

PUBLIC HEARING

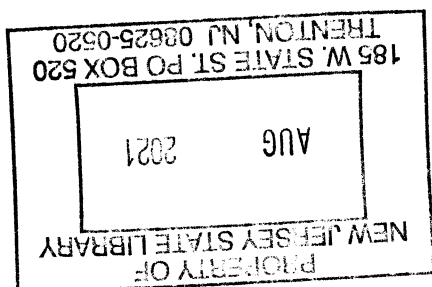
before

ASSEMBLY COUNTY GOVERNMENT AND REGIONAL AUTHORITIES COMMITTEE

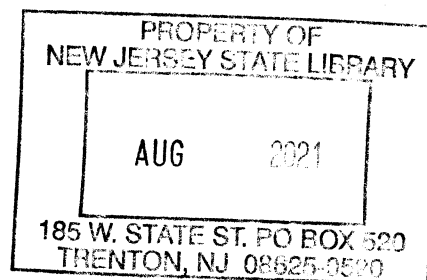
on

ASSEMBLY BILL 2289

(Provides for the gradual transfer of the payment of judicial costs from the county to the State)



Held:
October 23, 1984
Room 714
County Courts Building
Newark, New Jersey



MEMBERS OF COMMITTEE PRESENT:

Assemblyman Harry A. McEnroe, Chairman

ALSO PRESENT:

Margaret McNutt, Research Assistant
Office of Legislative Services
Aide, Assembly County Government and Regional Authorities Committee

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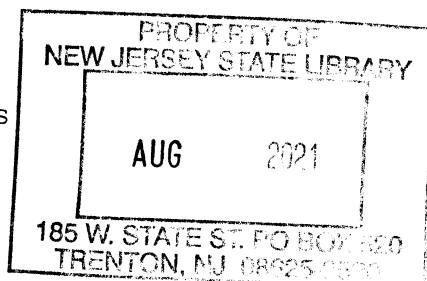


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ASSEMBLY, No. 2289
STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Assemblymen McENROE, LONG, ZANGARI,
PANKOK and THOMPSON

AN ACT concerning the payment of certain county judicial costs.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. As used in this act:

2 a. "Director" means the Director of the Division of Local Govern-
3 ment Services in the Department of Community Affairs;

4 b. "Fiscal year" means the local budget year;

5 c. "Judicial costs" means the costs incurred by the county for
6 funding the judicial system, including but not limited to the follow-
7 ing costs: salaries, health benefits and pension payments of all
8 judicial employees; security; equipment; supplies; contractual
9 services; rent; furnishings; library materials and building main-
10 tenance;

11 d. "Judicial employees" means any person employed by the judi-
12 ciary, including but not limited to secretaries, judges, security
13 guards, sergeants-at-arms, and clerical personnel; and

14 e. "Judicial fees" mean any fees collected by the judiciary but
15 shall not include sheriff's fees and constable fees.

1 2. On or before January 31, 1985, the chief financial officer of
2 each county shall certify to the State Treasurer and the director
3 the amount the county expended for judicial costs in fiscal year
4 1984.

1 3. In fiscal year 1985, each county shall not expend more for
2 judicial costs than the county expended in fiscal year 1984 for
3 those costs. Any judicial costs which exceed the amount paid by
4 a county in 1984 shall be paid by the State.

1 4. a. Within 20 days following the adoption of each county's
2 1985 budget, the director shall certify to the State Treasurer the
3 amount which the State shall be required to pay to each county.

4 b. The State shall pay each county the amount certified pursuant
5 to subsection a. of this section in two equal payments on July 15,
6 1985 and October 15, 1985.

1 5. In fiscal years 1986, 1987, 1988 and 1989, each county shall
2 be required to pay judicial costs based on the following schedule:

3 a. 1986 80% of the judicial costs expended in 1984

4 b. 1987 60% of the judicial costs expended in 1984

5 c. 1988 40% of the judicial costs expended in 1984

6 d. 1989 20% of the judicial costs expended in 1984

7 Any judicial costs which exceed the amount to be paid by the
8 county shall be paid by the State. In fiscal year 1990, and in each
9 fiscal year thereafter, the State shall be required to pay for all
10 judicial costs.

1 6. a. Within 20 days following the adoption of each county's 1986
2 and 1987 budget, the director shall certify to the State Treasurer
3 the amount which the State shall be required to pay to each county
4 in each respective year.

5 b. In fiscal year 1988 and 1989, each county shall pay the amount
6 established in section 5 of this act to the State Treasurer in two
7 equal payments on January 15 and April 15 of each respective year.

1 7. On July 1, 1988 and thereafter, all judicial employees shall be
2 employees of the State.

1 8. a. In fiscal year 1985, each county shall not retain more for
2 judicial fees than the county received in fiscal year 1984.

3 b. In fiscal year 1986, 1987, 1988 and 1989, each county shall
4 retain judicial fees based on the following schedule:

5 (1) 1986 80% of the judicial fees received in 1984

6 (2) 1987 60% of the judicial fees received in 1984

7 (3) 1988 40% of the judicial fees received in 1984

8 (4) 1989 20% of the judicial fees received in 1984

9 In fiscal year 1990 and thereafter, the county shall not retain any
10 judicial fees.

11 c. Any judicial fees received above the amounts retained by a
12 county pursuant to this section shall be paid to the State Treasurer.

1 9. The State Treasurer and the director may adopt rules and
2 regulations pursuant to the provisions of the "Administrative Pro-
3 cedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.) as they may
4 deem necessary to effectuate the purposes of this act.

1 10. This act shall take effect immediately.

STATEMENT

This bill would provide for the gradual transfer of the payment of judicial costs from the county to the State. The bill provides that, in 1985, each county shall not pay more for judicial costs than it paid in 1984. Thereafter, the amount each county must pay is reduced by 20% a year, until, in 1990, the State assumes full cost for the judicial system.

ASSEMBLYMAN HARRY A. McENROE (Chairman): I would like to welcome everyone to our public hearing, which is convened today by the Assembly County Government and Regional Authorities Committee. I am Assemblyman Harry McEnroe, the Chairman of the Committee, and I am from Essex County.

We are here to review the intent of legislation, sponsored and introduced by me as Assembly Bill 2289. The intention of the bill is the gradual assumption of county court costs by the State of New Jersey.

Thomas Pankok, the Vice Chairman of our Committee, and another member, Gerald Zecker of Passaic County, are unable to be with us today. Two other members, Anthony Vainieri of Hudson County and John Hendrickson of Ocean County, will attempt to join us later. We had a long, arduous session in Trenton yesterday -- one that we had anticipated would be held this coming Thursday -- so our timetables were a bit confused by the rescheduling of the sessions.

This morning we will take testimony from interested members of the judiciary and representatives of county governments across the State. The information and impressions that we receive will be conveyed directly to our Committee. We are limiting our concern to this particular legislation, although other bills have been introduced, which intend to do the very same thing: to alleviate the counties, and their respective taxpayers, of the burdensome amount of money they have paid through the years to support a very necessary court system. This has had a particularly harsh impact in those urbanized counties, such as Essex.

We are pleased to be in Essex County. It has, of course, one of the most well-organized, impressive court systems in the State, and is often considered a leader in national judicial affairs.

We are also pleased that the county government -- that is, Mr. Shapiro's office -- has assisted in making these nice facilities available to us.

We plan to garner information and provide testimony from this hearing to our Committee for its consideration. We hope to have the bill before our Committee for a vote at our next meeting, in early

December. That should allow sufficient time for the development of amendments, and will also give the counties and the judiciary time to provide further information.

It is my intention to support this, and other, legislation that will address the burden of expense for our taxpayers. I have felt for a long time -- and quite legitimately -- that the State of New Jersey needs to be more involved in the payment of court costs.

As our first witness, we have Essex County Executive Peter Shapiro. It's nice of you to join us this morning, sir. On my left is our Committee aide, Margaret McNutt; on my right is the Majority aide to our Committee, John Alati, who also happens to be an interested citizen from Essex County. Mr. Shapiro:

ESSEX COUNTY EXECUTIVE PETER SHAPIRO: Thank you very much, Mr. Chairman. It is a pleasure to welcome you to the county seat of the County of Essex where, of course, you are no stranger -- as a representative of this area and as a former member of our Board of Chosen Freeholders. It is particularly appropriate that you are holding this hearing in the Essex County Courthouse, since Essex County has the largest of the State's system of courts and has, in fact, one of the largest court systems in the country.

Our taxpayers, this year, will pay \$31.6 million -- a minimal estimate, by the way, which does not include every bit of fringe cost that we could associate with it -- to finance the judiciary. This is the heftiest price tag of any county in the State.

Clearly, we are grateful to you for recognizing the tremendous burden placed on local property owners for a State-regulated, State-mandated function. The arguments to be made for the State assumption of judiciary costs are based on financial considerations, studies aimed at improving the efficiency of the courts and, very simply, fairness.

The Legislature's County and Municipal Government Study Commission, in its September, 1984, Report on the State Judicial System, recommends that the State take complete programmatic and financial control of its judicial system.

The Final Report of the Supreme Court Committee on Efficiency in the Operation of the Courts in New Jersey, in May, 1982, more than two years ago, made as its first recommendation, the call for State financing of the entire judicial system.

New Jersey counties, which pay a higher share of court-system costs than do 36 other states in this country, have long been arguing for the same thing. A State takeover of court costs would have an immediate effect on every property taxpayer in the State of New Jersey. There would be direct and permanent property-tax relief -- a prospect that would be particularly welcome in this State, which ranks third among all of the United States in its reliance upon property taxes. Only the rural states of New Hampshire and Montana are more dependent on property taxes, as a revenue source, than are we.

The action would be a progressive tax reduction that would provide the most overburdened taxpayers in the State with the most relief. The cost of the court system is one of the chief causes of high property taxes in the State's urban areas -- areas where, I might add, the most disproportionate burden is placed upon property owners.

