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PUBLIC HEARING

before

SENATE TRANSPORTATION AND COMMUNICATIONS COMMITTEE

on

(Unauthorized Transfer of \$1 million by the Department of Transportation
from maintenance accounts to salary and administrative accounts)

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NOV 24 1981

Held:
August 4, 1981
Senate Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Francis X. Herbert, Chairman
Senator Frank X. Graves
Senator Donald T. DiFrancesco
Senator S. Thomas Gagliano

ALSO:

Joseph P. Capalbo, Research Associate
Office of Legislative Services
Aide, Senate Transportation and Communications Committee

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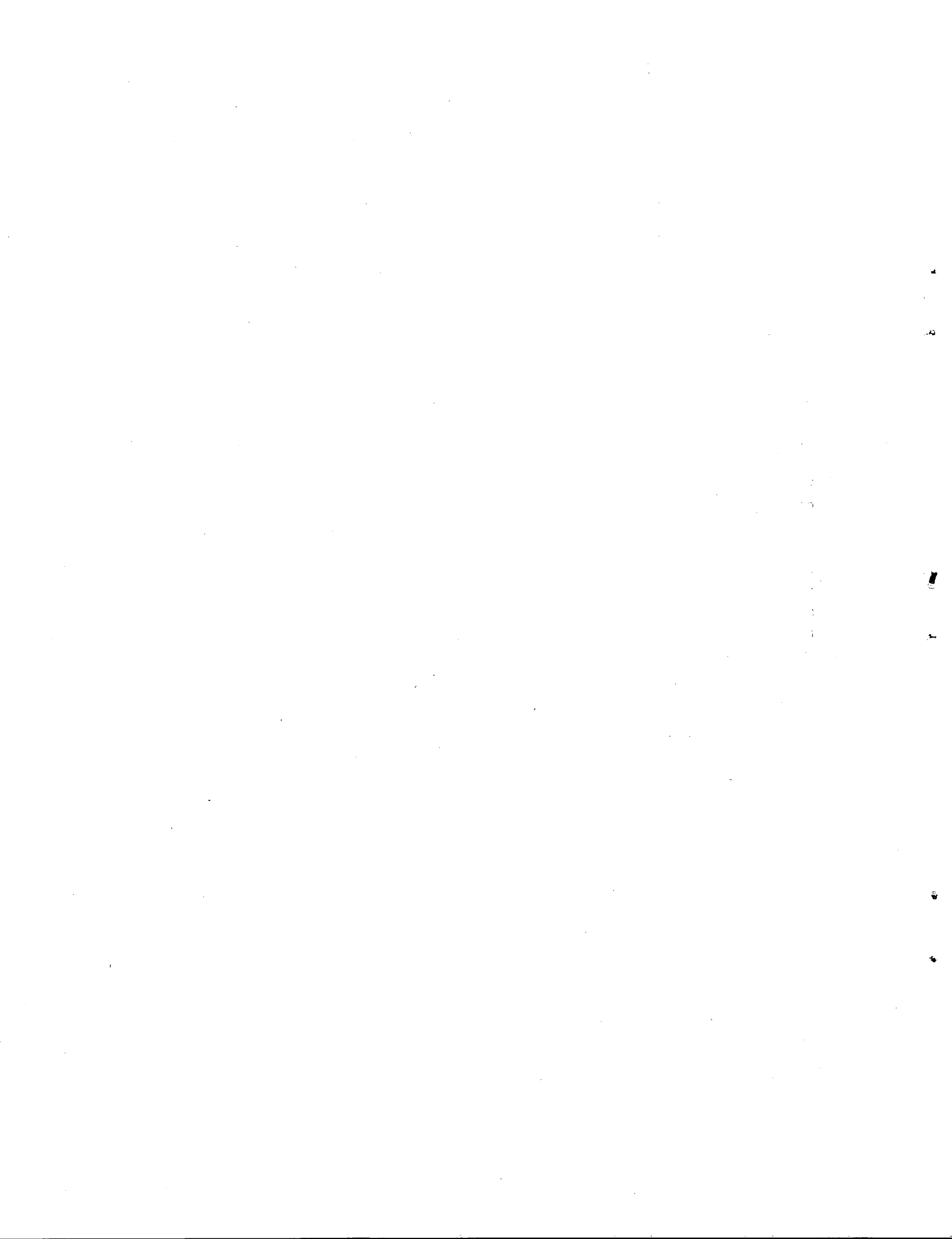
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SENATOR FRANCIS X. HERBERT (Chairman): Will everyone please take their seats.

