as well as fooling around with Civil Service reform.

ASSEMBLYMAN RUSSO: Before we start with Mr. Trivelli, the Division Director is here -- Ms. McMahon. If you would like to come up here-- You testified last time, but if any members of the Committee have any questions with regard to the Reval -- and some of these were asked last time, but especially for the new folks-- If anyone has any questions, you have an opportunity. I believe you have another meeting very shortly?

M A R G A R E T M. M c M A H O N: Well, no. I just wanted to say, I have to leave at 4:15 for another meeting. I didn't know how the afternoon would go.

ASSEMBLYMAN RUSSO: Neither did we.

MS. McMAHON: I just wanted to make you aware of that.

UNIDENTIFIED MEMBER OF COMMITTEE: I want to be out of here at 3:30.

MS. McMAHON: I guess I am the tooth fairy then, too, or something.

ASSEMBLYMAN RUSSO: If anyone has a question, or questions, that were not answered last time with regard to the Pension Reval-- Any questions you want to ask?

ASSEMBLYMAN GEIST: I would just like, if I could, to get reassurance.

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN GEIST: I just want to make certain-- Last time you were here, I interpreted your comments as though the workers can sleep well at night because it is a guaranteed defined benefit program. The State has the full risk with the fulfillment of that responsibility, and the individual employees can sleep well. Is that a fair interpretation?

MS. McMAHON: Let me say a couple of things: First of all, this is a very big change, and I certainly understand employees calling you, and me. It almost seems too good to be true. I understand how people who don't know, really, how pensions work can be a little bit suspect. But when you think of a defined benefit plan -- and that is what we are talking about here -- whether it is private or public sector, the defined benefit means that employees are made a promise. There is a formula, as there is with State systems.

Now, can I assure employees that their benefits will be paid? Well, personally, I cannot. But certainly, if any actuary looks at our system, I think they could go on the record and say, "Employees can sleep well at night." When they make this judgment, they look at the financial integrity of the plan. The plan, under the Revaluation, will be funded at about a 95 percent level. The average public plan in the United

States is funded at an 82 percent level. We are aiming to be funded at 100 percent. We are almost there.

Assemblywoman Derman talked about the taxpayers; would the taxpayers be hit in the future with higher taxes if this is not sound? Well, our point is, we think the taxpayers are being hit right now; are paying more than they should be paying. In other words, it is the future generation that will benefit from having a system that has a higher level of contributions now and is needed.

So I am not sure-- We talked-- When I had my last conversation with the actuaries, we thought, "What else can we say?" I mean, the kinds of measurements that are in place for pension plans-- Clearly, we meet all of them, and we are way above most of them. So, we have been available to meet with any group; have our actuaries talk to your actuaries.

I do have to comment on one of the comments you made, Mr. Yackel, that the interest assumption is the highest. I think there are a number of states -- I am not saying most -- which have interest assumptions at 9 percent and above. Clearly, the 8.75-- I am not going to say it is average. It is probably on the aggressive side of average. But in the article that was referred to today -- and I know it may not totally represent what the report is saying -- it talked about, perhaps, an interest assumption of 7 3/4 being better. I would like to caution all of you, just looking at the interest assumption is not enough.

I know Assemblyman Bagger is on the other Committee and has heard testimony from the actuaries. It is a package. The interest assumption is offset by salary increase assumptions and COLA. These adjustments were raised also, along with the interest assumption. So, theoretically, you could have a pension plan where the interest assumption was 8 percent, but those more conservative measures were so low, and the spread was more than 2 1/2 percent, which is the spread in

our system, that, in fact, it could be more aggressive. So I would like to caution you: You can't just look at the interest assumption.

The other point I would like to make is, right from day one we said that we would provide information, and we have. I think the Chairman of the Appropriations Committee said we provided it "in boxes." So, we have provided reports and studies, really anything that anyone has asked for. The actuary for the CWA, the actuary for the NJEA-- Both of these individuals have been in touch with our actuaries, because this is a complicated Proposal, and certainly you can't get it all from reading the boxes of materials. So a dialogue has gone on.

Now, I am not saying these other actuaries are going to come out and say, "We are 100 percent in agreement with everything you have said and proposed." However, many conversations have taken place, and points have been clarified. We have never heard from your actuary.

MR. YACKEL: Well, he has all your information.

MS. McMAHON: Right, but given the number of calls that have taken place between other actuaries who are looking at it, I am a little bit surprised that there was no clarifying point. I would make that offer again; that we are available to talk to your actuary.

MR. YACKEL: Well, my actuary will talk to your actuary and we'll talk to somebody else's actuary, and maybe we will get this thing squared away.

ASSEMBLYMAN DECROCE: A question, Mr. Chairman.

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN DECROCE: Director, do you believe that in four or five or six years from now, should the State come up with a shortfall again, your pension program can take another hit of \$400,000 or \$500,000?

ASSEMBLYMAN RUSSO: A million dollars.

MS. McMAHON: All right. What's happening-- I think most of you are aware that the savings are in the neighborhood of \$680 million for Fiscal Year '93. Someone had asked if that was a one-time savings. The answer is, "No." If you look at pension contributions the way they were going-- Pension contributions are going up. The level they were at was here (demonstrates), and this is the way they were going over the next 20 years. Now we have brought it down to this level, and it will be going like that. So, each year there will be savings over what it would have been if this change was not made.

Now, I think you are talking about perhaps in five or six years if there are changes in investment returns, if there are changes in mortality -- all our retirees start living to be 110-- Our actuaries study the system every single year. They do a comprehensive study every three years. Every time there is a blip, they don't suggest a change; they monitor it. Clearly this is a system that is long term.

Roland Machold, Director of the Division of Investment, mentioned that, in 1987, when the market fell in October, by year end they had completely recovered. So the actuaries are used to dealing with those kinds of things. Certainly when there is a dip, or a raise, because of investments, they don't run in and make a change. That is the reason we are adopting a five-year average when we go to market, so that it is far less volatile.

So I do not expect any changes in the next five years that are going to dramatically alter the assumptions that are being put into place. However, this yearly study takes into consideration any changes that might take place that would warrant a very close look and perhaps an adjustment. None of these adjustments in the interest assumption, the salary scale-- They are not carved in stone. This seems to be the best thing to do. If there are dramatic changes, it will be

looked at and fine-tuned, the way it has always been since the system was put into place.

ASSEMBLYMAN DeCROCE: Director McMahon, you also stated -- and I didn't truly understand this-- You said that our taxpayers, right now, are being overburdened by virtue of the amount that is being paid. I didn't truly understand what you meant by that.

MS. McMAHON: Well, the taxpayers certainly support the pension system.

ASSEMBLYMAN DeCROCE: Yes.

MS. McMAHON: Right now, if the contribution level is way up here (demonstrates), and we are saying looking long term the contribution level is down here-- If we continue to put money in at this level, the day might arrive where there would be no contribution due because the system would be overfunded. It is not overfunded at this point. What would happen would be, there would be a taxpayer in the future who would benefit; benefit, perhaps, to a far greater degree than they should.

ASSEMBLYMAN DeCROCE: So you are saying, then, that the contributions could, in all probability, be lower than what they are right now?

MS. McMAHON: If the contribution-- Okay, there are a couple of things, though. I have to go back to the fact that we are at book value. Book value is very artificial when you have a pension system that is invested 50 percent in equities and 50 percent in fixed investments. So that is part of the problem right now, in that we can't look at any of the appreciation of the equity side of the market in valuing our assets, or looking at our liabilities. But clearly the amount of money that is being put into the system now, if we were to continue at that level and the benefits stayed where they are, you would reach an overfunded stage at some point. What we are trying to do is take a long look and say, "Each generation of taxpayers should pay their fair share."



ASSEMBLYMAN DeCROCE: Well, that's it. How do you overcome that then? How do you correct the situation presently?

MS. McMAHON: We are correcting the situation by recognizing the true value of assets and liabilities by going to market. We have a system where we are not recognizing. There was a \$5 billion difference as of July 1. I think that difference has grown to \$7 billion between book and market.

ASSEMBLYMAN ROMANO: Through you, Mr. Chairman, to Assemblyman DeCroce: One might look upon that explanation as the warp, if you will. Let's go to the woof of when you talk about the taxpayer. You have to understand that the 341 million that is being saved is going into school districts, which, if they had not received the funds, the taxes would be going up.

ASSEMBLYMAN DeCROCE: That is not a good argument, because 192 districts are not being funded as they were last year.

ASSEMBLYMAN ROMANO: Do you mean not as much, or they went higher?

ASSEMBLYMAN DeCROCE: Not as much, that's right, with the Governor's program.

ASSEMBLYMAN ROMANO: I was under the impression that most of them went up.

ASSEMBLYMAN DeCROCE: No, they didn't.

ASSEMBLYWOMAN DERMAN: I live in Metuchen--

ASSEMBLYMAN ROMANO: Are you talking about under the Quality Education Act that transition aid is going down?

ASSEMBLYMAN DeCROCE: I am talking about the \$341 million presently being talked about with the Governor, that out of the 560--some districts -- or whatever the number of school districts is -- 192 of them are not being funded as they were last year. There is a shortfall in their budgets.

ASSEMBLYMAN RUSSO: There is obviously a difference of opinion here, which is fine, but I want to just move on here if

we have any more questions of the Director, because I want to get to Mr. Trivelli.

ASSEMBLYMAN BAGGER: I have one question for the Director which is actually not on the Pension Reval. First, you and your Division and the administration have been very forthcoming to the Appropriations Committee in explaining and providing information on the Pension Reval. If I know the Chairman of the Committee, he will have a meeting where everybody's actuary is going to be sitting around a table shooting at each other and these assumptions until there is only one standing, and that is whose number we will take.

But my question has nothing to do with the Pension Reval. Can you explain for us what the Social Security offset is on employees' pension contributions and how that came about?

MS. McMAHON: Okay. Every employee, when he or she comes into PERS -- and we will talk about PERS -- is assessed a pension contribution rate. It is lower when you are younger; higher when you are older. That pension contribution -- let's say 5 percent, because on average I think that is what it tends to be, just about 5 percent-- While an employee is making his FICA -- his Social Security contribution -- his pension contribution is reduced by 2 percent. So the reality is, for those individuals who are earning less than, I think the limit is around \$53,400 this year-- For employees who earn less than \$53,000, their pension contribution is actually 2 percent less than actual. So if they had a 5 percent pension contribution, the reality is that only 3 percent comes out, because there is a 2 percent offset while they are making Social Security contributions.

Well, where did that come from? I think in 1955, public pensions were to be offset with Social Security, and this was kind of a private sector model, where if you looked-- Sometimes it was deceiving. If you look at employee handbooks which detail how pensions work in the private sector, they will

give you a formula. Then you look at that pension amount, and you say, "Gee, that looks pretty good." You turn the page, and then it says, "It is offset against your primary Social Security amount." So actually-- It is based on the theory that your company has contributed to Social Security, so some of that should be offset.

So, at the time that public pensions were going to be offset against Social Security, it was determined that there should be an offset in the amount that they were contributing. What happened in 1955 was, the offset was repealed; that is, the offset in the benefit was repealed, but the offset in the contribution rate was not repealed. So they still-- Employees had the benefit of the 2 percent offset, but their pension, in fact, is not offset. That is where that comes from.

ASSEMBLYMAN BAGGER: Thank you.

ASSEMBLYMAN RUSSO: Anything else? (no response)  
Thank you, both of you.

ASSEMBLYWOMAN DERMAN: Yes, I have a question. Sorry.

ASSEMBLYMAN RUSSO: Harriet, sure.

ASSEMBLYWOMAN DERMAN: What is the vesting schedule generally?

MS. McMAHON: The vesting schedule is basically 10 years. It is full vesting at 10 years. There are some plans in the private sector where there is a partial vesting after a number of years, and then it moves to 100 percent. For PERS and for the largest plans, it is 10-year vesting; that is, if you leave public employment prior to having 10 years in the pension system, you do not get a pension benefit. You get the return of your contribution, plus a small amount of interest.

ASSEMBLYWOMAN DERMAN: Is there vesting upon disability prior to 10 years?

MS. McMAHON: The disability provision of the pension plan is based upon 10 years of service so it coincides with vesting. Individuals who go out on disability, what I would

call an "ordinary" disability, have to have 10 years in the system and then they get a special benefit that is called a disability benefit. There is another disability provision that is accidental disability which is due to a traumatic event that occurs on the job. Basically you can get that-- You know, there is no 10-year wait for that if it happens, and it doesn't happen very often.

MR. YACKEL: That is because we can't prove traumatic event.

MS. McMAHON: Right, right. That's a tough one.

ASSEMBLYMAN RUSSO: Thank you very much.

MR. YACKEL: I will be available anytime you have any questions -- anyone on the Committee. If I do not have the answers, I will get them for you.

ASSEMBLYMAN RUSSO: Thank you very much, Mr. Yackel.

Mr. Trivelli?

MR. TRIVELLI: What I would like to do-- Bob Angelo, from AFSCME, has to leave soon, so--

ASSEMBLYMAN RUSSO: Sure, Bob.

**R O B E R T   A N G E L O:** I appreciate it. Thanks, Vince, for letting me go on.

Good afternoon. My name is Bob Angelo, and I am the State Director of AFSCME. We represent about 10,000 State workers who work in the institutions or hospitals. We represent 3000 employees at Rutgers University, and about another 24,000 city and county employees -- public employees -- around the State of New Jersey.

Mr. Chairman, I was not able to attend the first meeting of this Committee last week, so I am not privy to the comments of the Commissioner who spoke at that meeting, and I was a little bit late arriving here today, so I am not quite sure, you know, what your agenda is. I am afraid of what your agenda is. But if it is appropriate, I would just like to respond to some of the things that Mr. Yackel discussed earlier.

ASSEMBLYMAN RUSSO: Sure.

MR. ANGELO: AFSCME is a full-fledged member of the Public Employee Committee, of which Mr. Yackel is the Chairperson, so in many cases our positions, obviously, mirror what the Chairman said.

Let me just pick up, if I may, on something that Assemblywoman Bush was talking about; that is, the effect on women and minorities of the current seniority system that prevails in Civil Service. I think at the Appropriations Committee hearings last year, when the numbers of layoffs of State employees were scheduled to be up to 5000, the testimony of, certainly AFSCME, and many of the other employee organizations, was that those layoffs would absolutely fall disproportionately on women and minorities. That was, I think, our strongest argument against layoffs as a way of reducing the budget.

We proposed, at that time, and obviously several alternatives to layoffs were finally adopted, early retirement, a hiring freeze, and the use of attrition, rather than going to layoffs, because absolutely, positively the numbers are there. The system affects women and minorities to a much greater degree than it does anyone else. That speaks to the discriminatory practices -- hiring practices -- that the State of New Jersey operated under for a number of decades, which we are doing a little bit to correct, but certainly not enough.

Speaking of that, I should remind this Committee -- because some of you were not here in 1987 -- that in 1987, Governor Kean had a Task Force on Pay Equity, Comparable Worth. We spent four years. I was a member of that Task Force, along with someone from the CWA, as well as at least 13 other members of the Legislature and the public. We spent four years studying the salary system in the State of New Jersey. To nobody's surprise, we found that people who were in jobs

dominated by women and minorities got paid less than people who were in jobs dominated by white men.

After four years of study, and about a 300-page document, we recommended, and Senator Lipman sponsored, legislation which would have appropriated \$60 million over three years to correct the discriminatory pay practices that continue to exist in our State system. That bill has been reintroduced in each session. It has never, I don't think, gotten to a Committee hearing. It is an absolute travesty, if we are going to talk about the effects on the work force of discriminatory practices, that that pay equity bill has not seen the light of day. If we are going to consider everything, as Mr. Yackel said earlier, put it all on the table, pay equity needs to be on the table. It would have been law in this State if it hadn't come to the Legislature the year after the billion dollar surplus, rather than the year of the billion dollar surplus. It is certainly something that I hope this Committee will take a long, hard look at.

Another area of discrimination in terms of hiring practices the State is currently doing, is the hiring of part-time workers. Right now, the Department of Human Services is on a mission to hire 500 part-time workers in State hospitals. We're talking about jobs that care for the most mentally ill, the most disabled patients in the State of New Jersey being cared for by part-time workers. These workers are being hired to work 39 hours a week. By working them 39 hours a week, they do not receive health benefits. I don't have to tell you that the majority of these workers are minorities; the majority of these workers are women. They are working all but one hour of a full pay period, simply for the reason of denying health benefits to that portion of the work force. We think that is abominable.

There is only one other group of part-time employees in State government which gets health benefits, and that is the

Legislature. You are the only part-time employees to get health benefits. If you work part-time in any other aspect of State government, you are not entitled to health benefits. I think it is a travesty. I have called on Commissioner Cimino to investigate the situation, and I certainly hope he will be moving fast to eliminate that.

While we would acknowledge there is often a need for a part-time employee, in a State hospital where you have to come on a ward and deal with 15 or 20 desperately mentally ill patients-- That is not a place for part-time employment.

On another issue on the benefits -- vacation, sick leave -- that are in place, I would remind this Committee that the amount of sick leave State workers currently receive has not changed since 1939.

ASSEMBLYMAN DeCROCE: Say that again, please.

MR. ANGELO: The year 1939 was the last time there was a change in the amount of sick leave State workers were entitled to.

ASSEMBLYMAN DeCROCE: What is that policy right now?

MR. ANGELO: It is 15 days a year, after you have completed your first year of service. I was told -- and I did some research on it prior to coming today -- that that was established in 1939 and hasn't changed. I bring it up because I think there is a general impression that over the last few years they have just been building up leave banks for public employees. The year 1939 was when our sick leave program was established, and it has not changed.

ASSEMBLYMAN RUSSO: May I ask you a question on that?

MR. ANGELO: Sure.