According to the County and Municipal Government Study Commission, county taxpayers, in 1983, paid \$102.8 million in direct costs for the judiciary. This included the courts, the surrogate, the probation department, and the judicial functions of the sheriff and clerk. Indirect costs for fringe benefits, space, utilities, and the like, were estimated to be an additional \$65.1 million. By the way, that estimate is not something that was done with detailed cost accounting, the kind that one would do, for example, when seeking Medicaid reimbursement -- whereby one would go back, and examine every nook-and-cranny, to find the total cost. This is a clearly identifiable cost; it is not overstated at all. That is a total, between both areas, of \$168 million.

Is the money well-spent? According to the Efficiency in the Courts Study, conducted by Robert Van Fossan and his committee, the money could be better-spent.

Their two-year study determined that State assumption of court costs is the most important of all finance-related

recommendations. This is, in fact, an essential step in the consolidation and unification of the courts into one cohesive system. Funding at the county level, they said, with budget decisions being made by 21 governing bodies outside of the judicial system, is not consistent with the concept of strong, central management at the State level; nor, they went on, does it allow the Chief Justice to allocate resources throughout the total system according to priorities set by the judiciary.

The result, then, would be beneficial to taxpayers, and to the courts themselves. In a sense, taxpayers would be receiving a double benefit: first, immediate tax relief; and second, future tax relief that would be realized from the more efficient operation of the courts.

Chairman McEnroe, your recognition of the advantages of the State assumption of court costs is to be commended. Your legislation, A-2289, is the first official breakthrough for taxpayers who are eager for relief. I join with all county residents throughout New Jersey to thank you for addressing this problem, and for being the first person to propose a solution.

The goal of A-2289 is one that I surely welcome. In ordinary times, I would consider this bill to be a resounding success -- were it to pass, of course -- knowing the herculean task of convincing the State to take over the cost of anything. These are not ordinary times, however, and the State has the resources to fund the courts immediately, rather than on a gradual basis, as the bill proposes.

The State, for the second year, has a substantial surplus -- one which could be used to provide real tax relief that is immediate, direct, and permanent. It seems that everyday we read in the newspapers that this surplus is growing bigger and bigger; just today's newspapers recorded that. At the same time, this money could be used to achieve a significant improvement in the efficiency-level of the courts -- a move, as I mentioned, that would provide for a continuous tax break in the future. We would not merely be providing for a transfer of costs from the county to the State treasuries -- we would be allowing for a net improvement in the efficient operation of the courts, and of government, in general.

The surplus, in effect, could be used to achieve significant tax relief in a way that would provide long-term benefits.

Let me give you an idea of the cost of the judiciary, per capita, to the citizens of New Jersey. An already-overburdened Passaic County resident pays the highest per-capita bill for the courts: \$20.16 per person -- per man, woman and child -- not per homeowner. Essex residents pay \$19.64, a little less per person. The cost to each Union resident is \$17.51. In Hudson, the median cost is \$13.39; in Bergen, it is \$10.06. Sussex County residents pay \$6.18, the lowest in per-capita costs. The disparity is more than a three-to-one differential between our rural areas, such as those of Passaic and those of Sussex. This differential points out the inequity in the manner of financing a court system that is supposed to be uniform.

S-2250, which was introduced subsequent to A-2289, would provide for an immediate takeover of court costs by the State. It would speed up the process, and would permit the ultimate goal to be reflected in the 1985 budget of every county in New Jersey, in a clear, noticeable way -- something that would allow every citizen to say "The Legislature, by taking this action, did this for my tax bill." They would be able to trace it directly.

Certainly, the prospect of immediate action is compelling. Given the State's track record on carrying out legislative intent where funding is concerned, particularly over a long period of time, I would opt for immediate implementation.

Over the past years, the Legislature has acted in good faith, and has passed legislation that has been signed into law for State assumption of a variety of mandated expenses. When it comes time to pay the bill, however, good faith is not as important as money in the budget. As the saying goes: There's many a slip 'twixt the cup and the lip. Those slips include welfare equalization and county-college funding -- two areas where the State has never lived up to its promises, or its laws, in fact. Moreover, the cup that has been offered has never been as full as the Legislature intended when it made the laws.

If we are skeptical, it is because we have the experience that makes us so.

The bottom line is this: State mandates are regulated by the State and should be paid for by the State. If we follow the rule that he who calls the tune must pay the piper, there will be more efficiency guaranteed. No less an authority than the courts themselves have stated this. The administration, and thus the financing of the justice system, is a State function. Consistent with the idea of State policies advancing a unified system -- and consistent with the need to rely less on a regressive property tax -- the financing of the courts should become a State responsibility.

A-2289, for the first time, establishes the principle that court costs are the responsibility of the State. I fully support the concept, and I applaud the sponsor for this declaration.

The timetable for the takeover is one that I would, obviously, like to see speeded up. We have the opportunity, due to the present budget surplus, to move boldly and seize the opportunity presented by the available funds. We have the chance to make a change that will provide benefits now and continued advantages to the taxpayers in the future.

Thank you for your attention. I would be happy to answer any questions you may have at this time.

ASSEMBLYMAN McENROE: Thank you very much, Mr. Executive. Your testimony is comprehensive, and is exactly what we, the members of the Committee, are after. We want to have, for the record, the impressions and statistics that will support our position. The County of Essex, as you indicate, already substantially burdened by the impact of these costs, presents a compelling reason to move this bill -- or a bill -- as soon as possible.

I want to comment on my presentation and introduction of Assembly Bill 2289. It was introduced June 25, in response to what we perceived to be the time for a takeover of the court system by the State. Of course, the intention was a gradual takeover. In June, 1984, the estimates, insofar as the budget surplus was concerned, were in the range of \$150-200 million. As you pointed out, the State has the capacity to accept this responsibility immediately -- in that there is a budget surplus, as today's press reports indicate, in excess

of \$600 million. This is not certified funding, but it is an estimate that is substantially close to what it, undoubtedly, will be.

I appreciate your testimony, your concern, your interest, and the fact that your support is for the direction we're taking with these bills.

MR. SHAPIRO: If I may add two brief points: One is that there is a notion, which some have tried to put forward, that somehow this surplus is going to disappear next year or the year thereafter. A look at what is happening now, and at what has happened over the past couple of years should, I think, belie that argument. The fact of the matter is that the Legislature, in a time of fiscal duress, passed increases in taxes; the Governor then signed and, ultimately, put those increases in taxes into effect. We are going to live with the bounty of those increases for years to come. It is budgetary poppycock, I think, the way some people make the argument that the surplus is just going to disappear, and that we need to overtax the people, in effect, year after year, to prevent some unexpected incident from occurring.

The truth is, the budgetary revenues that size the surplus, are likely to grow -- not shrink -- over time, because those new tax sources have been lined up in terms of the extra cent in the sales tax and the increase in income tax that went into place. So I believe it is important that we resist the argument that is being made by some people: that this budgetary surplus is a temporary one-time thing that is not going to be here in the future. Any responsible budgetary projection will tell you that it will be there, and that we should not overtax people by continuing to generate an unexpended surplus, when we could be using this surplus for property-tax relief, such as that which we are talking about.

The other point which I think is important, and I mention this briefly, is that we are third highest in property taxes in the country; only Montana and New Hampshire are higher. You can sort of understand Montana and New Hampshire being higher, because they don't have broad-based taxes, as we do. New Hampshire, in fact, has no sales or income tax, as we do.

The reason we are so high is revealed clearly in a study that was done by the Advisory Commission on Intergovernmental Relations, a federally established group which does excellent research work, and which was established under President Eisenhower to review questions of the balance among the different levels of government. What was revealed in their study of the tax capacity of each state is that New Jersey, among all its taxes, overstresses the property tax to a ridiculous extent. We have overburdened the property tax so heavily that we are, in many cases, killing the goose that lays the golden egg. An example of that is this very city in which we sit, where property taxes are so high. East Orange, where property taxes are even higher, is another example. We are creating an actual negative-economic effect that is forcing investment to flee from these areas.

I asked the Director of Taxation for the Advisory Commission on Intergovernmental Relations what he thought contributed most to New Jersey's high property taxes, and he said it was quite clear: The State of New Jersey is one of the few states in the country that still requires State services to be paid for with property taxes.

Among those are the judiciary, welfare, services to the mentally retarded, and other direct State services that should not be billed to local property taxpayers. I guess I would like to leave you with that thought, if anything.

ASSEMBLYMAN McENROE: Thank you very much; I appreciate it.

MR. SHAPIRO: Thank you.

ASSEMBLYMAN McENROE: I understand and appreciate your concern for the welfare-equalization problem that you have in this county.

MR. SHAPIRO: I know the Legislature has tried its best on that issue.

ASSEMBLYMAN McENROE: That is another matter which we are continually addressing, just as we are that of county court costs.

MR. SHAPIRO: The Legislature has always been on the side of welfare equalization; it has been the other branch of government that has caused it to be vetoed.

ASSEMBLYMAN McENROE: I think it's worth mentioning that the Administrative Office of the Courts is assessing, and is generally supportive of, every piece of legislation in that direction, as far as the assumption by the State of court costs. Thank you very much. We will look forward to your further appearance before the Committee, if you like, when we consider the bill.

MR. SHAPIRO: Great. If there are questions that arise, and if I can be of help, please do call on me.

ASSEMBLYMAN McENROE: Our staff will be reviewing the bill, as well as any potential amendments to it, and I'll certainly refer those amendments to your office for your review and input, as the chief fiscal officer of this county.

MR. SHAPIRO: Great. Thanks a lot.

ASSEMBLYMAN McENROE: Thank you. Is there anyone here who would like a copy of the particular legislation that we're reviewing -- Assembly Bill 2289? If you like, we now have copies of the legislation for everyone's review. We would next like to hear from David Mattek. Dave is the Executive Director of the County Municipal Government Study Commission, an on-going commission funded by the people of our State, and supported by the Legislature, and by the budget of the State of New Jersey, to continually evaluate the needs of county and municipal government. Mr. Mattek, it's nice to see you. You know each of our aides, I believe.