SENATOR GRAVES: Mr. Chairman, before you start your regular meeting--

SENATOR HERBERT: Senator Graves.

SENATOR GRAVES: I am going to ask your permission for approval of something that is somewhat out of the ordinary. It has been made known in the press today that the Governor intends to propose a replacement for Commissioner Gambaccini. The ordinary procedure is that the nominee would be presented to the Judiciary Committee and then either denied or released for floor vote. In this case, because of the sensitivity of this position in dealing with the public, I ask that this Committee, before today's meeting is over, request of the Judiciary Committee that it too have the right to an in-depth study of the candidate for this position. I move that at this time, Mr. Chairman.

SENATOR HERBERT: First of all, I don't know if it is in order at this time as a motion. I certainly think that we can request the Senate President to grant us that privilege.

You know, when I first came here I thought that all reference committees should have the candidates for the commissioners they are mostly involved with and who are more sensitive to their committee's needs, appear before those committees. We do have a different system, as you know. So, I think your request should go to the Senate President.

SENATOR GRAVES: Wherever you direct it.

SENATOR GAGLIANO: I don't know, Mr. Chairman. I am a member of the Judiciary Committee, and it seems to me that it should be sufficient that the request go to the Chairman of the Committee because on many occasions when we had judicial appointments the local State Senator who usually is very anxious for a particular person to become a judge or to be elevated to some position in the judiciary will come and testify on behalf of that individual. We have had a few instances where the testimony has been negative. I think that is up to the Chairman of the Committee. As a member of the Committee, I welcome, anytime, anyone who wants to come with any comments about any person who comes before us in the advice and consent process. So, as far as I am concerned, as a matter of not just courtesy but as a matter of duty to the Senate as a whole, the Judiciary Committee would be obliged to hear any comments from fellow Senators.

SENATOR HERBERT: Well, that process already exists. I think any member of the Senate can appear before the Judiciary Committee. I am just concerned about the difference in procedure, and I think it should go first to the Senate President. We certainly will request that, and then we will see what his advice will be.

If you, the members of my Committee, are not satisfied with the answer, perhaps then we might go to the Judiciary Committee. I see no problems with that.

SENATOR GRAVES: I am asking your permission.

SENATOR HERBERT: Yes.

SENATOR GAGLIANO: I certainly agree with that.

SENATOR HERBERT: This Committee has been convened today to examine unauthorized transfers of funds by the Department of Transportation from highway maintenance accounts to salary and administrative accounts. This subject has received much press attention and we hope today to set the record straight.

There are two issues involved here. One concerns procedure and the other concerns principal. Procedurally, this Committee is concerned that the transfers were processed without the approval of the budget officer. It is our understanding in this Committee that all such transfers should be and must be approved by his office.

The new procedure was initiated several years ago after certain executive departments transferred large sums of money from areas approved by the Appropriations Committee into areas not authorized by the Appropriations Committee. The present procedure is a procedure in municipal and county governments throughout the State. If any county or municipality violates statutory procedures, that municipality or county would be severely reprimanded by the local finance board of the Division of Local Government Services.

Turning to principal, we are concerned that the legislature again seems to take a back seat to the enormous power of the Executive Departments of our State. Just a few years ago, the Governor proposed, the Legislature disposed. The last few years have seen a growth in the responsibility of the Legislature. Legislative Committees now take their responsibilities seriously and meetings are no longer pro forma, but deal with the improvement of submitted bills and the blocking of defective bills.

The Office of Legislative Services has grown in scope and in service. Legislative oversight has led to serious scrutiny of Executive performance. The practice of gubernatorial courtesy has been challenged, and although the recent Supreme Court decision is a temporary setback, the issue has focused attention on our responsibility as a Legislature to send bills passed in the Legislature to the Governor with a specified time period for their consideration.