ASSEMBLYMAN RUSSO: Right now, it is -- and I assume Mr. Trivelli will get into some of these things, too -- 15 days per year per employee. Does it vary with types of employees?

MR. ANGELO: No.

ASSEMBLYMAN RUSSO: No, a standard 15 days?

MR. ANGELO: Right.

ASSEMBLYMAN RUSSO: For example, banking them, and whatever-- Can you--

MR. ANGELO: Well, you are allowed to accumulate your sick days -- unlimited accumulation -- but if you will look at the merit system rules on the use of sick leave -- and there are a number of pages of them -- there are very strict limitations on when you can take sick leave; what verification is required when you call in sick; a medical diagnosis is required; what can be done to employees who are suspected of abusing sick leave. It is a very complicated process, all spelled out by the merit system rules.

ASSEMBLYMAN DeCROCE: What's wrong with that?

MR. ANGELO: I wasn't saying there was anything wrong with it. I was just answering a question.

ASSEMBLYMAN RUSSO: My question on that was-- Again, we read these things. If you don't take 15 days, if you don't take any days, you can carry them over to the next year?

MR. ANGELO: That's correct.

ASSEMBLYMAN RUSSO: So, theoretically, if you work 10 years and you don't take any sick days, you have 150 days?

MR. ANGELO: That's correct.

ASSEMBLYMAN RUSSO: That you can take?

MR. ANGELO: Right.

ASSEMBLYMAN RUSSO: With pay?

MR. ANGELO: Right, if you are ill.

ASSEMBLYMAN RUSSO: Let's say you retire, or whatever. You'll get paid for that?

MR. ANGELO: At retirement--

ASSEMBLYMAN RUSSO: Yes?

MR. ANGELO: --you can cash in up to \$15,000 worth of sick time, but only half of your days. If you have 100 days, you can cash in 50 of them as a lump sum reimbursement upon retirement. So it may or may not reach the limit of \$15,000,



depending upon what your salary is. If a \$90,000-a-year person with 200 sick days cashes in 100, he may be well over the limit and he might not be able to cash in 50 percent.

ASSEMBLYMAN RUSSO: That is something that started when?

MR. ANGELO: That was started in '74. I believe that is when that program went in.

ASSEMBLYMAN RUSSO: Up until '74, the sick days, if you didn't use them, were totally cashable, or they were not at all cashable?

MR. ANGELO: No, I don't think they were cashable at all. This program was put into place as an incentive for people not to use their sick time.

ASSEMBLYMAN RUSSO: I would think that, you know, because, of course--

MR. ANGELO: In fact, one thing we don't have in State service-- While I don't want to expose our hand at the bargaining table because we are in negotiations, we think it would make sense that if some people are concerned about sick leave usage, they find a positive incentive for people not to take it, rather than penalties for them taking it.

If you look at some contracts that we and some other unions have in city government, where if you don't use any sick days, at the end of the year we will pay you for a couple of days, or something positive -- a carrot, rather than a stick -- it absolutely saves money. It absolutely saves money.

ASSEMBLYMAN DeCROCE: That is a good point.

ASSEMBLYMAN RUSSO: Yes, a good point. George?

ASSEMBLYMAN GEIST: Mr. Chairman, just a quick question while we are on that topic: When they cash in the days, are the days valued at the rate of compensation at the time of cash-in?

MR. ANGELO: Yes.

ASSEMBLYMAN GEIST: So they are not valued at the time of the accrual?

MR. ANGELO: That's correct.

ASSEMBLYMAN GEIST: So there is an incentive there for postponing utilization of the sick days.

MR. ANGELO: I guess so, yes, except depending upon how your salary kept pace with inflation. You know, if we lose ground, as we usually do, to inflation over the years, there is really not that much of a benefit.

ASSEMBLYMAN GEIST: Okay, thank you.

ASSEMBLYMAN RUSSO: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: Do you know what the average number of sick days taken by a State employee is?

MR. ANGELO: I think you better get that number from Commissioner Cimino, but the last time I looked at the figures I can tell you that the highest usage-- There are what, 20 State departments? I was shocked when I found out that the Department with the highest usage of sick leave was the Department of Personnel. Our members of AFSCME who work in the State hospitals work with ill patients everyday. They are exposed to all kinds of deadly diseases, viruses, influenzas, and we take far less sick leave than the Department of Personnel.

ASSEMBLYWOMAN DERMAN: So you don't have those figures?

MR. ANGELO: The numbers are available, though. They are published numbers. I am sure you can get them.

ASSEMBLYMAN RUSSO: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: Mr. Angelo, you talked about the inequity to minorities and women in salary. You talked about a specific bill that has been introduced every year. What is the number of that bill, and who introduced it?

MR. ANGELO: If I had the guide, I could look it up quickly. Senator Lipman, I am sure, is the sponsor. It was Assemblyman Watson in the Assembly for a number of years. It

is really something-- I don't know, in these economic times, how we could resurrect an idea like that, but it is such an issue of fairness.

ASSEMBLYMAN DeCROCE: Okay. I want to look into that.

The other question I have is, you indicated that 39 hours is considered to be a part-time position?

MR. ANGELO: Anything less than the full number of hours for that job title. Our job titles in the hospitals are predominantly 40-hours-per-week positions. So if you work 39 hours, that is considered part-time.

ASSEMBLYMAN ROMANO: Excuse me, Mr. Chairman?

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN ROMANO: I have the same question you have, Assemblyman DeCroce.

ASSEMBLYMAN DeCROCE: I always thought that-- I'm sorry for interrupting.

ASSEMBLYMAN ROMANO: I was under the impression that over 20 hours--

ASSEMBLYMAN DeCROCE: It's 19 1/2 -- I always thought.

ASSEMBLYMAN ROMANO: But it's at 20 that you get health benefits.

MR. ANGELO: No, not in State government. You can ask the Director right here, the Chairperson of the Health Benefits--

ASSEMBLYMAN DeCROCE: State government specifically?

MR. ANGELO: State government. Local government has the option of paying. In county government, in most places they do get benefits, prorated.

ASSEMBLYMAN ROMANO: Pardon me?

ASSEMBLYMAN DeCROCE: So it's State government?

MR. ANGELO: Right.

ASSEMBLYMAN ROMANO: I apologize. I am thinking with my other hat on.

ASSEMBLYMAN RUSSO: In State government, anything less than 40 hours is--

MR. ANGELO: Or 35 if your job title is a 35-hours-per-week position.

ASSEMBLYMAN RUSSO: So 35 or 39 is a part-time job.

ASSEMBLYMAN DeCROCE: So what you are saying is, the State is hiring people for 39 hours and is saving those health costs.

MR. ANGELO: To avoid paying benefits, absolutely.

ASSEMBLYWOMAN DERMAN: Through you, Mr. Chairman--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN DERMAN: What about participation in the pension plans? Are they--

MR. ANGELO: They participate in the pension plans.

ASSEMBLYWOMAN DERMAN: They do participate. What is the cutoff for that? How many hours?

MR. ANGELO: I don't know.

MS. McMAHON: (speaking from audience) There is a salary cutoff. Basically, everybody participates because the salary cutoff is \$1500 a year.

ASSEMBLYMAN RUSSO: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: Can you tell me, through your experiences as the representative for AFSCME, what are the glitches in the system that we, as members of this Committee, should be looking for with regard to the so-called Civil Service reform?

MR. ANGELO: I don't think there are many glitches that were not ironed out five years ago. You know, we meet now on a regular basis with the Commissioner of Personnel through the Labor Advisory Board. We have input into rule changes that we feel are necessary as a result of our day-to-day activities. I think there has been great improvement made in that whole process since '86 as a result of the compromises and

negotiations and, ultimately, legislative approval of that reform.

ASSEMBLYMAN ROMANO: Mr. Chairman, may I ask a question, please?

ASSEMBLYMAN RUSSO: Yes, Mr. Romano.

ASSEMBLYMAN ROMANO: These part-time State employees who are not covered under the State Health Benefits system, are they offered, let's say, a group plan policy which is, let's say, at a lower rate because it is a group plan?

MR. ANGELO: No, they are not offered anything. The other side is quite true. I heard a story yestersay where we had a part-time employee have her mother, who is a full-time State worker, take custody of her child so that child could get health benefit coverage. Now, I am not going to give you her name, because she would probably be thrown off benefits, but we're talking about people who want full-time work; who need health benefits; and who are probably in the Uncompensated Care Fund because they do not have health benefits. It's a travesty. We never did it in State service before. It is something recent, at least as far as I know. It is certainly recent in the State hospitals.

For a number of reasons, it is bad. It is bad for the patients to have a different caregiver come on each shift. It is something I really hope we can put an end to.

ASSEMBLYMAN ROMANO: A hope that warms your heart. In my other, if you will, local public employment, I am covered under the State Health Benefits system. I rejected the one offered by the Assembly.

MR. ANGELO: Okay.

ASSEMBLYMAN RUSSO: I would like to follow up on one thing: You talked about the amount of people you represent, approximately. With regard to the -- whether you want to call it layoffs or attrition or the 5000 people who supposedly are

now missing from 1988, State employees-- How did that impact your folks?

MR. ANGELO: Not greatly, because we are so short-staffed in the hospitals now. That was the one area that was somewhat spared. I think of our 10,000 members, we only had about 12 layoffs.

ASSEMBLYMAN RUSSO: So, very few; not much impact at all.

MR. ANGELO: And we need 20,000 people. If any of you have the time to take a walk on the wards of Trenton Psychiatric Hospital, Ancora, Marlboro, which, for some reason -- or Greystone, which they want to shut down -- you will see the dangerous job that our members are performing. To think of reducing staff there is unconscionable, let alone not to put additional staff there. As Chairman Yackel mentioned, only a year ago one of our members at Trenton Psychiatric, working alone with 32 patients, was beaten to death by a patient when there was nobody else on the ward. So that is the situation they are facing.

ASSEMBLYMAN DeCROCE: May I ask a question? When we talk about staff, are we talking about nursing staff?

MR. ANGELO: Yes, direct care staff, which is RNs, LPNs, hospital attendants.

ASSEMBLYMAN DeCROCE: Okay. Let me ask you this: If they don't have a full staff, is the hospital administration then, in most cases-- Would they be hiring pools of--

MR. ANGELO: They are hiring pool nurses in some cases, especially for RNs and, in some cases, for LPNs.

ASSEMBLYMAN DeCROCE: Many?

MR. ANGELO: It is a growing percentage. The CWA can probably give you more information on that. They represent the RNs.

ASSEMBLYMAN RUSSO: Do you have a question, Assemblywoman Bush?

ASSEMBLYWOMAN BUSH: No, thank you.

ASSEMBLYMAN RUSSO: You talked about vacation, 15 days. You talked about-- Although we didn't arrive really at any glitches, you talked about part-time people being hired and not getting health benefits. If I understood you, supposedly the only part-timers, technically, would be State legislators, who do get health benefits?

MR. ANGELO: I think the law actually says, "All full-time employees and/or elected officials."

ASSEMBLYMAN RUSSO: You mentioned that the sick leave has not changed and that you can bank them and buy them back, to an extent, with regard to the '74 law. How about health benefits in particular? Can you talk-- I was looking at the Director of the Division of Pensions' remarks from last time. I stated this before, but just to go back and follow this question up, she mentioned in her prepared statement last time that approximately 1 out of every 14 residents of the State is a member or a retiree of one of the State pension systems. With regard to health benefits -- I think it is in here -- 1 out of 14-- What are the health benefits? Can you explain what--

MR. ANGELO: The CWA came armed with a lot more details. I don't want to steal some of those things, because they did let me go in front of them.

I would like to make just one point on the health benefits, if I could: There is an impression out there-- While I think our health benefits provide a pretty comprehensive coverage, and in most cases they are noncontributory, there are many, many places where if an employee wants full health coverage, including full dental coverage, which is 50 percent paid by the employee-- We do have a copay on the prescription. If they want a plan other than a traditional plan, which costs more, like an HMO-- In AFSCME's case, something like 80 percent of our members elect

to go into an HMO because many of them are single mothers with children. The HMO, in many cases, costs more than the traditional plans, so there is a copay on the part of those employees.

You know, we have a good, basic plan. We don't have a Cadillac health benefits plan, by any stretch of the imagination. It provides basic comprehensive coverage for the employees, as it should, but I don't think the image it has is well-deserved. I think there are plenty of places where it could be added to. I think there are a lot of gaps in coverage. We have been successful, at this point, in fending off attacks at the bargaining table, or in the Legislature, to reduce those benefits. If there is one thing that all of the unions are together on this year, as well as in past years, it is to hold the benefits. We think it is a basic safety net for people at the bottom of the pay scale.

ASSEMBLYMAN RUSSO: Do you have any comment on the question I asked Mr. Yackel with regard to the rise in private sector income in the last 10 or 12 years as opposed to the rise in public sector income -- government employees -- where it would appear that the income levels have--

MR. ANGELO: We still have a long way to go, baby. I think any survey you do in 1992 will show that comparable job titles in the public sector still receive a lot less pay than those in the private sector.

ASSEMBLYMAN RUSSO: Okay. Are there any other questions? George?

ASSEMBLYMAN GEIST: A quick question: If you had your preference, would you rather see those employees working 39 hours in State government without benefits receive a lower rate of compensation and benefits to equal the amount of the expenditure for the 39 hours?

MR. ANGELO: Your question is, would I rather see them paid less and get the benefits?



ASSEMBLYMAN GEIST: Thirty-nine hours without benefits, and 40 hours with benefits, both equal costs, which one would you prefer?

MR. ANGELO: I won't pick. I think they should get paid the rate as provided for -- the full-time rate -- and get the benefits. I don't think there should be any part-time employment. There should not be two tiers of employment, where someone works next to someone else, and one person makes one salary, and the person next to him makes a different salary. I think that is absolutely devastating to a work force, and insulting to the person with the lower level of salary and benefits.

ASSEMBLYMAN RUSSO: Would you agree with Mr. Yackel where he stated, with regard to certain things he had read, that he would not have a problem, equitably, of having everything on the tables -- the bargaining tables -- as opposed to just certain selected issues?

MR. ANGELO: Well, by everything, do we mean the right to strike? Do we mean pay equity? Do we mean interest arbitration for State employees -- the right to go to interest arbitration?

ASSEMBLYMAN RUSSO: Everything would mean everything, as opposed to the system we have now.

MR. ANGELO: I might be talked into that, but I don't believe it.

ASSEMBLYMAN RUSSO: As opposed to certain issues, as he had mentioned before. I don't know, but I think you were here for that.

MR. ANGELO: If we could be covered by the National Labor Relations Act, which is an all-encompassing set of bargaining rules, I would take that in a minute.

ASSEMBLYMAN RUSSO: Last question, and I am not trying to cut anyone off here: Bumping rights-- Again, I am not trying to ask the same questions, because you heard the

testimony. Would you agree with those figures, 3 notices for 1, as opposed to 10 to 1 before?

MR. ANGELO: Yes, absolutely. Dramatically cut down.

ASSEMBLYMAN RUSSO: I know you stated that the layoffs, the freeze, the attrition, did not have a great impact on your people. I understand that. But even with the small figures you gave, under the present system, is it basically last in, first out?

MR. ANGELO: Correct.

ASSEMBLYMAN RUSSO: It is not a merit system, in essence?

MR. ANGELO: No.

ASSEMBLYMAN RUSSO: You have no problem with that?

MR. ANGELO: I think the system is working.

ASSEMBLYMAN RUSSO: Yes, although women and minorities seem to take a beating under that system.

MR. ANGELO: That's correct. That is why we shouldn't lay off anybody. We should find other measures to reduce the work force.

ASSEMBLYMAN RUSSO: Such as a job freeze?

MR. ANGELO: Job freeze, attrition, early retirement. I mean, the early retirement program, by anybody's evaluation, was an unbelievable success. I think the State was shocked with the number of people who signed up for the program.

ASSEMBLYMAN RUSSO: Assemblyman, did you want to say something?

ASSEMBLYMAN DeCROCE: Cost savings?

ASSEMBLYMAN RUSSO: But, would you agree it was-- Was it a success with regard to the amount of people--

MR. ANGELO: It is costly initially, but you are having people leave service at the top of the pay scale, versus people leaving at the bottom of the pay scale, which can be a wide range. So the salaries savings for that year are

substantial compared to the bottom end worker who gets bumped out.

ASSEMBLYMAN RUSSO: I know one of the things in our area that was an issue with early retirement when, for example, school boards--

MR. ANGELO: It was optional.

ASSEMBLYMAN RUSSO: It was optional, but it was not taken because of the dollars involved. I was just looking at the people you represent. Maybe the 24,000 city and county employees know they wouldn't--

MR. ANGELO: Well, some of them had the option of retiring, depending on what town or county they worked for.

ASSEMBLYMAN RUSSO: Yes. I know many local communities did not opt for it, as opposed to the State -- the same plan.

Are there any further questions? (no response)

MR. ANGELO: Again, I want to thank Mr. Trivelli for allowing me to sneak in.

ASSEMBLYMAN RUSSO: We'll all thank Mr. Trivelli. Thank you very much, Bob.

Mr. Trivelli?

MR. TRIVELLI: I have brought with me Mr. Bob Pursell. He is the Area Director for the Communications Workers.

ASSEMBLYMAN RUSSO: Thank you for waiting. We appreciate it.

MR. TRIVELLI: Oh, that's okay. Let me just spend a few moments saying who we are, so you are all clear.

The Communications Workers of America represents about 65,000 people in New Jersey. We represent about 37,000 or 38,000 State workers; we represent about 15,000 or more local government workers; and we also represent people at AT&T and New Jersey Bell -- Bell Atlantic. So we represent people of the three largest employers, plus local government people.

Again, I am not altogether sure what it is you would like us to talk about today. We testified this morning at the Appropriations Committee for quite some time, and some of the information we presented there, we would like to present here. We will send you copies of everything. We discussed at length the number of State employees in this State versus other states. We discussed privatization. We discussed a whole myriad of management numbers; how much management there is in the State versus State employees.