DAVID MATTEK: Mr. Chairman, ladies and gentlemen: I'm very happy to be here today. The Commission that I represent is a bi-partisan legislative agency, as you've indicated, and is made up of Senator Orechio -- the Chairman -- distinguished members of municipal and county government, and private citizens.

We have been studying the issue of State-mandated costs on county government for two years now, and we have just completed a report that deals with several mandated costs on county government. I would like to talk, briefly, about some of our discoveries in this area, before I get into the basic conclusion of our report, which nearly parallels the recommendations contained in your bill, A-2289.

I have given you copies of the report that I would like to have disseminated to other members of the Committee. We have been looking at the issue of State-mandated costs on county government for a period of time now, and at the overall impact of the mandated costs on the operation of county and related State programs. One of the principal discoveries of the overall report is that there has been a major increase in costs at the county-government level in State-mandated programs. Moreover, there has been a major decline in the amount of State and Federal funds available to county government. In addition to these two fiscal pressures on the counties is the existence of the county CAP laws. The net effect of these programs is that many of the decision-making prerogatives of the elected county leadership are, basically, taken away from them.

Mandated costs have risen by \$100 million in the last three years. During the same time, Federal and State grants have fallen by an equivalent amount. Property taxes have gone up much faster than the CAP laws allow because of the existence of the mandated-cost laws. We have singled out three mandated costs for special attention in this report: judicial costs, the subject of this hearing; welfare costs; and costs of the maintenance of patients in State institutions. After extensive consideration of all three areas, we decided to concentrate on the judicial area.

Judicial costs for county government have increased by an average of 11 percent per year; this is substantially above what would be authorized by the five-percent CAP laws. The way the CAP laws work, in conjunction with the mandated-cost laws, is that other programs which county government offers -- park, health, and road programs, for instance -- had a net increase, over the last three-year period on a Statewide basis, of around two percent per year. Those regional programs are, basically, quite popular with recipients of county services, but they have to go with the mandated costs of State government. The counties do not really have the flexibility to choose, based on their estimate of the service needs of their residents.

Judicial costs have gone up substantially. In looking at the variety of costs that are impacting on county government, we attempted

to evaluate the areas in which the State might make a contribution that would help the operation of the program under consideration, and that would also have an impact that would benefit the county, in terms of property-tax relief.

In doing this, we primarily analyzed the judicial-costs argument, and worked from there. Judicial costs are comprised of five components. First, there are employees of the courts who are primarily clerical in nature; in 1984, the expenditure for this segment of the judicial cost to county government was \$44 million per year. A similar area is the county clerk's office, where the net expenditure for clerical support employees for the judges is \$12 million per year. A third component is the county surrogate; that expense is about \$2.5 million per year. The fourth, and largest, component is \$53 million per year for the operation of county probation offices. In New Jersey, the director of the county probation office is appointed by the State courts. Probation is a function that is 95 percent funded at the county level, while the director of the program is appointed by a State agency. That program has added a lot of judicial services over time in our State. The fifth, and final, component of judicial costs for the judiciary is the county sheriff's department; the figures in our report show a cost of approximately \$21 million per year for sheriff's department expense. This is the cost of the sheriff's security function in the courtroom, but not the cost of serving process, which many consider to be a judicial function.

To these five program-area costs for 1984, we also calculated an estimated cost of \$21 million per year for providing space for the counties. Those representatives of the counties who are here today may indicate that the cost is considerably higher in this area. That is possible; there are no firm figures available.

ASSEMBLYMAN McENROE: Dave, I just have a question for you. The bill defines -- in Section 1, line 5 -- "judicial costs" as those "costs incurred by the county for funding the judicial system, including, but not limited to, the following costs: salaries, health benefits and pension payments of all judicial employees, security, equipment, supplies, contractual services, rent, furnishings, library

materials and building maintenance." We do not spell out "surrogate's office within the county clerk's office, the sheriff's department, or the probation department."

MR. MATTEK: I think that, when you get into the phase of amending the bill to make it most useful, you will want to be more explicit than you have been in the current version -- that is, in developing exactly what areas you want to transfer.

ASSEMBLYMAN McENROE: So you're recommending that we do include them? In my view, although it's in a general, broad way, inclusive of those departments, it would be well to spell them out.

MR. MATTEK: It looks like that is your intention, but I think that, in order to pass the legislation, you would want to be much more explicit.

ASSEMBLYMAN McENROE: Okay, we appreciate that.

MR. MATTEK: Those are the five components of the program. I wanted to spend a little bit of time on them. We tried to make some judgments about what has happened, in the State-county relationship in judicial affairs, and about who is going to be impacted by legislation in this area. Just a little bit about our constitutional history: In 1948, I believe, when we passed the current New Jersey Constitution -- and the Constitution applies to all aspects of State government -- there were an especially large number of discussions and decisions, all related to the State judicial system.

In fact, at that time, we made a decision in principle to go to a State-county mixed judicial system, with the whole system under the direction of the Supreme Court and the Chief Justice. Then, in 1978, I believe, we transferred nearly 80 percent of the county judges to the State level. Perhaps someone from the judicial system might correct me, but I believe that the bulk of the judges were at the county level at that time -- nearly half of them, in fact. A great majority of those judges were then transferred to the State level.

Then last year, 1983, the rest of the judges were transferred to the State level by the vote of the people in a referendum. So there is momentum in this area. The State has been moving for a long period of time, and is moving now, actively, to transfer the operation of a

former county-State mixed judicial system to a State judicial system. The Van Fossan committee -- that distinguished, blue-ribbon group mentioned by Mr. Shapiro -- recommended that the full cost of the judiciary be transferred to the State level. Our committee made this same recommendation. In fact, there are quite a number of people who have looked at this issue and decided, for a variety of reasons, that the cost should be transferred.

The court's position is, primarily, "How can the programs be provided best to the people of the State?" Our Commission's position, partially, is that property-tax relief can be provided through the type of mechanism whereby court costs will be transferred to the State level of government, and property taxes, simultaneously, will be reduced. Obviously, the reduction of property taxes would benefit the freeholders in each county of the State. In addition, this reduction would benefit the mayors, who have to "upfront" the property-tax issue to the voters; furthermore, it would benefit all other people who are impacted by that particular issue.

We developed and, as you have done in your bill, recommended a phasing-in of the court costs over a period of time. We suggested that three components should be accepted during the first year of the program. There should then be a five-year-period, much as your bill indicates, to phase in the remaining costs because we, too, began these discussions when the surplus was not quite so prominent. Those are our basic recommendations -- what we would like to see happen -- and we see your bill as directly implementing this concept.

I wonder if I may take a few minutes to explain something else of which I am aware? (Affirmative response from Assemblyman McEnroe) The Chairman of my Commission, Senator Orechio, has also introduced a bill designed to accomplish the takeover of court costs. That bill has been placed in the Senate Revenue Committee. When he made the decision to introduce the bill, he took into account the surplus situation, and recommended that all costs be transferred in the first year of the program. During the time that it has been in that Committee, however, he's had a variety of people speak to him, and he has made two additional decisions: First, he feels that the total

amount of money is a little larger than might be doable at this time; secondly, he believes that the costs should be delayed for now, and suggests that we concentrate on the courts and probation department as the two biggest, single components in the package.

There has been a strain produced -- particularly among the constitutional officers -- throughout the last several years of interaction with the State courts, in the form of new budget and personnel directives. They are now a little concerned about the effects of a change in pace, as well as about the amount of autonomy they would retain. I just mention this for your general awareness.

ASSEMBLYMAN McENROE: I appreciate it.

MR. MATTEK: Thank you.

ASSEMBLYMAN McENROE: Does this conclude your testimony?

MR. MATTEK: Yes, it does.

ASSEMBLYMAN McENROE: Well, we appreciate your coming before the Committee. We have relied on your Commission, to a large degree, in our review of this legislation, to provide advice in other areas of our Committee's concerns. The points that you made regarding the particular concerns of sheriff's department employees, and others, are recognized by the Committee. We shall expect to work with you on this bill.

As I mentioned earlier, we plan to bring it before the Committee at our next meeting, where each of the points you have made will be given careful review. I have not had a chance to study this report in depth, but I assure you that I will. There are some excellent points in your report that indicate, to me, the need for a state, such as New Jersey, to address this difficult situation, and resolve it to the benefit of the taxpayers.

So, again, you have our appreciation for coming before the Committee. We would also like to see you at our Committee meeting. Thank you.

MR. MATTEK: I will be happy to work with you. Thank you.

ASSEMBLYMAN McENROE: I see that Mr. Frederick DeMayo has signed in. Fred is a good friend of mine, certainly, as well as a good friend of many others. I know that you're here, Fred, to provide

advice for us regarding the concerns of the sheriff's department employees. I want you to know that you are very welcome before the Committee. Mr. DeMayo:

FRED DeMAYO: Thank you, Mr. Chairman. I'm Fred DeMayo of PBA Local 183, Essex County Sheriffs Officers. Our main concern with this legislation, Mr. McEnroe, is that under "judicial employees" you list "security guards, sergeants-at-arms." I believe you're aware that, as of September, 1982, following a 10-year struggle, S-1021 was passed into law. This defined, in accordance with the constitutional powers of the sheriff, who was to perform the function of security of the courts. It was his constitutional duty. We were finally designated as sheriff's officers by this new statute.

Since the passage of that legislation, the present sheriff has held a Civil Service test -- something we had not had in a number of years -- and it was done in conjunction with an aggressive affirmative-action program. Currently, Essex County residents are being appointed to the sheriff's department for the purpose of security. During the 10 years in which we tried to get legislation passed, the Administrative Office of the Courts was our main opposition.

After a conference with the AOC, the Legislature, the State PBA, and Civil Service's then-Acting Director Ryan, we came up with a proposal that was acceptable to everyone. Now it appears that through the backdoor of this legislation -- and I'm sure it's not your intent -- the AOC is going to attempt to come in and make ours a Statewide job. I think this would be unfair to Essex County sheriff's officers, particularly since Essex County has one of the higher unemployment rates. This action would open the test to all State residents; therefore, many Essex County residents would lose the opportunity for this job in the future. I am well aware of the costs of the court system. I'm a taxpayer in the county of Essex, and I realize that this is something that should be equally borne by all State residents, but I think that when it comes to the employees, and specifically to security-- This bill lists "sergeants-at-arms." As far as I know, that title doesn't even exist anymore. It should have been abolished

after S-1021. We're in a transition period now, even though it has been two years. There really should not be any sergeants-at-arms title, because the legislation specifically states that security in all superior courts-- Since district court has been transferred to the superior court division, I believe that we will also, eventually, staff those courts.

It is also our belief that -- as we've seen happen with other groups, specifically probation officers -- once the Administrative Office of the Courts gets into the employing business, the first thing they want to do is to wipe out Civil Service. We believe that the AOC, which started out as a three-man office and has grown into a giant bureaucracy, should concern itself more with case management.

ASSEMBLYMAN McENROE: (interrupting) Now you're editorializing on that comment, Fred.

MR. DeMAYO: On what?

ASSEMBLYMAN McENROE: Regarding the Administrative Office of the Courts.

MR. DeMAYO: Well, because of the AOC, we see this as a coming problem. We can only go by how they deal with our employees. Number one, we, as law-enforcement orders, have the right to binding arbitration, because we are not allowed to strike. We believe that if we became judicial employees there would be an attempt, through just an administrative procedure, to wipe out that benefit. If this was the case, and if this was how the bill came out, we and the State PBA would vigorously oppose this legislation.

I think that, as a representative of Essex County, you should be greatly concerned about the costs to the Essex County taxpayer. It is incumbent upon this Committee to consider the people who live and work in Essex County, and who may lose their jobs, either now or in the future. If this came about, and they took over all security and made them court officers, or whatever they want to call them, there would definitely be a loss of employment for the people in our bargaining unit.

ASSEMBLYMAN McENROE: Well, Fred, our coming to Essex and having a workshop on the bill benefits all of us. My intent, in

sponsoring the bill, is to provide a framework for the review of all interested people on the language of the bill, and to provide good advice for us on the direction in which you are interested. Your comments are important to me, and I will relay them to the Committee.

The particular language of this bill is based upon precedents set by other bills that were prepared with similar language. It is our responsibility to review the language carefully, to listen to interested parties -- such as yourself -- to evaluate your concerns, and to act upon that information. So, we are recording your comments today; they are of value to us, and I am pleased that you're here. I am not trying to interrupt you. I just want you to understand that.

MR. DeMAYO: Okay. This is our main point: the definition of a judicial employee. We feel that the Administrative Office of the Courts may have expertise in the management of cases, but we do not feel that they are qualified in the function of security. That rightfully belongs to the elected official who is a law-enforcement specialist. We think county residents would be better served by having local control over security in the courts. Thank you, Mr. Chairman.

ASSEMBLYMAN McENROE: We will work carefully with you, and with other members of your department -- the sheriff in particular.

MR. DeMAYO: Thank you.

ASSEMBLYMAN McENROE: Next, on our list of people who have signed in to be heard by the Committee is Donna Clayton, who represents the Camden County Board of Freeholders:

DONNA CLAYTON: Thank you.

ASSEMBLYMAN McENROE: Thank you. I am Assemblyman McEnroe; this is Mr. Alati and this is Miss McNutt.

MS. CLAYTON: Good morning. I am Donna Clayton, and I'm the legislative analyst for the County of Camden. I represent the Camden County Board of Freeholders, and specifically Freeholder Joseph Roberts, who was called away today. First of all, thank you for allowing us to discuss judicial costs. If you will give me a moment, I would like to read Freeholder Roberts' statement: "As an elected county official, I am aware of the tremendous costs involved in funding the judiciary. These are costs paid for by the revenues of the local

property taxpayer in each of our counties. As an elected official, I must be held accountable for the manner in which county tax dollars are appropriated.

"The judicial system is an area in which I, as an elected official, have no administrative control. While county property-tax dollars pay for the operation of the judiciary, the county has no authority to establish administrative criteria. The courts have also maintained that county government has no power to control the budgets of the judiciary. The courts have exercised their inherent power to order the expenditure of county funds.

"Camden County is the first county in the history of the State to exceed its debt limit. This situation occurred as a result of the court-ordered construction of two buildings: a jail and a courthouse. The courthouse was constructed at a cost of \$20 million. Our annual debt service exceeds \$3 million. Court rules have been established which make it virtually impossible to place constraints on judicial budgets. Court rules adopted last year provide that, in any dispute with the freeholders involving a court budget, the court makes the final decision.

"In a typical Catch-22 situation, county government is permitted to appeal the assignment judge's decision by filing an appeal with the courts. While I agree with the courts that they are the third branch of government, I am opposed to the requirement that county property-tax dollars should pay for the operation of the courts. County government is continually being mandated to provide services. We are often given no new revenue with which to pay for these mandates. Our only source of revenue is the county property taxpayer. It is a system that is inequitable and one that should be changed.

"So that you can fully understand the problems of my county -- an urban county -- I would like to show you a chart of our court costs. (Refers to chart) The attached chart was developed by the New Jersey Association of Counties and provides a consistent look at each county's judicial costs. As you can see, the net cost to Camden County for operating the judiciary is over \$16 million. In fact, our costs are higher since our debt service is more than the \$9-per-square-foot rent equivalent provided for in the form.

"Even more important than the absolute cost of the court is the increase which we have seen. The increase in the court's budget, between 1983 and this year, was 17 percent -- well above our CAP limit of 5 to 6 percent. This figure does not include a \$1-million increase seen in the operation, maintenance, and security of the new Hall of Justice.

"With estimates of a State surplus that exceeds \$600 million, this is the year for the State to assume responsibility for its third branch of government, the judiciary. The Camden County Board of Freeholders has gone on record supporting Senator Orechio's bill, S-2250; a copy of our resolution is attached for your general information. Our preference for S-2250 is the result of many factors. The major difference between S-2250 and your bill, Assemblyman McEnroe, is the issue of phase-in. As a county official, my preference must be for the complete and immediate assumption of judicial costs.

"Assemblyman McEnroe, you have been a friend to county government. Your concern for our problem is evident in your sponsorship of A-2289, but county government has learned the hard way that State funds do not always follow legislation. Even with a State surplus, we continue to fight for State funding of our county colleges at the 43-percent level. With a phased-in assumption of judicial costs, I fear that the counties will still be left to fund the courts.

"There is one other major reason for Camden County's support of S-2250: a reduction in local property taxes. To be a true reform of our current system, relief must be given to property taxpayers. The Camden County Office of Management and Budget has calculated what our potential tax relief might be. Utilizing the figures in the NJAC form, our OMB has calculated that approximately \$11 million would need to be raised by taxes. Using this figure, we anticipate a tax reduction of 13 percent -- or 15 cents -- if there is total assumption of judicial costs by the State.

"This property-tax relief would not be a one-time reduction, but would be a tax savings to our county property owners for years to come. The time has come for the State to fund and operate its three branches of government. The time is right for a State assumption of

judicial costs. I urge you to support the full and complete funding of the State's judicial system."

Thank you.

ASSEMBLYMAN McENROE: Thank you very much, Ms. Clayton. We appreciate your testimony on behalf of Freeholder Roberts. We have a copy of the board's resolution in support of Senator Orechio's legislation which, again, conceptually I agree with.

MS. CLAYTON: We do appreciate, Assemblyman McEnroe, that you went on record early on supporting the counties on the assumption of judicial costs; we do appreciate the concern that you showed for the counties.

ASSEMBLYMAN McENROE: I understand completely the concern of the Freeholder that funding does not always follow legislation. That is something we have all learned. During my involvement with county government, the freeholders and county-college officials have always been concerned with legislation being in place. But the appropriation process somehow does not always include the committed amount in the appropriation.

MS. CLAYTON: Right.

ASSEMBLYMAN McENROE: You have our appreciation for coming all the way from Camden this morning. Thank you.

MS. CLAYTON: Thank you.

ASSEMBLYMAN McENROE: Next, are Philip Beacham and Linda Spalinski, who are here on behalf of the State Association of Counties:
PHILIP BEACHAM: Good morning, Mr. Chairman and members of the Committee.

ASSEMBLYMAN McENROE: Good morning, Mr. Beacham.

MR. BEACHAM: With me today is Linda Spalinski, our research director who, for the past year, has been working on the issue of State assumption of judicial costs. As you know, the New Jersey Association of Counties is the collective, representative voice of all 21 counties throughout the State. Our office is in Trenton. On behalf of the Association, I would like to thank you for holding this public hearing, and for allowing us the opportunity to comment on this vitally important subject.

I would like to begin by commending Assemblyman McEnroe for his leadership in introducing legislation that will provide for the transfer of costs from the counties to the State. Assemblyman McEnroe's bill tackles a longstanding, serious problem in State-county fiscal relations: the funding of a State judiciary system through county property-tax dollars.

State funding of the judiciary is not a new issue for county officials. The New Jersey Association of Counties has long advocated county property-tax relief through State assumption of judicial costs.

This position grew from the recognition that funding a State system with local property taxes is unfair and a mounting frustration to county officials who have virtually no control over court expenditures. County officials have good cause to be concerned, when they are forced to allocate scarce dollars to the judiciary at rates far exceeding the CAP limitations. The present method of funding the courts has led to conflict and inefficiency within the system. The courts themselves have recognized this problem.

State financing of the judiciary was the key recommendation of the 1982 Supreme Court Committee on Efficiency. That report states, and I quote: "The trial courts and their support systems are, in essence, one system composed of the trial courts and located in the 21 counties, presided over by State judges who administer State law and follow policies established at the State level. It is inconsistent that a system with Statewide orientation should be funded individually by the counties."

State funding of the judiciary is an idea whose time has come. We are pleased that it is finally receiving the serious attention it deserves. Property taxpayers can no longer afford this rapidly increasing burden. The County Municipal Government Study Commission, in its recent study of mandates, reported an annual cost of \$150 million to the 21 counties. This figure has been confirmed by separate research conducted by the New Jersey Association of Counties, through both its Judiciary Committee and the County Administrators Association, an NJAC affiliate.