ASSEMBLYMAN RUSSO: Start there, and remember that many of us were not present at the Appropriations Committee. Assemblyman Bagger, you were there, and maybe you can fill us in later. Mr. Trivelli, maybe more briefly than you did this morning; encapsulate it.

MR. TRIVELLI: Maybe I will turn it over to Bob Pursell to talk a little bit about management. Then we will be open to answer any questions.

R O B E R T W. P U R S E L L: Actually, I have copies of testimony that we distributed to the Appropriations Committee this morning.

MR. TRIVELLI: And we will get you the rest, too.

ASSEMBLYMAN RUSSO: The best stuff.

MR. TRIVELLI: We'll get you the rest as soon as we can.

MR. PURSELL: In Vince's opening-- We actually at one time, in 1989, represented 39,000 -- just shy of 40,000 State workers. We are now down to about 36,000. Most of that loss was through attrition and early retirement, and a number through layoffs.

It might be useful for you to know also that I have been employed by the CWA for 12 years. During the first six years, my responsibility was to work on Civil Service reform. I wrote the bill that Alan Karcher passed in 1985. I had significant input and contribution to the bill that actually

passed and is now law. I found it dismaying that the Speaker found that the law did not go far enough, because, frankly, it was the result of a compromise effort between all the parties involved at that point.

The politics involved were that the Assembly had just gone Republican. It became clear that if there was ever going to be a Civil Service reform bill, it had to happen at that point. Through a combination of negotiations between Governor Kean's Office -- Bill Harla, who was Deputy Counsel at that point -- and with Gene McCaffrey and his staff, the CWA, and other unions, the law that eventually passed came to be. It represented compromises on everyone's part. The least senior concept was the result of a contribution made by the labor unions. Prior to that, there was a provision for laying off people with less seniority. What it resulted in was the situations mentioned earlier.

In 1981, there was a layoff in the Labor Department where 51 people lost their jobs as a result of cuts coming down from the Federal government. In order to lay off those 51 people, 650 interviews had to be transacted. Not all of them were layoffs. The way things worked at that point, an unemployment claims examiner was targeted for layoff. If that person had more seniority than someone else, he or she would bump that person, who then would have more seniority than someone else, and they would bump that person. As a result of the '86 Reform Act, the least senior concept came into play, and that was the result of our understanding that prior to a layoff being conducted -- and the law states this -- in order to lessen the impact of the layoffs, prelayoff actions and alternatives to layoffs would be implemented and offered as a result of Civil Service rules.

Subsequent to the Act being enacted, there was a series of public hearings, some of which are on videotape, and it might be instructive for those who were not here then to

view them-- The process involved in coming up with the rules that eventually became law -- became administrative practice at least--

MR. TRIVELLI: The least senior is the concept that has reduced the bumping from the 10 down to the 3, because you bump down to the least senior, instead of bumping down the chain. That is when Commissioner Cimino came in last time and spoke. That is the major change that has reduced what I think is the myth -- which, unfortunately, a lot of legislators believe -- that it is still the pre-1986 system. It is not the pre-1986 system. That provision is one of the major ones which has reduced that bumping situation.

MR. PURSELL: It might also help to--

ASSEMBLYMAN RUSSO: You mentioned videotapes -- videotapes of the?

MR. PURSELL: Of the public hearings under the Administrative Procedure Act, enacting Chapter 8 of the Civil Service Code.

MR. TRIVELLI: If I may, what the law did in a lot of areas was leave lots of these decisions up to regulation.

ASSEMBLYMAN RUSSO: Right.

MR. TRIVELLI: So there was, after the law was passed in 1986, a long series of public hearings on those regulations. Those regulations went into force over a period of time and under the Executive Order of Governor Byrne. Now it is five years later for some of them, and they are up for reevaluation. So a whole chunk of those regs are now up for rediscussion, and then the rest of them will be up over the next six months or a year or so.

So, lots of the issues that have been of concern are in regulation. If there is some concern about them, maybe it should be dealt with in that arena -- in the regulatory arena -- which already exists.

MR. PURSELL: The understanding we had through Gene McCaffrey, who was then Commissioner of Personnel, and the staff of the Department of Personnel, was that they recognized that we were making a contribution to enable the enactment of Civil Service reform; that they would assure us that nonpermanent employees would be laid off prior to permanent career service employees; that every effort would be made to prevent layoffs. We found that that has not been the case since 1986.

I believe you have seen a number of our news conferences and testimony that indicates that political patrons continue to be retained on the payroll, while our members are being laid off.

ASSEMBLYMAN RUSSO: Can you expand on that, if you have figures, or departments, or whatever? If you can't, fine.

MR. PURSELL: Actually, attached to part of this testimony is an analysis now of some of the job titles. It is about six pages from the end, entitled: "Examples of Management Fat." These are figures taken off a list that the State provided us last year when our contracts were being broken. This is a list of 11,000 management people employed by the State of New Jersey. These are nonunion people, exempt from union representation. It includes their titles by department and the salaries they are paid. You can look through this. I can provide a copy. It is obviously quite lengthy. You will recognize names of politicians' relatives and other people who are not what you would consider to be hired by the merit and fitness system.

We argued that initially project specialists, which is a title used by the State, is a title abused by the system. It holds-- At the time, it held many people who were hired through the patronage system, outside the Civil Service system, who didn't qualify for a Civil Service job, so they created a project specialist title.

ASSEMBLYMAN RUSSO: They are not Civil Service?

MR. PURSELL: They are unclassified.

ASSEMBLYMAN RUSSO: Unclassified?

MR. PURSELL: Yes. Originally, the title was designed to only be allowed to be used for a six-month period as a result of a Federal or other kind of grant money coming in. We found people employed year after year after year in a project specialist title, getting considerably more money than their Civil Service title counterpart would get. That continues.

Now, as we started putting the heat on--

ASSEMBLYWOMAN BUSH: May I just--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN BUSH: Thank you. Sorry to interrupt. Through the Chair, on your examples of management fat--

MR. PURSELL: Yes?

ASSEMBLYWOMAN BUSH: Are you saying that anyone who is not Civil Service is management fat? I guess what is bringing this to my mind is--

MR. TRIVELLI: No.

ASSEMBLYWOMAN BUSH: --I see on the list Assistant Attorneys General 19. This represents all the Assistant Attorneys General?

MR. PURSELL: This represents all the lawyers employed by the Department of Law and Public Safety. I put that there to question why the State needs 600 lawyers on the payroll. Granted, there is a lot of litigation that takes place, but those lawyers have grown over the years. In prior documents we put in-- At one point, three or four years ago, there were 330.

ASSEMBLYWOMAN BUSH: Okay, but just to get-- When I see this, "management fat," you are not saying that each of these titled positions--

MR. PURSELL: No.

ASSEMBLYWOMAN BUSH: Okay, because I also see Administrative Law Judges.



MR. PURSELL: Right. We put Administrative Law Judges on because talk is made about how everything should be on the table. Well, one of the things that the courts took away from us was the right to arbitrate discipline. In the private sector, a union and an employer would hire an outside arbitrator. The union would send its union rep in to represent it. The employer would send their representative in.

Well, in 1981, the Appellate Division -- and it was upheld by the Supreme Court -- found that discipline in the public sector is a managerial prerogative; that the only appeal right an employee has is through the statutory appeal mechanism. The statutory appeal mechanism goes to the Merit System Board and it goes to the Office of Administrative Law, where an Administrative Law Judge, generally who makes \$60,000 or \$70,000 a year, hears the case. The State is represented by a Deputy Attorney General, and the union sends in a union representative, or, in some cases, a lawyer.

ASSEMBLYWOMAN BUSH: Okay, but then that is your reason for putting them on as an example of "management fat," because of a-- So it is not that you are saying that Administrative Law Judges 14 is "management fat," but it is because of another complaint you have as to what comes before then?

MR. PURSELL: No. We recognize that there are other departments -- like DMV and DEP -- that require cases to go to the Office of Administrative Law, and that an Administrative Law Judge is necessary to handle those cases. We argue that the vast number of Civil Service disciplinary cases, layoff appeals, and other types of appeals that come out of the personnel system, could be handled differently had we had the right to take them to arbitration.

ASSEMBLYWOMAN BUSH: Okay, but that is not "management fat." That is a different opinion on procedure.

MR. PURSELL: Yes.

ASSEMBLYWOMAN BUSH: Okay. I am trying to understand the list.

MR. TRIVELLI: There are also two issues going on here. I am sorry we don't have all the documents we had this morning, but I think there are two issues which sometimes get molded together. We have a concern about political appointees and project specialists. That is one concern.

There is a second concern about people who are in management titles in this State, and the growth of the people in those titles from, say, 1976 until today, versus the growth of the people in nonmanagement titles from 1976 until today. Those are two different problems and two different issues.

Now, I know we updated these figures slightly this morning, but in the report we gave last year, since 1976 the number of people in management titles in this State has grown roughly 130 percent, while the number of people in nonmanagement titles in this State has grown a little less than 18 percent. So the ratio of workers to managers-- Let's see if I can find this--

ASSEMBLYMAN RUSSO: While you're looking at that, again--

MR. TRIVELLI: On that thing as well, the ratio of workers to managers has changed significantly, so that it was, in 1976, 13.3 to 1. Now it is 6.8 to 1, so there are, you know-- There are more managers, and they are managing, in a ratio, fewer workers -- 6.8. It is on this testimony as well. So those are two separate issues. One is the project specialists and political appointees, and one is the bloated management structure of the State and the growth in that management structure--

ASSEMBLYMAN RUSSO: Since 1976.

MR. TRIVELLI: --since 1976.

ASSEMBLYMAN RUSSO: Just one question, and I am not disputing your figures at all. It is just that using Mr.

Yackel's argument before, was it-- Could you make the argument that the amount of managers was low at that time? I have no idea; I am just asking you, because that is one of the arguments I got before with regard to if government salaries went up 20 percent in 10 years and in the private sector went up 10 percent, then you could make a cogent argument that, "Well, you started from lower figures." Was there a dearth of managers?

MR. PURSELL: No, no. I think there is a phenomenon that happens in the bureaucracy. Management controls who gets hired and how many job titles there are. At one point, there were 12,000 different job titles. There are now somewhere around 6000. But the tendency has been during the boom years for management to create more management jobs so they can promote themselves through the ranks. You can see through the list that every title has a series. You start out with a Deputy Attorney General V, then it goes to IV, then III, then II, then I, and every title is like that throughout State government.

ASSEMBLYMAN DeCROCE: What does that mean, sir?

MR. PURSELL: There are levels of compensation.

ASSEMBLYMAN RUSSO: If you used general compensation here, for example, an Administrative Law Judge may be \$60,000--

MR. PURSELL: Yes?

ASSEMBLYMAN RUSSO: Project specialists-- Are these people at \$95,000 or \$65,000 or \$45,000?

MR. PURSELL: Probably \$60,000 average; maybe more. There are some lower, and some much higher. It would probably average out at about \$60,000.

Part of the problem with this entire government is that the complexity is such that with 19 different executive branch departments, and all kinds of missions that need to be carried out, there has been a requirement, probably carried to its extremity, where there has been a proliferation of titles.

We represent 3000 different titles in our union. We represent clerical, professional, and supervisory workers, anywhere from a clerk-typist, to a doctor, to a registered nurse, to an accountant, to a social worker, to an engineer. You can see the complexity of the type of problems that exist when you have that many people. It is compounded when a layoff occurs. Obviously, a registered nurse can't bump an accountant. So there has been a system developed known as "job classification seniority," which we don't necessarily like, but there is probably no other way of creating a system where a registered nurse can displace somebody with less seniority, other than by using job classification seniority.

ASSEMBLYMAN RUSSO: Do each of these project specialists have a specific project title, or is that just a term -- "project specialist"?

MR. PURSELL: That's just their title.

MR. TRIVELLI: It's a generic title.

MR. PURSELL: It is a generic title that could be used for anything.

ASSEMBLYMAN RUSSO: For anything?

MR. PURSELL: Yes.

ASSEMBLYMAN RUSSO: So it is not "project specialist in charge of Morris County," but just project specialist. And there are 332 of them right now, from your figures?

MR. PURSELL: Well, as of July 18, 1991 there were. I think there are less now. But what is happening is, that figure also is misleading because that doesn't mean there are that many fewer people on the payroll. What they are doing is, they found that there is a lot of heat put on them through the title "project specialist," so they reclassify them into some other title and they are put into the bureaucracy somewhere else. That happened with the Senior Executive Service.

If I could just dwell on that for a minute: That was the biggest boondoggle. It was a result of the Civil Service

Act. It was touted as something that was going to help government run better. After the Civil Service Act passed, all of a sudden the most lazy, incompetent, nonproductive managers were put into the Senior Executive Service. They got sign-on bonuses ranging from \$2500 to \$5000. They got personal computers for use at their homes. They got State cars to use. They got paid professional organization memberships. They got the right to sell unused vacation leave at the end of the year. When the scandal came out as to what was really going on with the Senior Executive Service-- And they got hefty raises. Some people got 28 percent raises going into the Senior Executive Service.

When the scandal came out and they recognized that it was out of control, they started reclassifying them into other titles. Some of them went into project specialists titles; others went into their previously held bureau chief or assistant director titles, but they didn't take a commensurate cut in pay as a result of that. So they got their sign-on bonuses; they got their perks, and they got reclassified into another title, generally at their same salary.

ASSEMBLYMAN RUSSO: Under this list you have -- I am just guessing -- you're saying that of the 5000 folks who left, probably none of them were from here, or very few?

MR. PURSELL: I would not say none of them. I would say that the bulk of the people who have left the payroll have been out of the CWA represented bargaining units. They were our members.

ASSEMBLYMAN RUSSO: Why don't you talk about that, and answer Assemblywoman Bush's question from before, if you heard it, with regard to minorities, and whatever -- women and minorities; you know, last in, first out, who's going here, who are we losing?

MR. PURSELL: Actually, our experience has been that our titles get targeted when it comes to a layoff. They will

pick a few low level management titles, and then they will target titles within our unit.

Now, unfortunately, women and minorities have not migrated into the higher paid titles, so the management titles are generally not held by women and minorities. They are protected. The titles we represent, in particular AFSCME and IFPTE, the blue-collar workers and the health care workers, are probably where the dominant numbers of minorities are located. We found very tragic circumstances where women and minorities within our units were being let go. I don't think overall that there has been a disproportionate number of women and minorities let go at this point, but given the circumstances we are facing here, everybody can see the handwriting on the wall. There are likely to be layoffs as a result of this budget coming out. I think the prospect increases dramatically that women and minorities will be disproportionately dislocated as a result of any budget actions that result in layoffs.

ASSEMBLYMAN RUSSO: Mr. Romano?

ASSEMBLYMAN ROMANO: Obviously, as Mr. Angelo indicated before, don't lay anyone off, and that will solve the problem.

MR. PURSELL: That's right.

ASSEMBLYMAN ROMANO: In the absence of that -- "Don't lay anyone off" -- let's go one step further, though. What do you see in your mind if one has to lay off people -- we're talking about people now, not bodies-- How would you handle taking care of the minorities, as well as-- From what you are telling me now, the bumping rights are down to 3 to 1.

MR. PURSELL: Yes.

ASSEMBLYMAN ROMANO: I am assuming that the bumping is only taking place within a cluster of occupations.

MR. PURSELL: Right.

ASSEMBLYMAN ROMANO: Not where the person bumping down has no idea what the job is all about?

MR. PURSELL: That is another misconception.

ASSEMBLYMAN ROMANO: How would you handle the business of, let's say, stopping the complete emasculation--

MR. PURSELL: Yes?

ASSEMBLYMAN ROMANO: --if you will, of the minorities and the females, whatever cases you might have there.

MR. PURSELL: I think what we have been trying to demonstrate is that there has been a 130 percent increase in management over the last 14 years. If there are going to be job cuts -- and we don't like to see anybody lose their jobs-- There are 11,000 nonunion, unrepresented people here. Many of them are in these titles like project specialist and bureau chief. I went through the list of job titles. There are 538 different bureau chief titles. It takes up 34 pages of their list of job titles. There are 114 pages of assistant chief titles. There are 273 deputy director titles, and 154 assistant director titles. This is the growth in management.

In one case in the Labor Department, they had a bureau with no employees, but they had a bureau chief. You know, why do they need so many chiefs? I would say that if you are targeting people for elimination, you should look at the fat in management, and the proliferation in the growth in the management ranks, and target them. After that, if that does not balance the budget, look at the nonpermanent employees, the people who are hired outside the system who are not necessarily management.

You know, as you get down the road, there are provisionals who should be returned to their permanently held titles, rather than other people being let go. I think that with that kind of an approach, you won't hit the rank and file work force, the people who are performing direct services for the public. You will then hit the people who are in administrative, managerial positions, who are probably the ones

who do not perform a direct service to the public and should be targeted. .

ASSEMBLYMAN ROMANO: Mr. Chairman, may I ask one further question?

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN ROMANO: Just on that point, though: When one bumps, let's say a bureau chief bumped downward now--

MR. PURSELL: Yes?

ASSEMBLYMAN ROMANO: What salary does that person assume at that lesser position? Is it the old salary, or the salary of the new position being bumped down to?

MR. PURSELL: The new salary of the position they bump down into.

ASSEMBLYMAN RUSSO: Assemblywoman Bush?

ASSEMBLYWOMAN BUSH: Thank you. A few questions, but first I have a comment: You indicated that not very many women and minorities migrate to the management positions.

MR. PURSELL: Right.

ASSEMBLYWOMAN BUSH: I would disagree with that. I think it is called a "glass ceiling" -- okay? -- because to say they don't migrate means that they do not actively pursue.

MR. PURSELL: I'm sorry; a poor choice of words.