It includes direct program costs for the courts, probation, and constitutional officers, as well as fringe benefits and capital-maintenance costs. As reported by the Commission, the counties are now paying two-thirds of the cost of the State judiciary. Obviously, there are several different ways to make the transition to State funding. From the standpoint of the counties, we would favor an immediate and full assumption of the cost by the State, with all judicial employees transferred to the State payroll.

With regard to a phase-in approach, we believe that it is essential for the State to immediately assume full financial and programmatic responsibility. Any legislative initiative must begin with the recognition that judicial funding is fully a State responsibility.

In all candor, the county would have great difficulty supporting a bill that would leave open the door for the State to renege on its commitment.

Let me conclude by saying that State funding of the judiciary, coupled with a corresponding decrease in property taxes, makes a great deal of sense. I would like to emphasize that last comment, Assemblyman McEnroe. The Association, through its board of directors, has gone on record saying that if the State would assume financial responsibility for the courts, the county would agree to an amendment in the legislation, which would require the county property-tax levee to be correspondingly reduced. This, then, would not provide additional money to the counties for new programs.

It would improve the management of the course, correct a serious flaw in State fiscal policy, and provide greatly needed tax relief to counties and municipalities throughout the State. This issue, I believe, has the potential of being the single-greatest reform in the local property-tax structure since the enactment of the State income tax some years ago.

The New Jersey Association of Counties offers its fullest cooperation to the members of your Committee, Assemblyman McEnroe, and to the entire Legislature, in order to achieve this very important goal. Thank you.

ASSEMBLYMAN McENROE: Thank you. Are there any comments, Linda, that you would like to make?

LINDA SPALINSKI: I would like to add that I think the issue of county property-tax relief is an easy, clear argument to make. The issue of what State funding is going to do, however, in terms of enabling the court to manage itself more efficiently, is not quite so easy to make. Let me just say this: The court is moving methodically toward implementation of all the recommendations that were contained in the 1982 Committee on Efficiency Report.

One recommendation, critical to all other areas of management reform, is that of State funding. In my opinion, and I think a number of people will agree with me, without State funding, all of those other reforms will be rendered largely impotent. It is, then, not simply a question of property-tax relief -- it is also a question of efficient management of the courts.

ASSEMBLYMAN McENROE: That point seems to be threading its way through everyone's testimony. I appreciate that, and I want to thank you. You do make a good point, however, in your recognition that dedication of these funds -- on the county level, only for property tax relief -- although sometimes hard to generate support for, would be most beneficial to the taxpayers. Our original intent, in this legislation, was to alleviate the burden of local property taxes. So we will make a note of that.

MR. BEACHAM: Assemblyman McEnroe, just one other point, which was brought out earlier by Mr. Mattek, and which I think was referred to by the representative of the sheriff's department: There have been proposed amendments to Senator Orechio's bill that would exclude the constitutional officers and their employees from this bill. I think it would be helpful for your Committee to know that our Association has taken a position on that: We do support the exclusion of those employees. That might be a part of your thinking, in any future attempts to deal with proposed amendments.

ASSEMBLYMAN McENROE: Again, we do intend to refine the bill, and we will address that matter carefully. We thank you for advising us of your position.

MR. BEACHAM: Thank you.

ASSEMBLYMAN McENROE: We seem to be moving along on a very positive note. Often at public hearings, it is more exciting to hear from some of the people who oppose our legislative initiatives. The next individual from whom we shall hear is Louis Coletti, the Manager of Union County's government. Mr. Coletti, will you join us please?

LOUIS J. COLETTI: Thank you. Good morning, Mr. Chairman. I would like to thank you for allowing me the opportunity to be here this morning. I have some printed testimony that Joyce Marinelli will give to the Committee and, in an effort not be repetitive, I will remove portions of my testimony. Most of the other witnesses who are here this morning have touched upon, what I believe to be, some of the most important features of the proposed legislation.

For 1984, the cost to operate the court system in Union County was approximately \$17 million. The total revenue collected from the judicial functions for 1984 was approximately \$1.2 million.

So, while the county court system, with its related departments and programs, is mandated by the State of New Jersey, the local property taxpayers will bear the financial burden of funding the judicial system.

Over the years, while the State government has added new sources of revenue through the casino industry and the lottery, as well as through the growth of its economy and other new, expanded taxes, the county government has had to continue its reliance upon the property tax -- not for its own programs and priorities, but as a means of generating revenue for the operation of State programs. With the only source of direct county revenue being the local property tax, it becomes obvious that, unless legislation such as Assembly Bill 2289 is passed, the citizens of the State, and of Union County, can only expect further property-tax increases.

This is attributable to constraint, on the one hand, by the CAP law enacted in 1976 as part of the tax-reform package which limited the total level of budgetary appropriations, and on the other hand, by mandated costs and revenue reductions. The county level of government is being squeezed in a financial vise. This not only exacerbates the conflict between county and State officials, but systematically causes increased property taxes.

The taxpayers of Union County contributed \$16 million to the judicial budget in 1984. This is awesome when you realize that almost 90 percent of the judicial budget is funded through direct aid from property taxpayers. Citizens can no longer bear the financial strain of these mandated programs. In some of our older, urban municipalities, homeowners are paying property taxes that are the equivalent of their homes' values, every 10 to 12 years. In suburban and developing areas, where property taxes may be lower, they have still doubled, for the most part, in less than 10 years.

Union County strongly supports legislation that provides for State assumption of judicial costs. We see this concept as even more appealing when it is realized that a reduction in the county property-tax levee could result. The legislative proposal for State assumption of judicial costs, as well as similar proposals that have been introduced, or will be presented, is a sound investment in the fiscal economy of the future.

As a Union County official, I respectfully request that you favorably consider Assembly Bill 2289, and encourage you, as members of the Legislature, to consider similar legislation as well, in order that the most comprehensive and equitable bill -- one that will provide full State assumption of judicial costs and immediate property-tax relief to the residents of this State -- is passed and signed into law. Many of the speakers who are here this morning, as I said before, have touched upon what I think are some of the most important reasons why the time seems to be appropriate to consider the State takeover of judicial costs.

There are two areas that I would like to propose for consideration by this Committee. One includes future capital costs. You just heard from Camden County how they were court-ordered to construct a new courthouse facility. I think this may become a wave of the future, as it impacts upon urban communities. We, in Union County, are simply running out of space for judicial functions -- primarily courtroom space. We have a AAA-bond rating. We are currently constructing a \$37-million correctional facility. We are also considering a \$20-million county hospital. I fear that we are reaching

the point where the judiciary, out of sheer necessity, is going to need additional space. As the chief financial officer of Union County, I would be greatly concerned if we had to fund -- once again, from local capital dollars -- an expansion of our judicial functions. I ask that you give serious consideration to -- if not this particular bill, since we are dealing with operating costs -- some future piece of legislation.

The second proposal I would like to discuss has been touched upon by Philip Beacham. I was also happy to hear Assemblyman McEnroe express strong support for the same concept: I think it would be appropriate to consider specific wording in any legislation, with reference to this matter, that would, in effect, tie the hands of local officials, as to what they could use the revenue realized from the State takeover for. I do not feel, as an individual, that county officials should use any of the savings that would accrue, as a result of this takeover, for local programs. I think these savings should be returned directly to the property tax owner. That, I believe, should be the centerpiece of this particular legislation.

Several members have touched upon the State budget surplus. If I may, I would like to address that issue very quickly: I believe that the State budget surplus gives us an opportunity to begin a serious discussion of an issue that has been bantered about, for many years, by county and State officials.

I think it is even more important, should the legislation pass, that it be built into the appropriation process, year after year. I would hate to see your time and efforts, as well as those of so many other individuals, wasted for the reason that in two or three years, after attempting to realize this transfer, it is found that there are insufficient State appropriations because, for some reason, there is no budget surplus. The theory of economics is one that has been basically foreign to me. As I read the newspapers, I am not sure whether we are in a recession or not. All I know is this: The State says it has \$400 million in surplus; earlier this morning I heard you say \$600 million; next year we may find ourselves with a deficit. That's why I think it is important for any bill, considered and adopted

by the Legislature, to include a tie-in to the appropriation process. I believe that will solidify the change.

I would like to commend you, Assemblyman, for your efforts toward this longstanding issue that has been discussed by both county and State officials, and to lend any support that we, in Union County, can toward the passage of this legislation. Thank you.

ASSEMBLYMAN McENROE: Thank you. We appreciate it very much. Your comments regarding capital construction needs are a matter of interest to us, as members of the County Government Committee. I understand the need for capital construction, and I know that the Administrative Office of the Courts has taken a leading position in the encouragement of better facilities for people who are incarcerated.

Again, it is of interest to us, but I do not believe we intend to include it in this particular legislation; however, I appreciate your thoughts on the dedication of funds received by the counties to implement our effort to reduce property taxes, and I appreciate your comments on behalf of Union County. Thank you very much.

MR. COLETTI: Thank you.

ASSEMBLYMAN McENROE: Next, we have Peter Savage, a gentleman who represents the Probation Officers of Essex County. Mr. Savage:

PETER SAVAGE: Good morning, Mr. McEnroe.

ASSEMBLYMAN McENROE: How are you, sir? This is Mr. Alati on my right, and Ms. McNutt on my left.

MR. SAVAGE: I am glad, Chairman McEnroe, that you gave the public the opportunity to make comment on your pending legislation. At this point, I would like to express the collective viewpoint of the Essex County probation officers. I am the president of their association. For years, the AOC has talked about a State takeover of the probation department and other elements of the court system; this has never been accomplished. In the past, the probation officers in the Essex County and State Associations opposed this takeover because no one would guarantee that their benefits and salaries would be retained.

At the present time, a representative of the assignment judge sits across the table from us when we negotiate; since we work with the Supreme Court, he is our employer. A representative of Essex County is also there to negotiate with us. So, we really have to negotiate with two parties: our employer -- the assignment judge -- and the Essex County government -- the entity that is actually paying the cost. I think this has made it more difficult to negotiate for salaries and benefits. Very simply, we are negotiating with two different groups.

The county makes no bones of the fact that it considers the costs of probation and the courts to be an unfair burden for it to pay. I think this has put us in an unfavorable position when we negotiate. It would be simpler for us if this bill, or a similar one, were to pass and become law because we would then have to negotiate only with the assignment judge. The county would not have to pay the costs of the courts, and we would not have to negotiate with them.

In your bill, I do not see probation officers mentioned, but perhaps I can assume that we are. We always have been considered to be judicial employees. Are we included in this?

ASSEMBLYMAN McENROE: I think we would amend the bill to specifically state the probation department's responsibilities.

MR. SAVAGE: Okay. What I am concerned about is this: you mention that the costs for financing the judicial system would be taken over by the State; I see health benefits, pension payments, et cetera, mentioned, but I do not see anything about our present benefits being continued. We would feel more relieved if your Committee would consider language which would specify that present salaries and benefits would be retained.

ASSEMBLYMAN McENROE: That would not have any effect on your ability to negotiate in the future -- just that whatever benefits you have, at this time, would be continued by the State.

MR. SAVAGE: Well, we would feel more comfortable with that language.

ASSEMBLYMAN McENROE: We will make a note of that, and will provide it for the Committee's review. As a sponsor, I want you to

know that it is not our intention to provide any impediment to your professional working relationship with the courts. As the report that we have before us indicates, the probation responsibility is the largest cost factor in the judicial budget, particularly in Essex County.

MR. SAVAGE: Maybe we have no reason to fear this, and perhaps it won't be any problem for us if this bill is passed, but what I am worried about is this: Some of the people who work for the State of New Jersey, for instance, have different benefits than do the people who work for the counties. We would not want to see them caught in a dispute over whether the State will continue to pay for their present benefits.

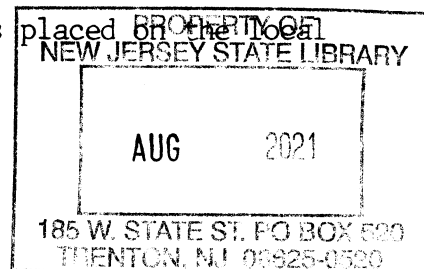
ASSEMBLYMAN McENROE: I understand your concern; I appreciate it; and I assure you that it will be given careful review. If there is any portion of this particular piece of this legislation that you would like to discuss -- either at your next meeting or with the individual officers in your association -- please do so and feel free to get back to us on suggested language, as well as on recommended amendments or deletions of sections of the bill. We will certainly give your suggestions full consideration.

MR. SAVAGE: Thank you very much.

ASSEMBLYMAN McENROE: Thank you. We have one other individual listed on our agenda: Mary Ann Cannon, who represents Mercer County. Do you represent the Board of Freeholders?

MARY ANN CANNON: Yes. Good afternoon, Assemblyman McEnroe. I am Mary Ann Cannon, and I am the research director for the Mercer County Board of Freeholders. I am here today on behalf of Dr. William Klepper, the President of the Mercer County Board, to deliver a statement with regard to A-2289. Dr. Klepper had hoped to be here today; unfortunately, he has been delayed. (Begins reading from statement)

"As President of the Mercer County Board of Freeholders, I want to express our support for A-2289, and our thanks to Assemblyman McEnroe for his recognition of the unfair and onerous burden that the payment of the costs of a statewide judiciary has placed on the property taxpayer.



"If ever there was a shotgun marriage in government -- not only in this State, but also in those other states where property taxes still fund the courts -- it is the harnessing of local financing to a Statewide trial court system.

"The judiciary is not a department of county government,' to quote the Chief Justice in his 1982 budget directive and we, at the county level, are in complete agreement. For over 35 years, New Jersey's courts have been marked by strong, central leadership. The county courts were abolished by constitutional amendment in 1978, and the whole thrust, throughout the trial court support system, has been to achieve Statewide uniformity and performance. Yet, the trial court system continues to depend on the 21 county boards of freeholders -- and ultimately, on the local property taxpayer -- for its funding. These funding demands expand each year, as the needs of the court system increase: for space, personnel, and a multitude of programs. The creation of family court is the latest in the apparently unending series of laudatory improvements in court management for which the counties will have to find the funding.

"The call for State funding of the judiciary is neither new nor parochial. In 1973, the American Bar Association noted, in its study on Court Finance and Unitary Budgeting, that although the courts are a constitutionally created branch of government, disputes for funding 'have pitted the judicial system, not against the executive and legislative branches of State government but rather, against subdivisions such as counties or municipalities.'

"The report goes on to say that it is for the Legislature to determine which essential services the government will provide, and to decide the judiciary's share of the common financial shortage.

"In 1979, the Trial Court Management Series on Financial Management, published by the National Institute of Law Enforcement and Criminal Justice, took note of an increasing trend to make the states legally responsible for some or all of the costs of trial court operations. In addition, they pointed out that, in the states which have undergone administrative unification, state funding of trial court operations is virtually total.

"The most telling argument for State funding of judicial costs came in the Final Report of the Supreme Court Committee on Efficiency which listed complete State funding of the trial court system as its first and major recommendation, and stated that the most important act required to achieve the objectives of this study is State funding of court support services."

Parenthetically, I would like to add that our Board was very close to that study. I worked with one of our freeholders as both staff and committee on that study, and we came to be convinced that the only way the courts could adequately operate in a completely unified system was with complete State funding.

"From the vantage point of county elected officials, it is illogical, inefficient, and far too expensive to fund our Statewide judiciary with local property-tax money. Every increase in mandated costs, such as court services, diminishes our ability to provide vital local services to our residents. I lobbied last year for a limited constitutional tax convention on just these grounds. I do not honestly believe that vo-tech schools, bridge construction, public health, or flood control are in any sense optional, nor should such services be subject to preemption in our budget because of mandated costs for a judiciary over which counties can exert no effective management or budget control.

"Local government is in a crisis situation. There is a limit to what homeowners can pay in property taxes -- a burden that falls most heavily on our elderly, who live on fixed incomes, and on our young families. One giant step for property-tax relief, in Mercer County and every other New Jersey county, would be the transfer of judicial costs to the State -- a transfer that both local governments and the State judiciary agree is necessary: the former for property-tax relief; the latter for a unified, efficient trial court system. In all honesty, we're for it, for every reason."

ASSEMBLYMAN MCENROE: Thank you for your enthusiastic comments. (Laughter)

MRS. CANNON: Well, we have spent a long time on the question of how to support a unified court system. I think that your bill,

Assemblyman, is one of the first real lights near the end of the tunnel.

ASSEMBLYMAN McENROE: I appreciate that. In line with that, I also happen to serve on a committee that is reviewing municipal court structures at the invitation of Chief Justice Wilenz; there you can sense the feeling of the judiciary that, not only funding reform but, the whole review of the court system is a matter of urgent priority. The Legislature and the judiciary recognize that they want to update many of their procedures.

MRS. CANNON: I found it most interesting when the gentleman from probation talked about the difference between State and county benefits. The judiciary, as I understand from the material they are circulating among the probation staffs, fully intends to have a separate personnel system with a benefit structure entirely different than either the State or the county.

ASSEMBLYMAN McENROE: That is why these hearings, although a bit ponderous at times, do provide an opportunity for us to review the concerns of the probation officers. We will try to write into the bill an opportunity for these concerns to be addressed.

MRS. CANNON: I would be happy to provide you with copies of the material that is being circulated by probation. You might find it helpful.

ASSEMBLYMAN McENROE: Thank you; we would like that. It would help, because we certainly do not intend to provide relief for taxpayers, as well as a more unified, more orderly court system, and conversely, create a situation whereupon the employees are dissatisfied with the final legislation.

MRS. CANNON: Well, Assemblyman, the intent of the judiciary would seem to be to upgrade probation in many respects -- including financial -- rather substantially.

ASSEMBLYMAN McENROE: Good; we shall look forward to that. We have now concluded our hearing, insofar as people presenting direct testimony to the Committee. We do have other correspondence that has been submitted to us. I have a letter that I want to include for the record: correspondence from Jerome D. Greco, President of the Essex

County Board of Chosen Freeholders, in which he indicates that he has advocated county property-tax relief for many years, and considers State assumption of judicial costs to be a part of that effort. He strongly supports S-2250, which is the bill sponsored by Senate President Carmen Orechio. He also provides support for A-2289, which he calls "an excellent bill" that "would achieve the same goal by a slower, more incremental approach." So, again, I would like to provide that as part of the record.

In addition, I have correspondence from Charles J. Hollenbeck, who is with the Administrative Office of the Courts. On behalf of the courts, he provides a statement from Robert D. Lipscher, who was Administrative Director of the Courts, concerning legislation. Mr. Lipscher takes no position on the merits of any particular bill, but sets forth a breakdown of the costs involved and the impact of the bill on the judiciary. He asks that copies of his comments be forwarded to each member of the Committee. This will, of course, be done.

Are there any other people who wish to provide comments for the Committee? (No response) Thank you. This has been a very smooth-running meeting. We will adjourn in just a few moments. First, I want to express my appreciation to the members of the public who were here today in the interest of the people of the State of New Jersey. In addition, I would like to thank the elected officials of the various counties throughout the State who came here today. This was, indeed, an important public hearing. A transcript of this hearing will be available for the review of the Committee, the Legislature, and the general public.

As I stated earlier, we plan to have this bill before our Committee within the next six weeks. We hope it will be considered by the General Assembly before the end of the year. Our goal is to alleviate the county taxpayers of the burden of funding the State's court system. Again, other measures have been taken with the intention of accomplishing the same goal. We will support any, or all, of those measures -- whichever, in the vision and wisdom of the Legislature, is appropriate. That is a decision for the Majority

Leaders of both Houses and for, of course, the Governor to consider.