ASSEMBLYWOMAN BUSH: But there is a way that people have been--

MR. TRIVELLI: That is basically an equity report.

ASSEMBLYWOMAN BUSH: I understand. Let me ask this: With the last layoffs -- the 5000, or whatever -- do you have any idea as to-- You said that some were management. Do you know what percentage were management?

MR. PURSELL: Well, when Governor Florio made his announcement last year that they were laying off 1000 unclassified workers, it turned out that a third of those unclassified workers were represented by the unions. I would say a third of the unclassifieds were teachers, doctors, people



we represent who are unclassified either by statute or by the nature of the work they perform.

ASSEMBLYWOMAN BUSH: So you're saying that a third of them--

MR. PURSELL: At least a third of that 1000--

ASSEMBLYWOMAN BUSH: --were management. Okay. Do you have any idea as to what percentage of that third were minorities and/or women?

MR. PURSELL: I did see statistics put out by the Department of Personnel after the reduction in force. I can't remember, but, frankly, I believe white males were the population most affected.

ASSEMBLYWOMAN BUSH: Well, I would assume there were more white males on the payroll.

MR. PURSELL: That's right.

ASSEMBLYWOMAN BUSH: But, what percentage? I mean, you know--

MR. TRIVELLI: We can try to get you that.

MR. PURSELL: I think Skip Cimino would have to provide that. I don't have it.

ASSEMBLYMAN RUSSO: We already asked him for that.

ASSEMBLYWOMAN BUSH: Okay. Out of the list you have there of all the titles, do you have any idea there as to what percentage are minorities and/or women?

MR. PURSELL: No, not off the top of my head, but very few. I think anyone who knows the structure of government knows that there is what has been classified as the "old boy" network. That is really what the system is about.

ASSEMBLYWOMAN BUSH: Right. I would have an interest in trying to do a number of things that are cost-effective, but I also have an interest in making sure that they are not getting bumped and all; that we are not always hitting the same pool of people, which are my people. Okay? And my people spans a whole spectrum.

MR. PURSELL: Yes, that's true. I almost hesitate to suggest this, but in the private sector-- My father worked for a paper company. He was President of the local union. Management was always trying to get him promoted into a foreman title so they could take him out of the unit. One of the things that happens in the private sector when you get promoted out of the unit and become management, is that you lose your rights to layoffs. Maybe what needs to be considered is eliminating bumping rights for managerial people, so that they do not bump down into the ranks and create disruption. Take away the seniority rights for people who are in management.

ASSEMBLYWOMAN BUSH: But, if I just may, through the Chair--

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYWOMAN BUSH: What I am also saying is for the few minorities and women who may have made it past that "glass ceiling" into management, I am not looking to say, "Well, fine, you've been there. Take your stuff off the desk and go report and warm up the seat."

MR. PURSELL: That's right. There definitely needs to be some concept of affirmative action that has to be in place to prevent people who are promoted into management -- to balance out the affirmative action of the State.

MR. TRIVELLI: May I comment? I know it was a hypothetical question from the Assemblywoman, but I don't think we should so easily assume that there should be, or will be, layoffs upcoming.

ASSEMBLYMAN ROMANO: No one is saying that.

MR. TRIVELLI: We provided statistics this morning that demonstrate that in terms of the State -- this State -- in terms of its position vis-a-vis other states in terms of the numbers of state workers, it is not high; it is low. There has been a hiring freeze on for a very long time. We have people who are working beyond their capacities at DYFS, at the

hospitals, all over this State. And we also presented a detailed plan so the State could maintain its work force and provide services to the people of New Jersey, and not lay people off.

So, you know, we are not here to assume and make it easy to lay people off. Let me also say, part of the Civil Service system was so that layoffs would be the last resort; that we would not, so quickly, say, "Well, we have a budget problem. Let's lay 10,000 people off." That would be the first thing. That is why we tried in the bill to list all of the pre-layoff actions, all of the other things that should be done prior to layoffs. In fact, that is, in part, why the bumping system exists, so that it is more difficult to lay people off; and secondly, so that an employer cannot pick and choose whom he or she wishes to lay off. So, there are a lot of reasons for all of this.

ASSEMBLYMAN ROMANO: Mr. Chairman, I just want to explain to him--

MR. TRIVELLI: I understand.

ASSEMBLYMAN RUSSO: Mr. Romano?

ASSEMBLYMAN ROMANO: When we were speaking about this, we were speaking in terms of bumping, etc. Assemblyman DeCroce had asked me, "What's the answer, not to bump with minorities?" It became, not hypothetical, but the whole discussion of it. No one is suggesting laying anyone off, but I do have another question, Mr. Pascrell.

MR. PURSELL: Pursell.

ASSEMBLYMAN ROMANO: Pursell, I'm sorry. Hopefully--

ASSEMBLYMAN RUSSO: I thought I was the only one who screwed names up, so thank you. (laughter)

ASSEMBLYMAN ROMANO: In examples of what you call "management fat," is there a glimmer of hope here that perhaps someone had their own affirmative action plan in mind and listed among all these examples that the extend of minorities

and/or females is prevalent in here? Or would we find the "old boy" type of situation? What are we talking about here?

MR. PURSELL: I would say these are predominantly men in most of these positions, although-- Yes, I would say mostly men.

ASSEMBLYMAN ROMANO: Thank you.

ASSEMBLYMAN RUSSO: Mr. Geist?

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman. Two questions, if I may: When I went to school, there was management and then there was labor. Are any of the "management people" represented by unions?

MR. PURSELL: In the public sector, there is a difference from the private sector. In the private sector, once you reach the foreman level, so to speak, you are outside of labor and you are classified as management. In the public sector, since foremen in the State don't have the right to hire and fire, which is generally the criteria used to determine who becomes management and who doesn't, foremen are represented by the unions. The cutoff level comes above supervisor. Generally, I would say that beginning with assistant chief on up, they are considered management.

ASSEMBLYMAN GEIST: Okay, thank you. A couple other quick questions, Mr. Chairman. On your fat charts--

MR. PURSELL: Yes?

ASSEMBLYMAN GEIST: --would it be fair to say, using the famous maxim, that there are probably "Too many chiefs and not enough Indians"?

MR. PURSELL: Oh, absolutely.

ASSEMBLYMAN GEIST: And on the fat chart-- When I go to that difficult task of weight watching, certain fats are fatter than other fats.

MR. PURSELL: That's right.

ASSEMBLYMAN GEIST: And some are more calories. You did not distinguish between the fatties in the back, the contracts. The contract titles here--

MR. PURSELL: Yes?

ASSEMBLYMAN GEIST: Are they done pursuant to public advertisement, open bidding?

MR. PURSELL: Some are, some aren't.

ASSEMBLYMAN GEIST: That's my point. Some are fatter because they are not competitive.

MR. PURSELL: That's right.

ASSEMBLYMAN GEIST: Thank you. Can you provide a report, at least to this Assemblyman, of the fatty contracts, the noncompetitive contracts, the ones that are done outside the competitive Public Contracts Law process, where favoritism can be clearly the criteria on which the contracts are awarded?

MR. PURSELL: I'll try. I don't know the cutoff point in the criteria for determining which contracts need to be put out to bid and which ones they can waive the bid on. The big one here, Unit Dose Drug Distribution Services, \$47 million-- This was work that was previously performed by pharmacists that we represented in the State institutions. This is a company that has been hired to bring in drugs from the outside and dispense them on the wards within the hospitals the State runs, the developmental disability centers, and the psychiatric hospitals.

I would say there is probably \$20 million worth of fat right there. And there is a scandal involved in that that has never--

ASSEMBLYMAN GEIST: Twenty million within the \$47 million?

MR. PURSELL: I would think so.

ASSEMBLYMAN GEIST: Twenty within the 47.

MR. PURSELL: Yes.

ASSEMBLYMAN GEIST: I just want to make sure I heard it.

MR. TRIVELLI: We have a lot of information on this particular contract, and we could provide that to you. It has been a real problem.

ASSEMBLYMAN GEIST: We would love to see it. So, that is the tip of the iceberg?

MR. PURSELL: I would think so, yes. There is corruption involved in that. There are people who used to be on the State's payroll who went to work for the pharmaceutical company that got the contract. This one stinks of politics at its worst. That is part of our problem with subcontracting. The Price Waterhouse scandal was probably one of the best ones -- or the most knowledgeable. As you see off of this list, there are contracts that you have to question. Why does the State need \$34 million worth of advertising in public relations services? What do they advertise? Maybe some of it is for the Division of Tourism and Travel, but I don't think there is a need for advertising to that extent.

ASSEMBLYMAN GEIST: You provided this to our Appropriations Committee today?

MR. PURSELL: Yes.

ASSEMBLYMAN GEIST: And you have documentation to support this?

MR. PURSELL: We have documentation to support, in-depth, the drug distribution service contract. Frankly, our union employs 70 people full-time. In contrast, the State has 1200 personnel representatives who fight us on a daily basis, filing grievances and taking discipline against us.

We have tried to put together an alternative budget to give the State an idea of, you know, what direction we feel the thing should be going in. We don't have the resources or the capability for analyzing as much as we would like to. If we did, we would certainly expose more of it. When we get a hold of it, we do. I think the exposure of the project specialists and the Senior Executive Service resulted in them reducing the number of project specialists and reducing the Senior Executive Service, but, like you said, that is the tip of the iceberg, unfortunately.

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman.

ASSEMBLYMAN DeCROCE: A question-- Not a question, but a statement with regard to your project specialist title. That is the title that was used, frankly, by the DOE when they put on 26 new people most recently.

MR. PURSELL: That's right.

ASSEMBLYMAN DeCROCE: And as much as I want to criticize this administration, I'm sure every administration has done the same damned thing.

MR. TRIVELLI: Oh, absolutely. In fact, there are fewer project specialists now than there were two or three years ago.

ASSEMBLYMAN DeCROCE: Yes, well, the fact of the matter is, it doesn't make it any better if they start putting them on again--

MR. TRIVELLI: Right, absolutely.

ASSEMBLYMAN DeCROCE: --because they are only going to have more and more and more until we ease the old group out and put the new group in.

MR. TRIVELLI: Absolutely.

ASSEMBLYMAN DeCROCE: I mean, there is no change.

ASSEMBLYMAN RUSSO: Assemblywoman Bush?

ASSEMBLYWOMAN BUSH: Do you have any information-- I see you have the number of contracts and the multiyear value of the contracts. What I am missing is, how many years are these contracts for, though?

MR. PURSELL: I don't know. You would have to get that through what used to be called the Division of Purchase and Property.

ASSEMBLYWOMAN BUSH: Okay, because I think that would be important for us to know with some of these. It may be a large number, but I don't know if it is, like, a 20-year contract for \$250,000, or what.

Another question: Say, for instance, the Unit Dose Drug Distribution Services--

MR. PURSELL: Yes?

ASSEMBLYWOMAN BUSH: Would that be an example, as you would see it, of privatization?

MR. TRIVELLI: Absolutely; absolutely.

MR. PURSELL: Yes, it was. Approximately, or over 20 of our pharmacists were laid off when this firm came in to replace them last year.

ASSEMBLYWOMAN BUSH: One other question then: If it is possible -- if it is within your information -- to get to me, and hopefully the other members of the Committee here, just as an idea on that-- What is this contract actually costing the State for whatever period of time, versus what you would have seen it to have cost the State if your pharmacists were still doing the job?

MR. PURSELL: Part of the problem is us getting access to the information to put that together. We don't know how much the State pays for drugs. We met with our pharmacists. We got as much information as we could to try to put together a picture as to how much it really costs the State with their salaries and benefits, and the cost of maintaining equipment and a pharmacy in the institutions. But it is very difficult for us to put an actual figure on that.

ASSEMBLYWOMAN BUSH: Then, can you just get the information you would have regarding your--

MR. PURSELL: Sure.

ASSEMBLYWOMAN BUSH: Possibly we can get the other information--

MR. PURSELL: Yes, we can do that. Frankly, a lot of this information falls into our hands from people who send it to us anonymously. I think there are a lot of good people in the bureaucracy who want to see this exposed. On a daily basis, we get confidential, or anonymous mail, with a copy of a



contract like this. At one point, we received a list of the construction projects that are pending in the Division of Building and Construction, showing that \$1.5 million is being spent on building boat ramps in various State parks, you know, some of which is bond money and it has to be done, or there is a plan to build a \$185,000 swimming pool at the State Police Barracks in West Trenton, at the same time they are laying off our members.

Now, a lot of those projects have been stopped, but there are still construction projects like that going on. You have to question why that kind of activity is taking place at a time when the belt is supposed to be being tightened.

ASSEMBLYMAN DeCROCE: I agree with you. The only thing I want to say is, that is a job for Appropriations, really, not this Committee. I don't disagree with you at all. I think they should go over every part of it.

ASSEMBLYMAN RUSSO: Assemblywoman Derman?

ASSEMBLYWOMAN DERMAN: A very basic question: You represent, obviously, classified employees?

MR. PURSELL: And some unclassified.

ASSEMBLYWOMAN DERMAN: And some unclassified. Project specialists -- that is a general title, we said -- and political employees, are unclassified?

MR. PURSELL: Yes.

MR. TRIVELLI: But we don't represent them.

ASSEMBLYWOMAN DERMAN: You don't represent them, okay. You also differentiated before and referred to management titles.

MR. PURSELL: Right.

ASSEMBLYWOMAN DERMAN: Now, are they classified or unclassified?

MR. PURSELL: Some are classified, others are unclassified, depending on where they work and the level of their responsibilities. As you go up the scale, assistant

commissioners are obviously unclassified, but a director may or may not be classified, depending on which department he works in, and who, at one point, decided that it should be unclassified as opposed to career service.

ASSEMBLYWOMAN DERMAN: Now, looking at the "management fat" schedule, which is dated today, April 2, 1992, you have approximately 1300 employees listed there, out of what we are seeing as a work force of unclassified employees of over 11,000. So it is your position that approximately 10 percent of the unclassified could be categorized as management fat.

MR. PURSELL: I would say that is a fair assessment, maybe more.

MR. TRIVELLI: That is probably conservative.

ASSEMBLYWOMAN DERMAN: Would you have any idea what this bottom line number from management fat would have looked like if we had had a schedule dated April 2, 1991?

MR. PURSELL: Not much different.

ASSEMBLYWOMAN DERMAN: Not much different?

MR. PURSELL: No, I don't think so.

ASSEMBLYWOMAN DERMAN: There hasn't been an increase in hiring?

MR. PURSELL: There has been some decrease through unclassifieds being let go, but it has been offset by some hiring. I think there have been some newspaper article accounts of what happened after the elections; how staff, you know, from the former Majority office, all of a sudden ended up on the payroll. They are generally hired in confidential assistant or confidential secretary positions, and then--

ASSEMBLYWOMAN DERMAN: Right, which we can see from this list. I mean, it's--

MR. PURSELL: Yes, that's an old list, too.

ASSEMBLYWOMAN DERMAN: Right.

MR. PURSELL: That's not even an up-to-date one.

ASSEMBLYWOMAN DERMAN: Right. It seems to cease at February 18, 1991.

MR. PURSELL: Yes. Again, it is because we are limited in the access we have to the information. Frankly, if you want to do the public a great service, allow the union to tap into the Personnel Management Information System so that we can do an analysis of the fat as it really is. We have only been given access to information when they felt it was in their interest to give it to us.

ASSEMBLYMAN RUSSO: You can't get that normally?

MR. PURSELL: This is an April '91 list. We would love to see an April '92 list, to make comparisons to it and find out where the project specialists who were employed in April of '91 are now in '92.

ASSEMBLYMAN RUSSO: Have you tried to get it and they don't have it, or have they said that they won't give it to you?

MR. PURSELL: We get a run-around. We have tried.

ASSEMBLYMAN RUSSO: What do you ask for? What exactly do you ask for?

MR. PURSELL: We asked for another copy of this list here. This is the only copy I have of it, so I--

ASSEMBLYMAN RUSSO: What is that called?

MR. PURSELL: This is from the Office of Management and Budget, a list called, "Position Monitoring," dated 4/18/91. "Personnel Management Information System Master File and Payroll Master File," a list of employees and bargaining units D, M, V, W, X, Y, and Z. Those are the categories of management and exempt employment.

ASSEMBLYMAN RUSSO: You would want the same as that, only updated?

MR. PURSELL: Oh, yes. I think we should get it-- I would like to get it on a quarterly basis.

MR. TRIVELLI: We have had to threaten them with suits. You know, we ask for information, and it takes a very

long time for us to get things. Many times we have had to threaten--

ASSEMBLYMAN RUSSO: That would come from Commissioner Cimino's--

MR. PURSELL: This came from Keavey's operation -- OMB.

ASSEMBLYMAN RUSSO: OMB.

MR. PURSELL: That is another problem. DOP uses different figures than OMB uses. You can have the two men in the same room, and they claim there are 4000 different employees total. I think we heard that today. OMB considers anybody an employee who they cut a paycheck for, and DOP considers it differently.

ASSEMBLYWOMAN DERMAN: I just have two more--

ASSEMBLYMAN RUSSO: That's fine. I am not going to ask a question, but I am going to try to finish this, in fairness to everybody -- and this is actually very instructive, educational, and interesting -- about 4:15, if we can do it today, okay? Question?

ASSEMBLYWOMAN DERMAN: Just two more very brief questions: We heard testimony that apparently the classified and unclassified employees receive the same benefits with respect to the participation pension plan, health care, sick leave, approximately?

MR. PURSELL: Yes.

ASSEMBLYWOMAN DERMAN: I am very curious, though, about the level of supervision, if you will, with regard to different classes in terms of attendance, punching a time clock -- supervising these employees. Can you categorize what the differences are, if any?

MR. PURSELL: Yes, I can categorize them. The people we represent, if they are 10 minutes late, they get docked from their pay; and the people we do not represent can not show up for their work for days on end, and they still -- you know, they still pick up their paychecks. I am being cynical, but I

don't know how else to say it. As Vince says, it depends on the situation. I don't think you can say there is a hard and fast rule as to how that works.

ASSEMBLYWOMAN DERMAN: But, your employees punch a time clock?

MR. PURSELL: No. Some do, but for the most part they are salaried and they are expected to show up for a seven- or eight-hour workday, depending on what their workweek classification is.

ASSEMBLYMAN DeCROCE: I can't believe that people watch for 10 minutes, even unclassified people.

MR. TRIVELLI: Oh, absolutely.

MR. PURSELL: We have people in the Labor Department, if they are a minute late they make a tally sheet, and three months later when it adds up to 15 minutes, they are docked the 15 minutes. This is the Department that is supposed to be looking out for the rights of working men and women.

ASSEMBLYMAN RUSSO: If you could, there are two issues I want you to try to cover before the end of the day: sick days, which we talked about a little bit before, and vacation days, which we brought up, but not really because they deferred to you. So could you maybe deal-- Let's do those two points maybe, okay?

MR. PURSELL: I don't know what you want me to say about sick leave.

ASSEMBLYMAN RUSSO: Well, what the program is. Fifteen days, I think we discussed.

MR. PURSELL: After your first year of employment-- The first year of employment, you get one day per month up to a maximum of 12. Thereafter, 15 days, credited in advance of the year. It is subject to the rules and regulations in Chapter 6, I think, Leaves of Absence, in the Administrative Code.

The Department of Personnel has put out reports that show how many days are used in each department. I think the average is six to seven days.

ASSEMBLYMAN RUSSO: On average.

MR. PURSELL: It varies.

ASSEMBLYMAN RUSSO: We heard before from Mr. Yackel that it was a situation where Personnel was using the most days, or something, supposedly. Right? Is that true? I mean, I don't know.

MR. TRIVELLI: Yes, that is true.

MR. PURSELL: We promised the Appropriations Committee more information, which we will also provide to you. There have also been studies to show the usage of sick days in this State versus surrounding states. It is certainly not out of-- I can't remember off the top of my head, but I think it was less than New York and less than Pennsylvania, but a little more than Delaware. I mean, it was, like, right in the realm of every other state. There has been some belief that the people in this State are abusing sick leave, but the facts just don't bear that out.

ASSEMBLYMAN RUSSO: You may be right. If there were a situation with regard to the previous testimony of Mr. Yackel-- He stated before that there might be a way to do it on an incentive basis, where people would not be able, in essence, to buy 50 percent 10 years down the line, but each year would get, let's say, a financial or a cash bonus for only using so many. Has that ever been discussed?

MR. PURSELL: We have that on the bargaining table right now. As you know, our negotiations recently opened, and that is a proposal.

ASSEMBLYMAN RUSSO: Really? Okay, I didn't know that. What would be a proposal like it? Just as an example, what kind of reasonable proposal would there be like that?

MR. PURSELL: Well, we represent people at the Trenton Housing Authority. If they have a year where they don't use any sick leave, they can sell back to the Authority, three or five days, I forget what it is.

ASSEMBLYMAN RUSSO: So, if you don't use the 15, you would get back maybe three days or five days. You would get a check for that?

MR. PURSELL: Yes, that is subject to negotiation.

ASSEMBLYMAN RUSSO: Sure, but that would be the principle.

MR. PURSELL: Yes. I know the UAW has used that with General Motors, selling back their sick time.

You know, there is also a tendency to compare public workers to private workers. Sometimes that makes sense and sometimes it doesn't. The type of work that public workers are performing, especially in the institutions, the prisons, and the Division of Youth and Family Services dealing with child abuse-- In the profile of the work force, there are a lot of single heads of household with children who generally have to use sick time to take care of their families, because there is no one else to take care of them. I think there has been a failure to recognize that there is a difference in the type of workers that the public sector employs and the need to use sick leave differently than in the private sector.

ASSEMBLYMAN RUSSO: Mr. Romano?

ASSEMBLYMAN ROMANO: That was right on target. Mr. Pursell, you were right on target with my question: Is there a difference in the pattern?

MR. PURSELL: Oh, sure.

ASSEMBLYMAN ROMANO: I understand that you cover the public versus the private work force. You're saying now, or what I think I'm hearing is, in the public sector it is much better than in the private sector. You're saying they have to go to work.

MR. PURSELL: Well--

MR. TRIVELLI: We'll get you that information.

MR. PURSELL: Yes, we would have to provide you with that. But single heads of household generally cannot afford

to-- Two things happen: Either they can't afford to take off, or their family gets so sick that they don't have anyone else to care for them, so they have to use their sick leave.

ASSEMBLYMAN ROMANO: Can one draw any sort of relationship between the private and the public?

MR. PURSELL: I don't have the information to do that.

ASSEMBLYMAN ROMANO: Have you seen anything marked in your own records?

MR. PURSELL: No, no.

ASSEMBLYMAN RUSSO: Mr. Bagger?

ASSEMBLYMAN BAGGER: Thank you. Just one question: What was the effect of the early retirement program on management employees, as compared to bargaining unit employees?

MR. PURSELL: I never saw a breakdown of it. The Director might have a breakdown of it.

MS. McMAHON: (speaking from audience) I don't have a breakdown with me.

ASSEMBLYMAN BAGGER: The reason I ask is to find out whether this was a mechanism that was an effective way of pairing down management ranks without--

MR. PURSELL: I suspect it was. The experience we had was that even though some of our local unions took hits in the early retirement incentive program, the positions vacated were generally the higher paid -- you know, were people who had accrued the most length of service and ended up--

ASSEMBLYMAN BAGGER: Obviously, the key to the success of the early retirement program, and why some local governments participated and some didn't participate, was their evaluation as to whether the positions could remain vacant?

MR. PURSELL: That's right. I would hope that these positions would remain vacant, to the extent that they were management positions.

MR. TRIVELLI: And even to the extent that they get filled again, if I may-- Many times you have someone retire at



a higher salary and you bring someone new in at a lower salary, so at least you are saving the difference if that position has to be filled. People who have been in there for a long time do make more money.

ASSEMBLYMAN BAGGER: The accountants I have talked to -- and I looked at this quite closely when I was confronting a decision whether or not to participate in local government-- The accountants' consensus was that the position would have to remain vacant for at least three years for it to pay off in the long run, in terms of the pension costs.

MR. PURSELL: That could be. This morning at the Appropriations Committee, our economist pointed out that we had done a study in AT&T as to the costs to society in general of laying off people. The report found that for every person laid off there is \$26,000 in social costs, either through Unemployment Insurance, lost revenues to the government, or welfare costs. So, while it may be costly to implement a retirement incentive program, I think the alternative -- if the alternative is layoffs -- is much more costly in the long run.

ASSEMBLYMAN BAGGER: You're right. If positions are going to be eliminated permanently, not filled, the early retirement incentive is a superior approach to a layoff, as is a hiring freeze or a moratorium.

MR. PURSELL: Yes, it is a more humane--

ASSEMBLYMAN RUSSO: Could you talk about vacation days for a second, please; what the policy is, amounts, that kind of thing?

MR. PURSELL: That is also listed in the Civil Service regs. I believe the first year it is 12 days; then after five years, 15 days; after 10 years-- It is on a sliding scale like that.

ASSEMBLYMAN RUSSO: And if you don't use it that particular year?

MR. PURSELL: The State allows limited carryover of one year's accrued vacation time. After that, you lose it.

ASSEMBLYMAN RUSSO: If you don't use it within a year after--

MR. PURSELL: Yes. Unlike sick leave, which you can only receive upon retirement, vacation leave is cashable if you quit, are fired, or are laid off. If you are laid off and you have sick leave accrued, you lose that sick leave. Actually, I just received a letter from a man whose wife died after 23 years of service to the State. She lost all of her sick leave, and he is arguing why shouldn't the estate receive any accrued sick leave when someone dies, especially if they were eligible to retire and they were still working? You know, that is a hard letter to answer that, you know, you are not entitled to it because the law says you only get it if you retire.

MR. TRIVELLI: Mr. Chairman, may I-- I know you want to end in a few moments. There are just a couple of things that we wanted to say to make things clear.

One is, you asked about changes in Civil Service. There were a lot of changes in 1986. We didn't like some of them, and some of them we did like. We think it is sufficient, and that it should not change; that the employees we represent would have a very big problem with any attempt by the Legislature to restrict their rights.

Secondly, you spoke about expanding the scope of bargaining, putting things on the table. We have always been advocates of expanding the scope of bargaining, and we have had bills in. Assemblyman Foy had a bill in, and Senator Jackman had a bill in, which we supported.

What we do not support, however, is the concept that seems to be prevalent today, which is, we put everything on the table, but we start from ground zero. You know, the things that are now in regs -- the State Health Benefits Plan, the pension plan, the amount of vacation days, the amount of sick

leave days-- Those are things that public employees have fought for for many years, before the CWA existed, and now that the CWA exists for the State workers we would have a real problem with putting things on the table and starting at ground zero, especially without the right to strike, or with the courts restricting the right to strike and holding employees in such a constrained way.

The third area -- and I don't know the scope of this Committee and how much you intend to get involved in this -- is the State Health Benefits Program. There have been proposals made by the Governor's Audit Commission which were presented to the Appropriations Committee on -- I guess Monday, or recently -- to shift significant costs of that program over to the employees. We would oppose those. We think that does not get at the health care crisis. We made a statement this morning, and we can say it again now, that we are willing to work with this Committee, or that Committee, or whomever, to talk about ways to control the costs of health care, in the area of administration and other things. We have hired an expert to work with us on this, but we will not look to, or accept, a cost shifting to employees. We just don't think that that deals with the health care crisis that is out there.

We would work with anyone on dealing with other ways to control costs that do not decrease benefits and do not cost shift.

ASSEMBLYMAN RUSSO: Did you give written information this morning to the Appropriations Committee with regard to--

MR. PURSELL: Well, we had to end the Committee after many hours. The Chairman said that he would get back to us. But we would also like to sit down with you, as well.

ASSEMBLYMAN RUSSO: If you have any proposals or written information with regard to the health care benefits, we would be very interested in that.

Mr. Romano?

ASSEMBLYMAN ROMANO: I am personally interested. I am on the Health Committee, along with my colleague, Assemblywoman Bush. That is an ongoing joke.

MR. PURSELL: Must be an inside joke.

ASSEMBLYMAN ROMANO: I just want to ask this on a personal basis: You recall last year in June when they were talking about laying off 4500 employees. I am the Assemblyman who pushed forth the resolution about the open enrollment period.

MR. PURSELL: Right.

ASSEMBLYMAN ROMANO: I understand that some people did take advantage of it. Going back to what was said here before, that some of the people should review their plans during the open enrollment period, perhaps the traditional plan is not what is needed, but an HMO, a managed health care plan. Some people, when they realized they were paying for it on their own, picked up an HMO instead of the traditional plan. Whatever plans you have along health care, I would appreciate it if you would send to me--

MR. PURSELL: Right.

ASSEMBLYMAN ROMANO: I sit on the Health Committee with George Hudak, and on Senior Citizens and Social Programs with Ms. Bush.

ASSEMBLYWOMAN BUSH: Vice versa. Hudak is on the Senior Citizens Committee; I am on the Health Committee.

ASSEMBLYMAN ROMANO: Oh, you are on the Health Committee. I got them twisted.

ASSEMBLYMAN RUSSO: Are there any further questions at this time?

MR. TRIVELLI: Again, we would be willing to come back at a later date, if you--

ASSEMBLYMAN RUSSO: If you have the health care information, if you can get that to staff, that would be great.

UNIDENTIFIED MEMBER OF COMMITTEE: We may want them to come back.

ASSEMBLYMAN RUSSO: Yes, we may want you to come back. It would be very helpful. Thank you very much for taking the time today. We appreciate it.

ASSEMBLYMAN ROMANO: Mr. Chairman, just let me say, I think you have handled the hearing very fine. I think you are a fair-minded person. It is a pleasure to be with you, especially after the MADD conference we had.

ASSEMBLYMAN RUSSO: Thank you very much.

We were very happy to have both of you on board. We hope that everyone continues to ask questions. I think that is very important.

Is there anyone else in the audience who would like to say something today? Does anyone else want to say anything? Ma'am? Would you please state your name?

G L O R I A C H U R C H: Yes. My name is Gloria Church. I am a State worker. I am interested in Civil Service reform. I also was very impressed with the union representation, because I am not really a union person, per se.

I think the Committee should also be aware that during the time of the last rift, which I was also involved in-- I was involved in two rifts since I started with the State in '79. It is what I would call a revolving door. Some of the management were targeted for layoff because they did not have enough seniority. But within a two-week period, they were back. This has been going on. During the same time when we had the rift, they were giving out reclassifications and promotions to management and to chosen staff.

ASSEMBLYMAN BAGGER: Is that happening now?

MS. CHURCH: They are giving out, one unit, I understand-- I am not that familiar with it, but they are giving out assistant chief titles.

ASSEMBLYMAN BAGGER: Assistant chief titles?

MS. CHURCH: Yes. They are creating positions and juggling.

ASSEMBLYMAN BAGGER: Can you tell us what area of government that is?

MS. CHURCH: Department of Human Services. At the same time that I was laid off -- well, my position was vacated -- there were people who, like the union said-- There were project specialists; there were people in the same unit where I worked -- they were in a different field, though, different job specs-- They were nonpermanent, and they were not touched. Eventually, they took an open competitive test, and they weren't reachable. So they had to take from the open competitive list to bring new people in, but they channeled these people to another department. You know, there is a lot of shifting going on.

I am going to be meeting with Senator Dick LaRossa next week, to give him more documentation on it.

ASSEMBLYMAN BAGGER: Have you ever heard of a circumstance where a project specialist or an unclassified person was brought into a classified position and given a test, and if he or she didn't come out in the top three -- or whatever is required -- then the position isn't filled until another testing round?

MS. CHURCH: I have a copy of a list. At the time we had the last rift, there was, I believe, an open competitive test, because one of the supervisors did not have any permanency. She came out number 14. So I think they sort of worked around it, or cut a deal with some other people, in order to get this woman certified in a permanent title.

ASSEMBLYMAN DeCROCE: See, that is what we are here for. That is really what we are here for.

MS. CHURCH: This goes on almost all the time.

ASSEMBLYMAN DeCROCE: That is why I asked if there were any glitches in the system. I was told, "No, there are none," but there are glitches in the system.

MS. CHURCH: Oh, there are. I mean, if you were to make an announcement, the State workers who would come forward-- You wouldn't have a building big enough, really, for the ones who are not afraid, or who are not intimidated.

The area I had been working in-- I have settled with the Office of Administrative Law, so I am not going to talk about that. But in that area, I saw things that were inappropriate for management to do. I had been writing for her since '86, back and forth. I got so frustrated with going in-house with the memos and the courtesy order from your supervisor, and so forth, I finally went as a taxpayer and citizen of the State who was tired of mismanagement.

I went to an open Appropriations Committee meeting last week, with Senator Inverso and Senator Dick LaRossa. I told them that I actually had a supervisor -- I won't name the individual -- who called me into her office and said, "I am your new supervisor." They had created new positions. She said, "I don't know what my job is; I don't know what yours is, but I am going to change the way you do your work," and she was nonpermanent.

Now, that is unbelievable. There is a lot of that. There are a lot of good managers out there who encourage you--

ASSEMBLYMAN DeCROCE: I'm sure.

MS. CHURCH: --but then there is an equal balance of the ones who just feel like, "Well, it is an easy job. I will just come in."

ASSEMBLYMAN RUSSO: How did you hear about the meeting today? The reason why I ask that is because if we do that-- I heard what you said, and I think it is a good idea. I am just wondering, through the union, or--

MS. CHURCH: No, on my own. I had gone to the open meeting Senator Inverso had with the budget appropriation--

ASSEMBLYMAN RUSSO: Right.

MS. CHURCH: I didn't sign up to speak, like I didn't here--

ASSEMBLYMAN RUSSO: Right.

MS. CHURCH: --but then I said, "Wait a minute. You know, you have to get people who are in the system." I have been a State worker since '79, and I have seen so much go on. It is unbelievable. A lot of people say, "Don't get involved, because if a layoff comes, you will be targeted." So I wasn't surprised when I got my layoff notice.

ASSEMBLYMAN DeCROCE: Well, you are not in the system now.

MS. CHURCH: Pardon me?

ASSEMBLYMAN DeCROCE: You're not in the system now.

MS. CHURCH: Oh, I am, yes. I work for the Division of Developmental Disabilities.

ASSEMBLYMAN DeCROCE: Oh, you are. Good for you, for having the courage to come forward.

MS. CHURCH: I work in an area where they really have people who have integrity. They really do care. In fact, they have management that knows what they're doing, and they encourage people.

ASSEMBLYWOMAN DERMAN: Mr. Chairman?

ASSEMBLYMAN RUSSO: Yes?

ASSEMBLYWOMAN DERMAN: I think that in addition to this anecdotal type information which the witness has provided -- and apparently we would all like to hear more -- I think we need some basic information about the system; a chart, for instance, about the different levels of employment, the testing, and so forth. I know I do. I am not that well-informed on how the Civil Service system works with respect to job titles and tests.

ASSEMBLYMAN RUSSO: Who would be able to do that? I know that is not in the book that Mr. Cimino-- I don't think it is in there, unless you found it in there.



ASSEMBLYWOMAN DERMAN: No, I didn't.

UNIDENTIFIED MEMBER OF COMMITTEE: He should be able to provide it, I should think.

MS. CHURCH: I won't keep you any longer, but if there is any Civil Service reform I think it should be with Chapter 8, because that is the chapter on layoffs they implement on page 1. While they were having layoffs, they were giving themselves promotions. It was just unconscionable. The morale was so bad. If they had done that--

ASSEMBLYMAN RUSSO: Mr. Cimino-- I'm sorry for interrupting. My understanding is that Mr. Cimino's aide is here. Beth, did you hear that question with regard to--

E L I Z A B E T H A. B L A I R: (speaking from audience) Which one?