Again, I want to thank each of you for being here. This public hearing now stands adjourned.

HEARING ADJOURNED

RESOLUTION

No.

WHEREAS, the Judiciary is the third branch of the State Government; and

WHEREAS, county governments through taxation of local property owners funds the costs of the Judiciary; and

WHEREAS, the Van Fossen Report on Court Efficiency and the report of the County and Municipal Government Study Commission call for State assumption of Judicial costs; and

WHEREAS, the surplus in the State budget is anticipated to exceed \$400 million by June, 1985; and

WHEREAS, Senator Carmen Orechio has sponsored Senate Bill 2250 to transfer the costs of the Judiciary from county governments to the State government; now, therefore,

BE IT RESOLVED by the Board of Chosen Freeholders of the County of Camden that it does hereby support the State assumption of Judicial costs as provided in S-2250 and urges the timely passage of S-2250; and

BE IT FURTHER RESOLVED that copies of this Resolution be sent to the sponsors of the S-2250, the Camden County Legislative Delegation, the Chairmen of the Assembly and Senate Revenue, Finance and Appropriations Committees, the Governor of the State of New Jersey and to the New Jersey Association of Counties.

I hereby certify that the foregoing resolution was adopted by the Board of Chosen Freeholders of the County of Camden, New Jersey, on the 16th day of October 1984.

Mary J. Marone
Deputy Clerk

Introduced by Freeholder

Adopted OCT 15 1984 19...

Clerk of the Board

as Reported By County of Camden
Name of County

Calendar year 19 84

	Function or Account	000's of \$		
		Salaries	Other Expense	Total
DIRECT OPERATING COSTS	Court Administration - Assignment Judge	143,909	6,000	149,909
	Superior Court - Law Division	701,651	110,690	812,341
	District Court	689,963	42,003	731,966
	Assignment Clerk	48,411	1,500	49,911
	Jury Commission Juror's Fees	42,192	293,940	336,132
	Law Library	-0-	18,000	18,000
	Surrogates	270,848	20,650	291,498
	Probation	3,626,720	404,307	4,031,027
	County Clerk (Judicial Function)	1,189,702	77,105	1,266,807
	Sheriff's Office - Judicial Function	985,707	62,000	1,047,707
	Sub Totals Direct Operating	7,699,103	1,036,196	8,735,299
	Non-Bondable Equipment - If not included above (Furniture and Fixtures; Office Machines; Automobiles)			1,700,000
	Employee Fringe Benefits <u>26%</u> of Total Salaries			2,001,774
	Indirect Costs - County Service Departments <u>20%</u> of Total Salaries			1,539,800
TOTAL OF DIRECT OPERATING COSTS				13,976,673

Building Use Allowances	Building Occupancy Costs - Rent Equivalent @ \$9.00 Square Foot	1,836,000
	Utilities - Maintenance-Custodial @ \$.39-Square Foot	795,000
	TOTAL OF OPERATING AND BUILDING COSTS:	16,608,673
Revenues Net Cost	Less: Revenues - Superior Court Fees	173,000
	Revenues - District Court Fees	209,000
	NET COUNTY COST - YEAR 19 <u>84</u>	16,226,673

STATEMENT ON
ASSEMBLY BILL 2289
(State Assumption of Judicial Costs)

Prepared for: The Assembly County
Government and Regional
Authorities Committee
Harry A. McEnroe, Chairman

Presented by: Louis J. Coletti
County Manager
Union County, New Jersey
October 23, 1984

Union County officials have realized for some time that the relationship of mandated costs and the role of county government needs to be reevaluated. Legislation to assume costs for mandated programs is constantly sought after. An Assembly Bill, sponsored by Harry McEnroe, may finally offer counties and local taxpayers some financial relief. A.2289 addresses the issue of state mandated costs by providing a method for state assumption of county judicial costs. This legislation provides for a limitation of 1985 county court costs to the 1984 level and an immediate state assumption of county court costs, while requiring counties to pay the state back on a five year phase-out basis. Union County fully endorses the concept of legislation which directs the state to assume financial control over mandated costs, such as the judicial system.

Few issues create more resentment among county officials than that of state mandated costs. While it is necessary that state government have wide latitude in establishing statewide policies and programs, there is substantial controversy over what level of government should pay for these mandated services.

In 1984, the cost to operate the court system in Union County was approximately \$17 million. The total revenue collected from all judicial functions in 1984 was approximately \$1.2 million.

While the county court system, related departments and programs are mandated by the state, the local taxpayers bear the financial burden of funding the judicial system.

While state government has added new sources of revenue through the casino industry, the lottery, other new or expanded taxes, and through the growth of its economy, county government has had to continue its reliance on the property tax, not for programs and priorities, but as a means for generating revenue for the operation of state programs. With the only source of direct county revenue being the local property tax, it becomes obvious that unless legislation such as Assembly Bill 2289 is passed, the citizens of Union County can only expect further property tax increases.

Constrained on the one hand by the CAP Law enacted in 1976 as part of the Tax Reform Package which limits the total level of budgetary appropriations, and on the other hand by mandated costs and revenue reductions, the county level of government is being squeezed in a financial vise which not only exacerbates the conflict between county and state officials, but systematically causes increased property taxes.

The taxpayers of Union County contributed \$12 million to the judicial budget in 1984. It becomes awesome when you realize that seventy percent of the judicial budget is funded through direct aid from property taxpayers. Citizens can no longer bear the financial strain of these mandated programs. In some of the older municipalities, homeowners are paying in property taxes the equivalent of their home's value every ten or twelve years. In rural and developing areas where property taxes may be lower, they still have for the most part doubled in less than ten years.

Union County strongly supports legislation that provides for state assumption of judicial costs. This concept is even more appealing when it is realized that a reduction in the county tax levy would result.

This legislative proposal for the state assumption of judicial costs as well as similar proposals which have been introduced or will be presented in the future is a sound investment in the fiscal economy of the future. The taxpaying public can only benefit from a proposal of this nature.

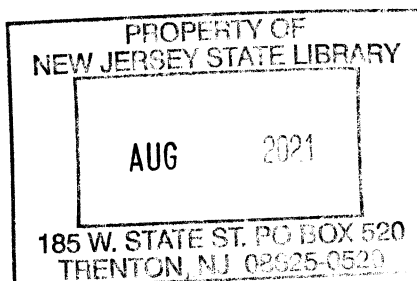
Union County fully supports the Legislature in its attempt to address the issue of state mandated costs and, more specifically, state assumption of judicial costs.

Union County officials respectfully request that you favorably consider Assembly Bill 2289 and encourage you, as members of the Legislature, to consider similar legislation as well; in order that the most comprehensive and equitable bill that would provide full state assumption of judicial costs and immediate property tax relief to the residents of this state is passed and signed into law.

A major factor that should be included in any legislation which addresses the issue of state assumption of judicial costs is that the transfer of funds would provide for direct aid to property taxpayers and not be applied to any other state programs. Union County consistently attempts to develop cost-efficient

programs and would like to ensure the residents that all lobbying efforts for the state assumption of judicial costs would result in a direct savings to the taxpayer.

* * *



COUNTY OF UNION, N.J.

JUDICIAL COSTS

ADOPTED BUDGETS

	<u>1982</u>	<u>1983</u>	<u>1984</u>
Salaries & Wages	\$8,357,428.	\$9,261,258.	\$10,173,830.
Fringe Benefits	1,988,232.	2,324,576.	2,857,829.
Other Expenses	976,341.	1,085,595.	1,171,674.
Indirect Costs	<u>1,535,451.</u>	<u>1,832,095.</u>	<u>2,044,600.</u>
Totals	<u>\$12,857,452.</u>	<u>\$14,503,524.</u>	<u>\$16,247,933.</u>

Includes:

- Judiciary Budgets
- Child Placement Review Board
- Centralized Accounts
- Approved Fringe Benefit Rates
- Approved Indirect Cost Rates

REVENUES - JUDICIARY

(\$000)

Sheriff's Office - Regular & Additional	289.
District Court - Regular & Additional	239.
Surrogate	204.
Probation	51.
County Clerk - Superior Court Fees	119.
State of New Jersey: Reimbursement Superior Court Judges Salaries	<u>350.</u>
TOTAL	<u>\$1,252.</u>



BOARD OF CHOSEN FREEHOLDERS, COUNTY OF ESSEX
HALL OF RECORDS, NEWARK, NEW JERSEY 07102

(201) 961-7088 / 8131

JEROME D. GRECO
~~PRESIDENT~~

October 23, 1984

Mr. Chairman, distinguished members of the Assembly County Government and Regional Authorities Committee, I will make my written statement brief to avoid excessive repetition.

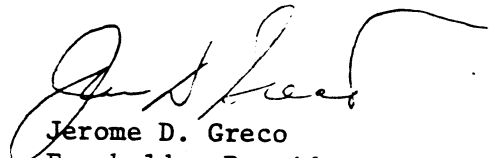
For many years now, I have been advocating county property tax relief, in part through the state assumption of judicial costs.

To this end, I strongly support S-2250, sponsored by Senate President Carmen Orechio, as the most comprehensive approach towards helping meet this objective as soon as possible.

A-2289, sponsored by Assmeblyman Harry McEnroe, is also an excellent bill and would achieve the same goal by a slower, more incremental approach. It is a worthy alternative to S-2250.

As I previously stated, I believe that providing state assumption of judicial costs coupled with a corresponding reduction in county tax levies is the right course. It provides for a unified and more efficient court system while providing immediate property tax relief for hard-pressed taxpayers.

It seems to me that the time will never be better than now to achieve this goal. For my part, I will do everything possible to bring this about.