ASSEMBLYMAN RUSSO: From Assemblywoman Derman.

MS. BLAIR: About?

ASSEMBLYMAN RUSSO: About whether you would give us a handout with regard to exactly how Civil Service works. What else did you say? I am trying to--

ASSEMBLYWOMAN DERMAN: How it works, testing levels.

ASSEMBLYMAN RUSSO: What these levels mean to laymen, as we are?

ASSEMBLYWOMAN DERMAN: A chart of the hierarchy, if you will--

ASSEMBLYMAN RUSSO: We know we asked for information from Commissioner Cimino with regard to the 5000 people who are not there. We wanted -- as Assemblywoman Bush said today -- a profile of who is not there, and why they are not there, meaning were they laid off, was it early retirement, was it attrition, whatever? Also, what salary levels were those people -- \$85,000 or \$14,000? That we have asked for.

What we are asking for now, just as Assemblywoman Derman said, is if we could have a chart of what these levels mean in Civil Service, so we can better understand when we hear

State employees, or former State employees? Would that be possible?

MS. BLAIR: Yes, but I'm sorry, I'm not sure levels of what you are talking about.

ASSEMBLYWOMAN DERMAN: What different levels are there in the Civil Service system?

MS. BLAIR: Titles.

ASSEMBLYWOMAN DERMAN: Titles, and how do you get those positions?

ASSEMBLYWOMAN BUSH: The background of the whole Civil Service structure, for laymen, meaning me. What is Civil Service? Begin with that.

ASSEMBLYMAN RUSSO: I think we agree, right. I think all of us-- If you could get us that-- What are the testing requirements? I think the employees know, but I don't think we know.

ASSEMBLYWOMAN BUSH: I already know classified versus unclassified.

ASSEMBLYMAN DeCROCE: You're right. (all members of Committee speaking at once here)

MS. CHURCH: Well, I have taken many tests, open and promotional. That is how I came up, an open test in '79.

ASSEMBLYMAN RUSSO: Before we get to that, you were laid off in what year, ma'am?

MS. CHURCH: Well, I was laid off in '80, you know, when they had the 10 to 1.

ASSEMBLYMAN RUSSO: Right. How long were you out of the system?

MS. CHURCH: Well, I wasn't. I opted to bump a young lady who was right in the same area. I was told, at that time -- the Director has since left -- that if I bumped her--

ASSEMBLYMAN RUSSO: Right.

MS. CHURCH: --I would never get a promotion under him. That was intimidation. So I said, "Well, I am going to

do it anyway. I am not afraid. I will just take my chances." But this last layoff, last spring, my position was vacated. I have always questioned that. There were six of us, and they vacated my position. But after they vacated me, they hired-- I mean, before they vacated me, they hired two others. At the time, they said the reason the position was vacated was because we were going on computer. I said, "Well, then, why don't we get rid of management?" you know, the excess management. They never gave me an answer. I mean, you can go back and forth, and they never give you a direct answer.

ASSEMBLYMAN DeCROCE: Were you then just laid off and then rehired at a later date?

MS. CHURCH: No, I was able to bump.

ASSEMBLYMAN DeCROCE: Oh, you were able to bump.

MS. CHURCH: See, that is one thing I had questioned, because my title is Head Clerk. I had questioned why I didn't have more lateral leverage to bump. If I was Head Clerk, why couldn't I bump into a Head Clerk Bookkeeper, or an Account Clerk, or a Secretarial Assistant III, nonsteno? I was eligible to take promotional tests for Secretarial Assistant II, nonsteno. Why didn't they give me more leverage? I am doing bookkeeping work now, but I have a background in savings and loan. I used to work -- in the '70s, when they were honest-- (laughter) I always add that. I fit right in with the bookkeeping, because I love it. But if it had been another Head Clerk in my unit-- Some of them don't even like to do checking accounts, you know.

I want to tell you that I just have to say this: I am proud of the union for speaking up, because, like I said, I was a little bit leery about them, but there is a lot of fine-tuning. If you can get more people, who are out there in the State, like myself, who know where the waste is--

ASSEMBLYMAN DeCROCE: What union do you belong to?

MS. CHURCH: Well, the CWA. They take out the .85.

UNIDENTIFIED SPEAKER FROM AUDIENCE: She is going to join the union after her testimony here.

MS. CHURCH: No, honestly, absolutely. I was very impressed.

ASSEMBLYWOMAN BUSH: Do you have the choice to join a union?

MR. TRIVELLI: (speaking from audience) You can join or not join, but if you don't join there is a State agency fee because--

ASSEMBLYWOMAN BUSH: I'm sorry. I missed--

MR. TRIVELLI: You can join or not join, but if you don't join you pay an agency fee because we still have union representatives. So they pay .85--

MS. CHURCH: Yes, .85 percent.

MR. TRIVELLI: --percent of the dues, but they do not have to be a member.

ASSEMBLYWOMAN BUSH: But they still pay for the service. You might as well be a member.

ASSEMBLYMAN GEIST: Are you going to schedule another meeting now? (no response)

MR. TRIVELLI: At .85 percent, they might as well.

ASSEMBLYMAN RUSSO: Please have Ms. Church sign in.

I think it is good that you testified. One of the things I think we are going to try to do, besides getting that information from Commissioner Cimino, is what we were just talking about. Maybe let's try to get more employees by publicizing our meetings better, either through the union, or whatever. I would like to hear from more people like you, because I think-- It may be anecdotal, but I think it is exactly on point.

To answer Assemblyman Geist's question, the next meeting will be at 1:30, here, on April 9, next Thursday. The next meeting after that will be at 1:30 here, on April 15,

which is a Wednesday -- Wednesday, the 15th. We have two more set up after that, but we will figure it out. Okay?

Thank you.

**(MEETING CONCLUDED)**



## APPENDIX





# Communications Workers of America

10 RUTGERS PLACE • TRENTON, NEW JERSEY 08618

(609) 392-2771



## TESTIMONY OF COMMUNICATIONS WORKERS OF AMERICA

### MANAGEMENT FAT IN STATE GOVERNMENT

PRESENTED BY

ROBERT W. PURSELL, AREA DIRECTOR

APRIL 2, 1992

Thank you for the opportunity to address the Committee on the issue of management fat in State government. As you are aware, the CWA, in conjunction with the Public Employee Committee of the New Jersey AFL-CIO, last year at this time presented to the Governor and the Legislature an alternative budget entitled Do the Right Thing. Our slogan was and remains today, "cut the fat, not the muscle".

We projected in our alternative budget potential savings ranging from \$149 million to \$246 million in savings from cutting management fat from the State budget. An additional \$14 million to \$20 million in savings was projected as a result of management fat in the State Colleges alone.

In the alternative budget, we outlined the proliferation of management in the Executive branch. On page 21 of the alternative budget, we demonstrated there has been a 129.5% increase in the numbers of management, while the increase in non-management workers has only increased 17.7% over the same 14 year period. As a frame of reference, the budget itself grew by 62% during that 14 year period. The growth of management was twice that of the budget! If management had grown at the same rate as the budget, there would have been 2,701 fewer managers in 1990 for a savings of \$148.6 million.

The span of supervision, or the ratio of non-management to management in 1976 was 13.3 to 1. By 1990, the ratio was down to 6.8 to 1. We have, in many areas of the bureaucracy, Bureau Chiefs with no employees under their supervision. As you can see from the attached analysis of selected titles, there are over 1,300 Director and Chief titles in use by the Department of Personnel. Despite the intent of the Civil Service Reform Act, which was to reduce the number of titles, the proliferation of management titles and the people that occupy the titles has continued.

For several years, the CWA has pointed out the management fat in the budget. We have conducted news conference after news

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conference exposing not only the management titles which should be targeted for elimination, but the names of "employees" occupying those titles. Last January, before the Assembly Operations and Personnel Committee, we presented testimony showing that management titles had been spared the budget axe while rank and file workers were targeted for job cuts and reductions in wages and benefits. A copy of our testimony is attached to this testimony.

Governor Florio, using the so called Management Review Commission reports, targeted the rank and file for elimination and a disproportionate share of the pain. Meanwhile, the Project Specialists, Consultants, Special Investigators, Deputy Attorney Generals, Tentative Titles, Confidential Secretaries and Assistants and thousands of Directors and Chiefs were ignored.

On 3-20-91, the CWA appeared before the Assembly Republican Task Force on Governmental Efficiency co-chaired by the Honorable Rodney Frelinghuysen and the Honorable Marion Crecco. We presented the attached testimony to the Task Force.

Largely because the Executive Branch and Legislative Branch have failed to act upon our findings, we now face a huge deficit. Once again, politicians are calling for cuts in the wages and benefits our members fought long and hard to achieve. Legislators are calling on the Governor to urge him to take a tough stance in bargaining this year. Yet, we hear no hue and cry for cutting the fat out of the budget.

The head of the GMRC is still calling for elimination of longstanding benefits and rights of public workers. We have yet to see a report issued by the GMRC which calls for slashing the number of management positions which proliferated over the past 14 years.

Instead, our testimony and alternative budget proposals have largely been ignored. The Florio Administration attempted to discredit our proposals. The former State Treasurer accused us of being in dreamland or something to that effect. Government officials and politicians have tried to shield the management fat from the budget axe.

Probably the main reason for the politicians attempting to protect the fat revolves around that ugly word - patronage. It was surprising and instructive to note how many of the Project Specialists and Confidential Assistants and Senior Executive Service appointees had names the same as those politicians or their relatives. No wonder they wanted to cut worker benefits - they couldn't find it in their heart to take their spouse or daughter off the payroll. It was easier to try to balance the budget on the workers' backs than to cut the patronage fat from the payroll.

Our members will not stand for our wages, benefits, standard of living and job security being jeopardized while patronage and management proliferation continues unchecked. Just look at the politicians and their former staff who landed lucrative jobs after the November elections. Many of them ended up with raises and salaries twice or more their former salaries. Losing elections last fall defied the laws of nature. Where else could you be voted out of office and end up with a salary two and a half times what you made before being voted out of office?

Despite the GMRC's report on the Senior Executive Service which was issued on 10-17-91, by April 18, 1992, there were still 433 Senior Executive Service Appointees. Not only did appointees to the SES receive hefty sign on bonuses, they usually received a raise just before their appointment and then received another upward salary adjustment after their appointment in addition to their sign-on bonus. Numerous perks accompanied appointment to the SES - from use of State cars, to personal computers for use in the appointee's home to free professional memberships to cash buyouts of unused leave time. The average sign-on bonus was \$2,904 although the bonus ranged anywhere from \$2,500 to \$5,000.

The Administration will tell you they have reduced the number of Project Specialists and Senior Executive Service appointees. What they won't tell you is where those appointees ended up. To the best of our knowledge, not one Project Specialist or SES appointee has lost their job. The ones who have been "eliminated" have actually merely been reclassified to Career Service or other Unclassified positions. You can rest assured none of them suffered any loss of pay when they were reclassified. They all either retained their salary or received raises when the title shift took place.

The SES program, by the way, was the biggest farce perpetrated as a result of the 1986 Civil Service Reform Act. Since the Union representatives know many of the individuals who received appointments, we know that some of the most incompetent, lazy, unproductive workers in the State received appointment to the SES.

While the CWA represents over 2,000 mostly clerical workers in the Dept. of Higher Education, the Council of New Jersey State College Locals has done much more extensive work in analyzing the management fat in the State College system. Unfortunately, the AFT could not testify today. It is my understanding, however, the AFT will soon complete a comprehensive analysis of the operation of the State College system. The new study will build upon last year's report of management proliferation in the State Colleges. I have one copy for presentation to the committee.

In many respects, the proliferation of management in the State

College system is worse than the proliferation in the rest of the Executive Branch. This is largely due to the passage of the so-called State College Autonomy Act of 1986. That Autonomy Act was billed as a way of developing our College system free from what were then called the constraints of the Executive Branch bureaucracy. Instead, the Autonomy Act gave the College Presidents and their own bureaucracy carte blanche to hire cronies and enter into subcontracts. The February, 1991 AFT publication College Voice makes it perfectly clear that the major effect of "Autonomy" was to bloat the College Presidents' respective bureaucracy. Stockton College alone had a 97% increase in management personnel over a four year period from 1985 - 1989. Individual managers, no longer hampered by the "constraints" of the Civil Service system, gave themselves significant raises of 18%, 19%, 25%, 27%, 34%, 52%, 68%, and, in one case, 73% (V.P., Student Services, Stockton State College \$34,703 - \$59,885.

Much is trumpeted about the purported savings which subcontracting of work produces. Our experience with subcontracting in this State has been less rewarding than the proponents would have us believe. One only has to remember such notable attempts at subcontracting such as the Price-Waterhouse computer contract with DMV. Or how about the Taggart Driving School scandal. Ask the Administration officials about the losses incurred when the Deferred Compensation Program was run by an outside contractor. Management fat takes many forms. It need not be solely patronage; it can also take the form of what is touted as a cost saving alternative to doing public work in house. In reality, however, the taxpayer gets taken to the cleaner.

Attached is a list of subcontracts from last year. Note that \$47 Million was spent on the unit dose drug distribution system. This is work that previously was performed much cheaper by State workers - CWA represented Pharmacists. Due to corruption within the Dept. of Human Services, this lucrative subcontract was entered into, despite our protests during the budget adoption proceedings last year. No one can possibly argue that drug dose distribution can't be performed cheaper in-house than by an outside for profit contractor. A contractor, I might add, which employs former officials of the Dept. of Human Services who are living quite comfortably off the proceeds of this \$47 million contract.

There are 12 contracts for "Advertising and Public Relations Services". These contracts are worth \$34,871,215. While some advertising and public relations work is understandable and necessary, we aren't Procter and Gamble. What on Earth is this kind of money promoting?

"Housekeeping management" costs the State \$2,417,022. This work our members already performs. The contract is duplicative.

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Our members already know how to manage housekeeping.

Every one of these contracts needs to be scrutinized to determine if the work can't be done cheaper and more efficiently by State workers instead of for-profit subcontractors. There was a \$185,000 contract to maintain the HVAC in the D.E.P. building. A lot of good that contract did for the State. A pipe burst and flooded the building. The \$185,000 computerized maintenance system didn't do us a whole lot of good. Now, one of the 616 lawyers employed by the State can sue the subcontractor, if political connections don't prevent the lawsuit.

There is a report from the Treasury Dept. about a billion dollar tax delinquency. Last year the budget called for recouping \$43 million of the billion. It would seem that significantly more than \$43 million should be recoverable in a one year period. Why not focus on collecting more of the delinquent taxes instead of trying to find ways of balancing the budget on the backs of the workers?

This year the Republicans, with control over both houses of the legislature, can do something unique. Rather than let the recommendations in the N.J. AFL-CIO's alternative budget gather dust on the shelf, they can implement the findings, especially those relating to management fat.

Rather than attack the wages, benefits and job security of the rank and file, cut the fat, not the muscle...Do the Right Thing!.

Thank you for your efforts in this matter.

enclosures: Do the Right Thing  
1-16-91 Testimony to Assembly Operations and  
Personnel Committee  
3-19-91 Testimony to Assembly Republican Task Force  
on Government Efficiency  
4-2-92 Examples of Management Fat  
list of subcontracts

# Communications Workers of America

10 RUTGERS PLACE • TRENTON, NEW JERSEY 08618

(609) 392-2771



January 16, 1991

The Honorable Anthony J. "Skip" Cimino, Chairperson  
Assembly State Operations and Personnel Committee  
State House Annex, CN 068  
Trenton, New Jersey 08625-0068

Re: Committee Meeting on Layoffs, State Government Departmental  
Structure and Realignment of State Government

Dear Mr. Cimino:

First, let me take the opportunity to thank you and the members of the Committee for arranging this meeting on the issue of layoffs and restructuring of Departments in State Government.

Our Union represents 38,000 State Workers located in 18 of 19 Executive Branch Departments of N.J. State Government. On May 23rd, 1990 - less than 8 months ago - our Union signed a contract with the Florio Administration. Our Union takes collective bargaining very seriously. A contract between labor and management obligates both parties to certain courses of action over the term of the agreement. On labors' side, we agree to work under set terms and conditions of employment for a specified wage. On managements' side, they obtain labor peace for the duration of the agreement in exchange for increases in wages and benefits which become payable at set periods during the life of the contract.

Governor Florio was directly involved in the discussions which led to the agreement we signed with his administration less than eight months. The Union conceded two \$300 cash payments which a Factfinder had recommended in order to reach an agreement with Governor Florio.

At the same time we were finishing negotiations on our contract, massive tax increases were being pushed through the Legislature. Despite the Union's objection to the increase of the State Sales Tax, a 1% increase in that tax was imposed on the citizens. In addition, again against our opposition, the sales tax was extended to products previously exempt from the State Sales Tax. During this period the Union attempted to meet with Steve Perskie, then Chief of Staff, to voice our objections and offer alternatives to a regressive tax increase - Perskie refused to meet with the CWA!

As the months progressed, the revenue picture worsened. The Sales Tax receipts decreased as the impending recession approached. As the economy took a dive, the Florio Administration increasingly attacked the rank-and-file workforce. Through the Governors Management Review Commission, various so-called audit reports were

issued. In August, the GMRC recommended and the Governor accepted (Executive Order #12), the consolidation of training functions. Several hundred of CWA's members were to be unilaterally transferred to the Department of Personnel. These workers would be stripped of their union representation in the process. Worse yet, 104 trainers would be eliminated. No recommendation was made to cushion the blow of the consolidation plan. Once again, Perskie refused to meet with the Union and the consolidation plan was announced and the Executive Order issued without consultation with the Union.