Jerome D. Greco
Freeholder President

ADMINISTRATIVE OFFICE OF THE COURTS
STATE OF NEW JERSEY

ROBERT D. LIPSCHER
ADMINISTRATIVE DIRECTOR OF THE COURTS



CN-037
TRENTON, NEW JERSEY 08625

October 22, 1984

Margaret McNutt
Staff Aide
Assembly County Government
and Regional Authorities Committee
Room 123
State House Annex
Trenton, NJ 08625

Re: A-2289 (public hearing)

Dear Ms. McNutt:

Enclosed please find a copy of a statement prepared by Robert D. Lipscher, Administrative Director of the Courts concerning legislation which would permit the State to assume financial responsibility for county level judiciary costs. The statement was prepared for a recent meeting of the Senate Revenue and Finance Committee which discussed Senator Orechio's bill on this subject.

The statement takes no position on the merits of any particular bill on this subject. Rather, it sets forth a breakdown of the costs involved and the impact of the bill on the Judiciary.

I would ask that you please forward copies of the statement to the committee members. If you have any questions, please feel free to call me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Charles J. Hollenbeck", written over a horizontal line.

Charles J. Hollenbeck

/cr

Enc.

cc: Robert D. Lipscher
Ted Fetter

TESTIMONY BEFORE SENATE REVENUE, FINANCE & APPROPRIATION COMMITTEE
ROBERT D. LIPSCHER, ADMINISTRATIVE DIRECTOR OF THE COURTS
OCTOBER 16, 1984

I'm pleased to respond to your invitation to discuss S-2250 with you.

The Bill is extremely important for 2 reasons:

1. It proposes to shift revenue raising responsibility for support of the court from the counties to the State and thus make major changes in tax and spending policies.

2. It also has the potential of changing the present somewhat unweildly decentralized court operation into one that is more efficient, more accountable and more economical. It is within the province of the Legislative and Executive Branches to determine which level of government should carry the burden of financing the courts and what kinds of taxes should be levied in support thereof.

Therefore, I do not propose to comment on this aspect of the Bill. I can, however, do the following:

- A) provide you with information we have collected about the costs of the operation of the present system; and
- B) offer some thoughts on how court operations can be significantly improved under State financed system of courts.

I. First as to Costs:

We estimate the 1983 county expenditures for the courts at about \$155 million. That includes \$115 million in direct expenses as reported to us from each trial court administrator, employee fringe benefits of \$21 million (figured at 20% of salaries), and facilities and space expenses of about \$19 million (the estimate used in the report of the County and Municipal Government Study Commission).

These expenses break down roughly as follows:

Superior Courts and Administration	32.1%
Probation	39.8%
County Clerk	11.7%
Sheriff	12.3%
Surrogate	4.1%

About 90% of these expenses are for employee salaries. Over 6,000 employees on county payrolls serve the courts. About 2,700 of these are on Probation budgets; about 1,900 on the court budgets themselves, and about another 1,900 are on the judicial function budgets of the clerk, sheriff and surrogate.

We estimate that these costs will be 10% higher in 1984. The 1984 total, then, would be about \$127 million in direct expenses and \$171 million when the fringe benefits and space and facilities costs are included.

II. As to improvement in court operations, there is great good that can be accomplished by State funding if administrative and managerial reform accompanies the shift to State-level financing.

National court organizations often promote state funding as an essential element of modern court improvement for several reasons:

- 1) greater uniformity in the provision of court services statewide, regardless of whether the individual county is rich or poor;
- 2) better accountability through improved oversight of the local courts by the Supreme Court and, through total budget review, by the Legislature; and
- 3) providing centralized administration to reduce confusion and duplications which result from the use of many different budget, accounting, data and personnel systems, at the local level.

Through State funding the courts can be made more streamlined and more efficient by standardizing managerial systems on a Statewide basis.

The Committee on Efficiency in the Operation of the Courts came to the same conclusion as these national groups after a two-year study of the courts at the county level. The Committee, appointed by the Chief Justice, was a blue ribbon group of highly respected corporate executives and government officials headed by Robert Van Fossan of the Mutual Benefit Life Insurance Company. It gave New Jersey its first in-depth look at the major support units which compose our trial courts and the systems they use to make them work, including:

- 1) County clerks,
- 2) Surrogates,
- 3) Sheriffs,
- 4) Probation,
- 5) Computerization and recordkeeping,
- 6) Personnel, and
- 7) Finance.

The Committee concluded a major overhaul of the trial courts was necessary to make them work properly. It recommended:

- 1) that the court revise its management structure to make it tighter and better able to respond to the greater demands for leadership and accountability (including economy of operation);
- 2) that a standardized budget and accounting system be established to include all court units so that budget priorities could be set rationally within each court and so that comparisons between courts

could be made on the State level;

- 3) that the courts automate its recordkeeping and financial systems as early as possible and that the court obtain its own computer for Statewide use;
- 4) that the court establish a unified judicial personnel system for all trial court personnel; and
- 5) finally, the key recommendation was that there be State financing as a basis for the lasting success of all the other recommendations.

Thus far the Supreme Court has:

- 1) Adopted a tight new management structure which gives the Assignment Judge increased responsibilities and enhanced ability to provide leadership and direction throughout the vicinage.
- 2) Promulgated a directive on budgeting procedures which for the first time provides for standardized set of accounts among all 21 counties so court costs can be determined accurately and compared across county lines.

- 3) Adopted a computer master plan which, with the cooperation of both the Executive and Legislative branches, has led to the creation of a judicial data center and a commitment to purchase a mainframe computer large enough to serve the entire court system.
- 4) Revised the role of the Probation Departments so they can concentrate their energies on post-conviction supervision of convicted adult and juvenile offenders.
- 5) Established on a consensual basis an agreed charter of responsibilities which has served as the basis for improved working relationships with the constitutional officers.

Advances have been made in every area recommended by the Efficiency Committee --- save personnel. These steps were taken because they were needed and because they brought greater efficiency to the operation of the courts. But it also happens that they serve as a strong administrative foundation to support State financing. These advances have to be strengthened and confirmed to ensure the viability of State financing --- and this legislation obviously offers the vehicle to do just that.

Also, it is essential to begin work in the one omitted area --- that of personnel.

State funding of the courts and the development of a judicial personnel system go hand-in-hand.

At the present time the courts operate through the county personnel systems and Civil Service.

The results are that:

- 1) each county has a different wage scale for its personnel, the same jobs in two counties may have salary differential of 40% or more;
- 2) job descriptions (both job content and qualifications) vary from county to county;
- 3) each county has its own staffing pattern developed by usage over the years rather than by some objective or comparative criteria;
- 4) there is no uniform table of organization that can be made applicable Statewide; and
- 5) given the existence of hundreds of different job descriptions (rather than just the required few dozen) Civil Service finds it difficult to make classification surveys promptly and to establish tests that are related to the jobs in a way that meaningfully evaluates the capacities of prospective job candidates.

With State funding there will be incentive and capacity

- 1) to establish a Statewide salary scale for each position;
- 2) to establish standardized job descriptions;
- 3) to set up classification structures that respond to Judiciary needs;
- 4) to set up standard tables of organization applicable to each court; and
- 5) to establish staffing standards on a Statewide basis.

Because salaries represent the major portion of the Judicial budget, a State assumption of financial responsibility for trial courts requires a major reorganization of the court personnel system. This in turn entails:

- 1) development of a data base on each employee accompanied by desk audits, supervisor interviews, and survey of fringe benefits and collective bargaining rights;
- 2) development of job and pay structure classification;
- 3) development of an enlarged management system for personnel; and

- 4) development of a detailed personnel policy applicable to all employees.

Virtually all states which have gone to state funding have also established a judicial personnel system. It is a necessary and integral part of the reform if the reform is to make the courts more efficient.

Similarly, other states which have gone to state funding have been very concerned about the nature of the financial management system for the court to use when financed by the state.

While we have taken steps to obtain financial information from the courts in each county and to present it in comparable form, a comprehensive financial management and budgetary system remains yet to be developed. I assume that under State funding, the Legislature would want the Judiciary

- 1) to present a comprehensive budget request for the entire Judiciary much as we now do for the State-level Judiciary, but expanded to include those expenses now borne by the counties
- 2) in such presentation, to provide figures on the cost of the total Judicial operations on a county-by-county basis and the cost of any particular kind of proceeding, whether it be criminal, civil, or family.

While we are able to gather financial data now on a Statewide basis, we do not have the apparatus to operate a unified financial system capable of supporting the needs of all the courts. One would have to be built which could provide for:

- 1) an ability to construct budgets from the ground up so each vicinage's needs can receive full attention
- 2) procedure to review budgets at the State level and incorporated into an integrated budget presentation reflecting the priorities of the entire court system
- 3) the development of an expanded accounting and auditing system in conformity to State standards and regulations with strengthened financial controls over the handling of court monies
- 4) a procedure to provide flexibility for adjustments during the year with sufficient central oversight and approval so as to maintain fixed objectives and programs
- 5) the development of a Statewide inventory system with ability to track existing equipment and set guidelines for replacement
- 6) The ability to coordinate supplies and

equipment, using centralized purchasing where convenient and cost-effective.

It would appear desirable to have a financial management system already planned and in place before the transition to State funding which means the planning ought to begin as soon as possible.

There are some other lessons that can be drawn from other states that might improve our chances for success under this legislation. These experiences involve techniques for handling the transition period between enactment of the legislation and integration into the state budget cycle and for treating some of the indirect expenses involved in supporting the courts. There are several national experts in the field of court financing who can bring their experience to New Jersey and appear before this committee if you desire.

In summary, I would urge that the preparation for state financing include:

- 1) a comprehensive study of personnel policies and practices with a view toward uniformity in table of organization and job classification; and
- 2) a review of financial management systems that would permit the State to handle the greatly increased financial responsibilities smoothly.

Let me say in closing that state funding of the courts offers great promise. It can be a major step toward building a court system with clear accountability for effective performance, a system without fragmented oversight and conflicting priorities and plans. The current system of divided responsibility --- programmatic responsibility within the judicial leadership and budgetary responsibility assigned to the 21 counties --- has been difficult for all the groups involved.

The promise of this bill --- that it would solve the fiscal problem of the counties while, at the same time, taking the final steps needed to give the citizens of the State a totally unified court system --- one that is streamlined, efficient, economical and accountable --- makes this a signal piece of legislation.

Thank you.