For their next project, the GMRC attacked the sick leave programs of the rank and file. Implying there was wide spread abuse of sick leave the reports essentially recommended the amount of sick leave entitlements be reduced, sick leave usage should be reduced, and annual accrual of sick leave be limited or abolished. The Sick Leave Injury Program was targeted for productivity improvement which likely will result in increased use of employer physicals to harass workers back to the job before their own Doctor's prognosis and imposing "light duty assignments" which are likely to be in violation of duties listed in a worker's job classification.

Following the attack on sick leave, the GMRC attacked the Motor Vehicle Maintenance system. The GMRC recommended consolidating the maintenance garages which will eliminate 222 jobs of workers who average around \$21,000.

Interestingly, not one of the GMRC reports recommends the termination of any management personnel. Two hours before the State of the State address, the Unions were brought into a meeting where we were told another 550 unionized workers would be dropped from the State's payroll. This time work performed by unionized State employees would be contracted to a private sector, for profit company. The thrust this time was ideological. Why should government perform a function which a company could perform for a profit? Motor vehicle emission and safety inspections can and should be performed by State Government. There is no reason why a private company should be contracted to perform inspections at cost of \$15 when the State can perform them for less than \$5.00. In the case of contracting inspections to profit making companies, the State is also intending to give these companies the use of State land and equipment in addition to the fees motorists will now have to pay for inspections.

As the GMRC reports were being issued and the economy was worsening, the CWA was supplying to the Florio Administration information on where money could be saved. When it became clearer that our suggestions were falling on mostly deaf ears, the CWA went public. Through a series of news conferences, we outlined,



modestly, areas where over \$250 million in savings could be generated without any reduction in services or layoffs of rank and file workers.

We first pointed out the Unions had already done more than their share in balancing the budget over the past several years. Our contract provided for a six month wage freeze in 1989 - our workers that year really only received a 2 % raise. In 1990, we agreed to a three month wage freeze. During the past two years there has been a hiring freeze in place that has cost the jobs of over 2,000 CWA members. At the same time, promotions have been halted and our members have been constantly asked to perform more work. As attrition takes its toll on the workforce, workers are being expected to pick up the duties of workers who retire, quit or are laid off.

Meanwhile, political patronage has continued to run rampant. During our first news conference, we listed titles the titles which should be eliminated. The titles contain over 1,300 incumbents - appointees whose jobs you could eliminate and the public would never know the difference since these 1,300 appointees provide no direct service to the public.

On 12-5-90, the CWA also proposed the conversion of the Senior Executive Service appointees to their previous titles. The bonuses and raises given to these appointees would be retracted and these management positions, if really necessary, would be converted to existing classifications with the Civil Service system which more accurately reflect the duties performed by these employees. Another 126 Special Investigators employed by the Department of Law and Public Safety, would be converted to their proper Civil Service title. Many of these appointees could also be eliminated without any appreciable reduction in service to the public.

Half of the existing Administrative Law Judges could be eliminated by using arbitration as a disciplinary review process instead of costly administrative law hearings. Duplicate personnel and payroll functions were targeted for elimination by the CWA.

The Union also recommended an immediate end to the Job Analysis Project (better known as the title consolidation project). Finally, the Union recommended elimination of double dipping into the pension system by Cabinet members, high level management appointees and legislators and, I'm sure, much to this committee's dismay, rolling back the raises given to the Governor, Cabinet, Judges and Legislators.

On 12-19-90, the CWA upped the ante by conducting a News Conference where we released the names, work locations and salaries of 515 Project Specialists, 126 Special Investigators, and 115



Consultants. Reports in the media described Governor Florio as supportive of removing anyone from the payroll who doesn't perform a useful function. Meanwhile, to date, to the best of our knowledge not one manager, Project Specialist, Special Investigator, or Consultant has been removed from the payroll.

Instead, Governor Florio hired a Special Counsel, at \$125 per hour, to meet with the Unions about balancing the budget. More on this later.

On January 3rd - just 2 weeks ago - the CWA outlined millions of dollars of savings which could be effectuated by eliminating costly subcontracting of engineering, pharmaceutical and housekeeping maintenance work in the Departments of Transportation and Human Services. We also outlined restructuring proposals for dealing with the bloated managerial bureaucracy in the State Institutions. Abby Demel, President of Local 1031, presented detailed information about the 39% growth of managerial positions in the State College system at a time of decreasing enrollment and shrinking numbers of faculty and support staff.

The Florio Administration, unfortunately and tragically, has not implemented one of the Union's cost cutting measures. No one from the Administration has even asked to sit down with the Union to learn more about the Union's plans for dealing with the budget deficit. Meanwhile the deficit continues to grow by leaps and bounds while political hacks, unnecessary management appointees and highly paid and improperly classified appointees continue to draw down millions and millions of taxpayers' dollars.

In his State of the State address, Florio claimed:

"...In 1990, we laid a firm foundation for 1991. More important, we're ready to deliver on our promises because we listened, and we changed things that needed changing...1990 was about investing. 1991 is about dividends..."

Imagine our shock when the day after the State of the State Address, Florio's new \$125 per hour Special Counsel met with the CWA and told the promise made on May 23rd, 1990 needs to be broken. That the dividends our members were expecting for this year wouldn't be paid. Worse yet, the dividends received for last year were to be revoked!

That is what we were told. Despite the rosy picture painted by Florio the previous day, we were given an ultimatum:

EFFECTIVE 2-1-91

1. GIVEBACK THE 5 1/2% RAISE SCHEDULED FOR 7-1-91
2. GIVEBACK THE MERIT INCREMENTS DUE THE NEXT FISCAL YEAR
3. GIVEBACK THE 4 1/2% RAISE NEGOTIATED AND PAID 9-29-90
4. GIVEBACK THE MERIT INCREMENTS PAID IN FISCAL YEAR 1991
5. PAY AN UNSPECIFIED INCREASED CO-PAYMENT ON HEALTH BENEFITS

The Unions were put in the untenable position of choosing between contract concessions - Florio's broken promise - or the layoffs of 10,000 workers. Worse yet, we were told even if we chose the contract concessions there would still be hundreds of layoffs. Finally, even if we agreed to the contract concessions and averted massive layoffs, there would be no agreement to restore any of the contract concessions in the future. We would be expected to negotiate a new contract in 1992 starting from 1990's wage levels!

We are here today to state there will be no contract concessions. We implore the legislature to ensure full funding of Florio's 1990 promise to CWA and the other Unions. Florio signed a contract and he should be forced to abide by its terms. State workers deserve to reap the dividends from their sacrifices in 1990 the same as any other citizen deserves increase homestead rebates, no JUA surcharges and lower insurance rates, improved tuition aid and educational facilities, first time mortgages and the right to home ownership, cleaner oceans, a better State run motor vehicle inspection system, and better roads and jobs. Leaner government should be achieved by eliminating political patronage and management hacks who perform no useful function.

Florio's call for contract concessions, reduction in public services and layoffs must be vigorously opposed by everyone. The testimony received by this Committee should be used to forge a budget which preserves the vital services performed by our members while protecting and honoring the contract promises made in 1990 to the State's Unions.

Thank you, once again, for providing us with the forum and opportunity to put forth our proposals and suggestions for coping with these hard times.

Sincerely,

Robert W. Pursell, Area Director

# Communications Workers of America

10 RUTGERS PLACE • TRENTON, NEW JERSEY 08618

(609) 392-2771



To: The Honorable Rodney P. Frelinghuysen and  
The Honorable Marion Crecco  
Co-Chairs  
Assembly Republican Task Force on Government Efficiency  
- State House Annex  
Trenton, N.J. 08625

From: Robert W. Pursell, New Jersey Area Director

Re: Public Sector Union Meeting on Government Waste

Date: March 19, 1991

Thank you for the opportunity to present testimony to the Task Force concerning management waste in State government. Our Union represents 38,000 State workers located in 18 of the 19 Executive Branch Departments as well as the Judiciary. The CWA represents clerical, professional and supervisory workers in titles ranging from clerk to accountant to doctor to project engineer.

While most of our members are classified career service, approximately 2,000 of our members are unclassified professionals. These 2,000 consist mainly of teachers and other educational professionals as well as physicians, psychiatrist, dentists, as well as Civil Rights Investigators and employees of the New Jersey Network. They are unclassified either due to legislation or because the Merit System Board has determined it is impractical to hire or test them under the career service system because of characteristics unique to their professions.

From the beginning of the Florio Administration, the CWA advocated ridding the payroll of high paid management appointees in the Senior Executive Service, titles such as Project Specialist, Consultant, Confidential Assistant, Special Investigator and a host of middle level management titles created by the Kean Administration during the so-called "boom" years.

Our union met with the highest ranking members of the Florio Administration and provided them with a laundry list of alternatives to service cuts and bargaining unit layoffs. Included on the list, in addition to the elimination of political appointees and unnecessary management, were proposals to arbitrate disciplinary cases instead of going through costly Office of Administrative Law hearings. We recommended the elimination of costly subcontracting, collection off delinquent taxes, and ending duplicate personnel and payroll functions.

Again, virtually none of our suggestions were implemented. Instead, there has been proposals to increase privatization of work currently performed by our members. The highly touted Governors Management Review Commission (GMRC) has recommended elimination of hundreds of jobs held by relatively low paid union members. The GMRC recommended the elimination of 104 Training jobs, 220 vehicle maintenance jobs, and 550 motor vehicle inspection jobs. The GMRC, composed of high paid management personnel on loan from their regular positions, interestingly, has yet to recommend the elimination of any managerial positions. The Executive Director of the GMRC has even stated that the elimination of Project Specialists would cause State government to come to a grinding halt.

Instead, the Florio Administration announced the layoff of 118 members of the CWA. These are teachers, dentists, physicians and other professionals employed in the State institutions. Florio has also claimed several hundred managerial unclassifieds would be eliminated soon, although names, titles and work locations have not been, and probably will not be, released to the public.

What we find is the Florio Administration scrambling to protect the political appointees by reclassifying titles from Project Specialist and Senior Executive Service titles to other unclassified or career service titles. These reclassifications will give the SES appointees and the Project Specialists protection against salary cuts and, in some cases, job security in the career classified service.

Meanwhile, demands have been made of the Unions to giveback raises and fringe benefits under our collective bargaining contracts. Not only is the Florio Administration intent on ruining State government through political patronage and layoffs, but in the process, they seem determined to destroy the collective bargaining process as well. If the Governor, who signed our collective bargaining agreement less than 10 months ago feels no obligation to fund or even seek funding for the raises and benefits he agreed to, what good is collective bargaining? What good is a contract which cannot be enforced? We implore each member of this Task Force to reject any budget which does not provide full funding of the union contract and benefit levels of State workers.

The State worker unions have been given an ultimatum. If we refuse Florio's contract concessions, he threatens to layoff 10,000 of our members. Once again, nothing is mentioned of the proliferation of management appointees. Let me provide the Task Force with some idea of the numbers:

THE PROLIFERATION OF MANAGEMENT IN THE EXECUTIVE BRANCH

	1976	1979	1985	1990*
MANAGEMENT NUMBERS	4,000	5,900	7,000	9,181
PERCENTAGES YEAR TO YEAR		47.5%	18.6%	31.2%
PERCENTAGES YEAR TO 1990	129.5%	55.6%	31.2%	
NON-MANAGEMENT NUMBERS	53,310	57,262	61,997	62,724
PERCENTAGES YEAR TO YEAR	7.4%	8.3%	1.2%	
PERCENTAGES YEAR TO 1990	17.7%	9.5%	1.2%	
RATIO OF NON-MANAGEMENT TO MANAGEMENT	13.3	9.7	8.9	6.8

Note: 1990 figure does not include positions which are determined to be confidential even though they are listed in other employee relations groupings.

Sources: Harry F. Stark, "Bargaining Units in New Jersey State Government: 1986," Institute of Management and Labor Relations, Rutgers University; N.J. Department of Personnel, Oct., 1990; Office of Legislative Services.

\* Managerial and confidential positions in the Executive Branch increased at a much greater rate than the non-management workforce. Management positions increased 31% between 1985 and 1990; 56% since 1979; and 130% since 1976. Conversely, the entire non-managerial state workforce in the Executive branch increased just 1.2% since 1985, 9.5% since 1979 and 17.7% since 1976.

\* The ratio of management to non-management positions increased significantly. There was one manager per 13.3 non-management positions in 1976, 9.7 in 1979, 8.9 in 1985 and just 6.8 in 1990. There has been a 49% decrease in management productivity since 1976 - if such a figure can be determined by the ratio of management to non-management positions.

\* Eliminating excess management would produce budget savings of

\$246.1 Million. If management grew at the same rate as the non-management workforce since 1976 (17.7% instead of 129.5%) there would be just 4,706 managers or 4,475 less than there are in 1990 for a savings of \$246,105,000.

A similar analysis of management proliferation in State Colleges would produce potential savings of an additional \$20 Million. Elimination of Project Specialists and Project Support Specialists would produce savings of up to \$26.7 Million. Conversion of the Senior Executive Service has potential savings of at least \$4.7 Million. Ending of contracting out of work in D.O.T. and Human Services alone could produce savings of approximately \$15 Million.

Uncollected taxes, according to a document obtained from the Attorney General's Office, amounts to over \$1 Billion. Of that amount, even the Division of Law estimates \$200 - \$300 Million is collectable. Because of staff reductions amounting to 1/3 of the collection and audit personnel within the Division of Taxation, it has been impossible to determine the past due liabilities. The backlog of uncollected liabilities continues to increase, while the Division of Taxation's ability to keep up with even current liabilities continues to decrease. Higher tax rates are likely to increase the number of tax delinquencies.

The Division of Taxation estimates that each enforcement officer brings in \$500,000 annually. \$40 Million in additional revenue could be generated annually by an additional annual payroll cost of \$3.4 Million. Publicity, much like the amnesty program, which generated \$58 Million in three months in 1987 could encourage taxpayers to pay off their tax debts to avoid collection efforts and penalties.

Estimates are that recovery rates for private debts is 50% if collection efforts are instituted within the first year, 25% or less in the second year, and 5% for debts 5-10 years old. Other states, such as Illinois, report recovery rates of 35%

In a memorandum dated February 5, 1991, the Director of the Division of Taxation informed the Executive Director of the Department of the Treasury that the Division has been on record for years and actually held up a request for bids from outside collection agencies because "...the Governor's Management Review Commission was performing its analysis..." Rome burns while Nero plays his fiddle. It should be noted the CWA believes very firmly that collection efforts should be handled in house by State workers rather than have private collection agencies shaking down the public for back taxes. This is a government function which shouldn't be turned over to a private sector, for-profit firm.

Included with your testimony are several lists. One is a list of Confidential Assistants and Secretaries hired by Florio over the past year. The list is not all-inclusive but includes approximately 70 individuals. Today, while we are meeting, the Merit System Board is approving Judith Yaskin, former Commissioner of D.E.P. as a Confidential Assistant for D.E.P. She received \$95,000 as Commissioner and will receive \$95,000 as Confidential Assistant. Apparently, unlike union members who are paid for the type of duties performed, there is no such distinction for Confidential Assistants. I suspect they are paid based on who they know rather than what they know or do.

Included please find a breakdown of Senior Management, Project Specialists and Senior Executive Service appointees for just one Department - Community Affairs. DCA, a department of approximately 1,000 employees, has 84 high ranking managerial employees, 63 out of the 84 make over \$50,000. They have a Director of Administration, Director of Human Resources, Deputy Director of Administration, Employee Relations Officer and Personnel Officer and SES appointee and several Project Specialists performing personnel duties alone.

One could construct an analysis of the managerial bureaucracy in every department which would conclude that significant waste exists. The proliferation of management positions could be reversed without any adverse effect on the delivery of services to the public. While work performed by our members, such as Nurses in the State institutions and Family Service Specialists in the Division of Youth and Family Services goes understaffed, management appointments have skyrocketed.

Any serious effort to downsize State government has to focus exclusively on the ranks of the so-called managerial executives. Staffing levels of workers represented by the Unions provide direct services to the public and should be expanded while the managerial levels are decreased.

Every day we receive reports from our members of managerial no-show jobs. Jobs which are extremely high paid and perform no useful function other than to pay off a political debt. While Operation Desert Shield and Storm were being carried out, we were receiving reports of patronage jobs being protected and instances of abuse being swept under the rug. It is repugnant that at a time our soldiers were risking their lives for our cause, political hacks were being hid on the payroll at the Department of Military and Veteran Affairs.

Every department has similar instances. When Secretary of State Joan Haberle tried to layoff three Project Specialists, members of Florio's inner circle tried to protect their jobs. Rumors are that Republicans for Florio, whoever that may be,

pressured the Governor's Office to keep them on the payroll and layoff rank and file workers instead.

Corrections, the only department which receives a real increase in their budget informed CWA Local 1040 that 40 teachers would be laid off soon. Why, when their budget is increasing, is it necessary to layoff workers who provide direct services? It should be pointed out the Chair of the Cape May County Democrats apparently will retain his job as a Project Specialist at Southern State Correctional Facility.

We could go on and on about other abuses as well. Construction projects being paid for out of the General Fund while layoffs are occurring. Projects like building boat ramps for \$1,500,000 and \$80,000 exterior lighting systems for Drumthwacket. How about \$279,410 for General Store renovations at Lebanon State Forest. That seems to be a real efficient use of state funds at a time like this. \$8,100,000 for construction of Troop A Headquarters for the State Police has to be questioned when 137 vacancies exist in the ranks of the Troopers. How about the feasibility of the West Trenton Health Center Swimming Pool for State Police? At \$182,000 that seems to be a bargain. After a hard day of laying off civilian State Police, the Colonel and the Attorney General might need a nice quiet dip in the pool before the next days grueling agenda of more layoffs.

I think we've made our point about waste in State Government. We certainly look forward to working with the legislature in finding ways of addressing the problems this State faces. We are confident the budget can be balanced without the need for contract concessions, shifting the costs of health benefits, layoffs or service cuts. These are political decisions which need to be made based on what is good for the public, not based on what is the best way for a politician to get reelected.

Thank you, once again, for this opportunity.



CONFIDENTIAL APPOINTMENTS SORTED BY APPOINTMENT DATE

LAST NAME	FIRST NAME	TITLE	DEPT.	SALARY	APPT. DATE
YASKIN	JUDITH A.	CONF. ASST.	DEP	95,000	91/2/18
EDELMAN	BERNARD	CONF. ASST.	HEALTH	55,000	90/9/24
RUSSO	ROBERT	CONF. ASST.	LP&S	55,000	90/8/9
CHASE	JOANN	CONF. SEC.	PUB. ADV.	48,500	90/8/11
FLORES	LINDA	CONF. SEC.	LABOR	60,000	90/7/7
MAJORSKY	PAULA	CONF. ASST.	LP&S	27,000	90/7/30
FRANK	STEVEN	CONF. SEC.	TREAS.	72,000	90/7/28
MOONEY	JOHN	CONF. SEC.	MVA	43,000	90/7/23
BERGENFELD	RONI V.	CONF. ASST.	HEALTH	35,000	90/7/23
KIRCHNER	JOHN J.	CONF. SEC.	HEALTH	54,000	90/7/2
FORTOLOCCZI	PERINA	CONF. ASST.	EDUC.	53,000	90/7/14
MACINDOE	RITA M.	CONF. ASST.	TREAS.	45,000	90/6/4
MURKLI	MARY E.	CONF. SEC.	DEP	30,000	90/6/2
ANSELMINI	LINDA	CONF. ASST.	DOT	89,000	90/6/2
WEINSTEIN	LINDA	CONF. SEC.	DOT	70,000	90/6/16
RUSSO	CARYL L.	CONF. SEC.	STATE	73,000	90/5/5
MARINO	KEVIN H.	CONF. SEC.	PUB. ADV	70,000	90/5/5
McMAHON	MARGARET	CONF. ASST.	PENSION	85,000	90/5/24
CHRISTIE	PAUL	CONF. SEC.	DOT	35,000	90/5/21
PA-MILLER, JR.	EDMUND	CONF. ASST.	TREAS.	54,400	90/5/19
STANNICK	NATHY	CONF. ASST.	DOT	73,000	90/5/14
MCGUIRE	KATHLEEN	CONF. ASST.	DEP	30,000	90/4/7
CURMAN	EDWIN	CONF. ASST.	DMV	67,000	90/4/7
BECHER	KENNETH	CONF. ASST.	DEP	30,000	90/4/7
TERPSTRA	JANE	CONF. ASST.	TREAS.	60,000	90/4/2
BUTERA	JOSETTE	CONF. ASST.	HEALTH	31,500	90/4/2
BROWN	THERESA	CONF. ASST.	PUB. ADV	60,000	90/4/16
LYNCH	DIANE	CONF. SEC.	HEALTH	66,000	90/4/11
COONEY	CHRISTOP.	CONF. ASST.	BANKING	45,000	90/3/26
TAYLOR	REBECCA	CONF. ASST.	DEP	65,200	90/3/24
McCALLUM	CAROLYN	CONF. SEC.	DOT	61,000	90/3/10
McCALLUM	CAROLYN	CONF. SEC.	DOT	61,000	90/3/10
SELCEY	DIANE	CONF. SEC.	DEP	30,000	90/3/1
MOSTRANGELI	CARMELA	CONF. SEC.	LP&S	44,283.10	90/2/24
CARRIGAN	GAIL	CONF. SEC.	LP&S	32,535.07	90/2/24
CARABELLI	ANTHONY	CONF. ASST.	COMM. AF	60,000	90/2/24
WRIGHT	CECILIA	CONF. SEC.	LP&S	34,000	90/2/20
NUWAK	LYNN	CONF. ASST.	COMMER.	42,000	90/2/20
GOODMAN-TAR	KAREN	CONF. ASST.	COMMER	40,000	90/2/13
FOX	JEANNE M.	CONF. SEC.	SOU	75,000	90/2/13
ALEXANDER	KAREN D.	CONF. ASST.	DEP	60,000	90/2/10
KRAUSE	ROBERT	CONF. ASST.	DDP	28,000	90/1/22
BELL	BETTE	CONF. ASST.	COMM. AF	50,000	90/1/18
WEISS	JUANNE	CONF. ASST.	LABOR	38,000	90/1/17
NEAFSEY	EDWARD	CONF. ASST.	DEP	56,500	90/1/17
FISHER	HARVEY	CONF. ASST.	TREAS.	72,000	90/1/17
STALLING	KIMBERLY	CONF. SEC.	DEP	25,000	90/1/13
KOBYLARZ	SUSAN K.	CONF. ASST.	PBA	40,252.91	90/1/13
CRUMWELL	CAROL	CONF. SEC.	TREAS.	55,425	90/1/13
ANKNER	WILLIAM	CONF. SEC.	DOT	71,052	90/12/4
HOLMES	KAREN	CONF. ASST.	COMM. AF	50,000	90/12/31
SHERROD	ALATHA	CONF. SEC.	LP&S	10,000	90/12/29
AVILA	FERNANDO	CONF. ASST.	LP&S	25,000	90/12/29

BANKS	MILDRED	CONF. ASST.	HUM. SRV	52,000	90/12/17
BRIDDELL	IRVING	CONF. SEC.	DOT	50,290	90/12/17
GARWIN	JANE	CONF. ASST.	TREAS.	30,000	90/11/5
LIEBAU	AGNES	CONF. SEC.	HUM. SR	25,000	90/11/5
RUBIN	PHILLIP	CONF. ASST.	DOT	52,000	90/11/13
BRYANT, JR.	ISSAC R.	CONF. SEC.	EDUC.	78,000	90/11/1
JOHNSTON	ROBERT	CONF. ASST.	DEP	70,000	90/10/9
WEAKLEY	ROBERT	CONF. SEC.	BFO	62,500	90/10/6
CARNEY	KEVIN	CONF. ASST.	BANKING	22,990	90/10/6
CALABRESE	RICHARD	CONF. ASST.	DEP	40,000	90/10/6
CLAYTON	ROBERT	CONF. ASST.	DDP	42,000	90/10/20
MCMAHUS	RICHARD	CONF. SEC.	DEP	72,000	90/10/15
REID	STEPHEN D	CONF. SEC.	SPU	31,762.50	89/12/18
AUTSON	MARYANN J	CONF. ASST.	AGNY.	18,410	89/12/16
HUGHES	GERALD	CONF. ASST.	DEP	35,000	89/11/4
VALENTI	JOSEPH A.	CONF. SEC.	CONF. AF	65,096	89/10/21

EXAMPLES OF MANAGEMENT FAT  
PRESENTED TO THE ASSEMBLY APPROPRIATIONS COMMITTEE

APRIL 2, 1992

PREPARED BY THE COMMUNICATIONS WORKERS OF AMERICA

<u>TITLE</u>	<u># OF EMPLOYEES</u>
PROJECT SPECIALIST JUDICIARY	1
PROJECT SPECIALIST EXECUTIVE BRANCH	332
 SPECIAL INVESTIGATOR, LAW & PUBLIC SAFETY	 114
 STATE INVESTIGATOR I, LAW & PUBLIC SAFETY	 94
STATE INVESTIGATOR II, LAW & PUBLIC SAFETY	102
STATE INVESTIGATOR III, LAW & PUBLIC SAFETY	96
STATE INVESTIGATOR IV, LAW & PUBLIC SAFETY	37
TOTAL STATE INVESTIGATORS, L&PS	329
 ADMINISTRATOR OF INVESTIGATIONS, L&PS	 32
 ASST. ATTORNEY GENERAL	 19
ASST. DEPUTY ATTORNEY GENERAL	3
DEPUTY ATTORNEY GENERAL I	137
DEPUTY ATTORNEY GENERAL II	82
DEPUTY ATTORNEY GENERAL III	137
DEPUTY ATTORNEY GENERAL IV	124
DEPUTY ATTORNEY GENERAL V	114
TOTAL DEPUTY ATTORNEY GENERALS	616
 TENTATIVE TITLE MANAGEMENT	 67
TENTATIVE TITLE	84
TOTAL TENTATIVE TITLES	151
 CONFIDENTIAL ASSISTANTS	 73
CONFIDENTIAL SECRETARIES	54
TOTAL CONFIDENTIAL ASST'S & SECRETARIES	127
 ADMINISTRATIVE LAW JUDGES	 44
ASSOCIATE LEGISLATIVE COUNSEL, OLS	12
 AIDE TO GOVERNOR	 96
ASSISTANTS TO GOVERNOR	4
SPECIAL ASSISTANTS TO GOVERNOR	6
ASSISTANT COUNSEL TO GOVERNOR	6
CARETAKER, DRUMTHWACKET	6

New Jersey State Library

MANAGEMENT FAT  
APRIL 2, 1992  
PAGE - 2 -

ASST. DIRECTOR, STATE COLLEGES I	27
ASST. DIRECTOR, STATE COLLEGES II	11
ASST. DIRECTOR, STATE COLLEGES III	<u>1</u>
TOTAL ASST. DIRECTOR, STATE COLLEGES	39

ASST. STATE TREASURERS	3
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ASST. SUPERINTENDENT CORRECTIONS I	30
ASST. SUPERINTENDENT CORRECTIONS II	3
ASST. SUPERINTENDENT CORRECTIONS III	<u>8</u>
TOTAL ASST. SUPER. CORRECTIONS	41
BUSINESS MANAGERS CORRECTIONS	29

CONSULTANT	47
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SENIOR EXECUTIVE SERVICE I	II	III
COMMUNITY AFFAIRS 11	8	1
COMMERCE 1	9	
DEPE 14	36	5
HEALTH	26	
HUMAN SERVICES 6	15	5
INSURANCE 2	1	
LAW AND PUBLIC SAFETY 16	19	10
LABOR 11	6	7
PERSONNEL 10	10	5
PUBLIC ADVOCATE 1	4	2
TRANSPORTATION 57	27	16
TREASURY <u>14</u>	<u>48</u>	<u>30</u>
TOTALS 143	209	81
GRAND TOTAL <u>433</u> (AS OF 4-18-91)		

CHIEF TITLES	538 (34 PAGES OF TITLES)
ASSISTANT CHIEF TITLES	114 ( 7 PAGES OF TITLES)
DIRECTOR TITLES	273 (17 PAGES OF TITLES)
DEPUTY DIRECTOR TITLES	68 ( 4 PAGES OF TITLES)
DEPUTY EXECUTIVE DIRECTOR TITLES	6
ASSISTANT DIRECTOR	<u>154</u> (10 PAGES OF TITLES)
TOTAL # OF CHIEF AND DIRECTOR TITLES	1,313

<u>CATEGORY</u>	<u># CONTRACTS</u>	<u>MULTI-YEAR VALUE OF CONTRACTS</u>
SEWAGE/SLUDGE COLLECTION	5	\$ 264,000.00
SEWAGE AND TREATMENT PLANT OPERATORS	4	103,650.00
ACTUARIAL SERVICES	9	755,834.00
FIRE ALARM AND SECURITY SYSTEM MAINTENANCE	10	150,000.00
UNIT DOSE DRUG DISTRIBUTION SERVICES	1	47,586,628.00
TRASH REMOVAL	106	2,918,000.00
LABORATORY TESTING SERVICES	7	250,000.00
CERTIFIED SHORTHAND REPORTING SERVICES	23	3,250,428.00
DATA ENTRY SERVICES	9	500,000.00
MICROFILMING/MICROFICHE SERVICES	2	150,000.00
CAFETERIA SERVICES	2	700,000.00
AUCTIONEER SERVICES	1	33,360.00
TAPE TRANSCRIPTION SERVICES	10	105,000.00
AUDITING SERVICES	19	4,195,767.00
ADVERTISING AND PUBLIC RELATIONS SERVICES	12	34,871,215.00
HOUSEKEEPING MANAGEMENT SERVICES	5	2,417,022.00
TEMPORARY NURSING SERVICES	57	1,400,000.00
PARCEL AND COURIER DELIVERY SERVICES	6	298,600.00
CARPET CLEANING	1	36,000.00
DRAPERY CLEANING	1	8,900.00
LAUNDRY SERVICES	5	1,434,000.00
UNIFORM RENTALS	3	424,000.00
DIAPER SERVICES	2	150,000.00
SECURITY GUARD SERVICES	13	1,390,500.00
JANITORIAL SERVICES	23	936,000.00

Maintenance for Printing and Graphic Arts Equipment	8	25,000
Project Painting Services - Capitol Complex Facilities	3	80,000
Dairy Equipment Maintenance and Supplies	2	20,000
Statewide Roof Repairs	6	100,000
Roadside Maintenance - Chemicals and Insecticides - Dept. of Transportation	5	50,000
Roadside Maintenance - Replacement Plants - D.O.T.	5	60,000
Maintenance of Heating & Air Conditioning Systems - Marlboro Psychiatric Hospital	1	30,000
Elevator Maintenance Service Various Locations (3) Year Contract	6	800,000
HVAC Control Maintenance Green Brook Regional Center	1	16,000
Elevator Maintenance Justice Complex & Mary Roebling Bldg.	1	600,000
Elevator Maintenance Service New Jersey State Prison	1	50,000
Concrete Curb and Sidewalk Construction Estimated Amount \$300,000.00	4	300,000
Grading and Paving with Aggregate for Division of Parks and Forestry	1	75,000
Asphalt Emulsion Slurry Seal Treatment for Division of Parks and Forestry	1	75,000
Snow Plowing Services, D.O.T.	20	1,000,000
Milling Maintenance Contract, D.O.T.	2	1,000,000
Tree Trimming Removal Services for D.O.T. and Various State Agencies	7	350,000

CONTRACT TITLES	# CONTRACTS	Est Value of Confs.
Blue Print & Tracing Reprodctn. Services	4	\$ 550,000
Binding Services, Library	1	25,000
Fire Extinguisher Maintenance	4	75,000
Repair Services Rethermic Systems Corrections	1	25,000
Fire Extinguisher Maintenance Dept. of Military & Veterans Affairs	1	20,000
Repair Services Electrical Motors	14	75,000
Fire Extinguisher Maintenance New Jersey State Police	1	20,000
Repair Service, Refrigeration Trenton State Prison	1	50,000
Maintenance & Repairs, Industrial Lift & Pallet Truck	1	50,000
Maintenance of Aircraft Parts and Service	13	2,700,000
Aircraft Rental Services Various State Agencies	4	320,000
Maintenance and Repair for Fuel Dispensing Units (DOT)	4	20,000
Boat and Motor Repairs	1	1,000,000
Vehicle Repair and Towing	129	1,000,000
Trucking Service: Ancora (Laundry)	1	100,000
Automotive Parts Cleaning Service	1	40,000
Vehicle Collision Repairs	53	1,000,000
Equipment Parts and Repairs	202	1,000,000
Typesetting Services	11	350,000

EXTERMINATION AND PEST CONTROL SERVICES	39	447,000.00
CLAIMS PROCESSING SERVICE MEDICAID	1	17,000,000.00
SYSTEMS ANALYSIS AND PROGRAMMING SERVICES	25	3,900,000.00
TEMPORARY EMPLOYMENT SERVICES	87	502,500.00
X-RAY SERVICES	2	139,920.00
LAND APPRAISAL SERVICES	17	561,000.00
UTILITY BILLING REVIEW SERVICES	2	50,000.00
LABORATORY SERVICES -TOXIC WASTE	17	150,000.00
EMERGENCY RESPONSE - TOXIC WASTE	3	1,000,000.00
WELL DRILLING	4	75,000.00
SURVEYING SERVICES - TOXIC WASTE	3	25,000.00
ENGINEERING SERVICES - TOXIC WASTE	36	60,000,000.00
CONSTRUCTION MANAGEMENT - TOXIC WASTE	11	15,000,000.00
SITE REMEDIATION - TOXIC WASTE	10	58,000,000.00
FINANCIAL MANAGEMENT	3	700,000.00
LOTTERY TICKET SECURITY TESTING	1	142,500.00
DESIGN & PROGRAMMING OF N.J. FINANCIAL INFORMATION SYSTEM (N.J.F.I.S)	1	5,950,000.00
FINANCIAL MONITORING SYSTEM - DEPT. OF INSURANCE	1	3,855.00.00
ANALYTICAL & PROGRAMMING FOR COMMERCIAL DRIVERS LICENSE SYSTEM - DIV OF MOTOR VEHICLES	2	2,388,000.00



Photography Services - NJCST	1	15,000
Mailing Services Department of State	1	150,000
Mowing Services - Grass - D.O.T Area 251M - Only	1	250,000
Roadside Maintenance - Fertilizing - D.O.T. Estimates Amount: \$30,000.00	1	30,000
Bus Transportation	14	100,000
HVAC Maintenance - DOT Annex I Building	1	15,000
Halon Fire Protection Systems Maintenance	1	20,000
Maint. of Diesel Generators N. Princeton Dev. Ctr.	1	15,000
HVAC Computerized System Maintenance D.E.P. Building, Trenton, NJ	1	185,000
Air Conditioning Maintenance Marlboro Psychiatric Hospital	1	52,000
Maint. of HVAC Equipment Hagedorn	1	30,000
Maintenance of HVAC Equipment Various Locations-OTIS	1	73,000
Air Conditioning, Heating & Ventilating Maint. - Katzenbach School F/T Deaf	1	18,000
Maint. of Chillers NJ State Prison, Trenton NJ	1	50,000
Maint. of the Life Safety & HVAC Computerized Syst. Mary G. Roebling Bldg.	1	50,000
Maint. of HVAC & Lighting Comp. Syst. & Assoc. Equipt. - Hughes Justice - Trenton	1	50,000
Temperature Controls Maintenance - Garden State Recpt. & Corr. Facil. - Yardville, NJ	1	25,000