This increased perception of legislative responsibility is one of the main reasons why we are here today. We are especially concerned that one million dollars was transferred from the account for highway maintenance to cover deficits in the Department of Transportation's offices of Equal Opportunity, Personnel Management, and Planning. According to information provided to us by Legislative Services: "One million dollars could have funded most of the grass cutting operations by the State for this mowing season."

Mayors and governmental officials, as well as private citizens, have been complaining about the lack of mowing along the State highways. This Committee was told repeatedly by officials of the Department of Transportation that there was no money for highway maintenance. It disappoints this Committee to be told that apparently the money was available but was used for other purposes.

DOT officials have complained, perhaps with some justification, that the Legislature has been stingy and unsympathetic, but we believe that departmental administrative costs should be held down and that department direct services should get priority.

I do not wish to single out the Department of Transportation for specific criticism here. Apparently other departments have routinely made similar transfers in the past. We are not here to seek a scape goat or to fix blame, but to evaluate our responsibilities in this matter.

I want to especially reiterate my admiration and respect for Commissioner Gambaccini who has worked long and hard to improve transportation in New Jersey. All of us in government have an obligation to the citizens of our State to make sure that monies are spent properly. All of us, individuals, families, senior citizens, municipalities, school districts, counties, must deal with the problem

of limited funds. That is why issues, such as this, attract so much attention. The public wants government funds spent wisely and it certainly does not want its taxes increased.

I want to assure the Commissioner and his staff that we will cooperate with him as much as we can in finding a clear way to solve these problems. We have cooperated with him before in our support of the creation of New Jersey Transit, the 1979 bond issue, the TRANSPAC Program, and the TNJ purchase, after we were able to get the funding source changed. He, in turn, has conducted an open and responsive department and he has kept us informed far better than we have ever been informed before.

I would ask that all witnesses address the issues which I have raised, the issue of procedure and the issue of principal. During this entire hearing I must insist that this not be a witch hunt or a legislative sideshow, but a sober consideration of our responsibility in this great State.

Our first witness today is Jerry Silliphant. He is the Director of the Division of Budget and Program Review of the Office of Legislative Services. Mr. Silliphant.

G E R A L D D . S I L L I P H A N T: Thank you, Senator Herbert and members of the Committee. I believe I have supplied each of you with a copy of my statement, the statement which deals specifically with the subject that Senator Herbert has already addressed. It contains attachments related to the transfers in question plus the correspondence relating to the transfers. So, I will be making reference to those attachments during the course of my remarks.

My name is Gerald Silliphant. I am the Legislative Budget Officer and Director of the Division of Budget and Program Review within the Office of Legislative Services.

As I understand from Senator Herbert's comments, the purpose of this public hearing this morning is to inquire into the transfer of approximately one million dollars by the Department of Transportation from maintenance accounts to salary and administrative accounts for fiscal year 1981.

This statement will provide you with the facts, as they are known to me, surrounding the processing of these transfers.

Before I begin a detailed chronology of the transfers, however, I would like to invite your attention to Section 3 of the General Appropriations Act for Fiscal 1981, which is quoted in my statement here and indicates: "In order there be flexibility in the handling of appropriations, any department or agency, except the Legislature, receiving an appropriation by any act of the Legislature may apply to the Director of the Division of Budget and Accounting" - within the Treasury Department - "for permission to transfer a part of any item granted to such department or agency to any other item in such appropriation, providing that such transfer is not between a State Aid Account and either a Direct State Services or a Capital Construction Account...." Such application shall be made only during the current year for which the appropriation was made, and if the Director of the Division of Budget and Accounting shall consent thereto, he shall place the amount so transferred to the credit of the item so designated and so notify the Legislative Budget Officer upon the effective date thereof, provided, however, that cumulative transfers in excess of \$200,000 in any account, other than transfers from lump sum accounts and of non-State funds, shall be transmitted to the Legislative Budget Officer for his approval or disapproval and returned

to the Director of the Division of Budget and Accounting within five working days...."

With that provision of law in mind, I will attempt to chronicle the movements of the original appropriation transfer requests and the events that have taken place subsequent to that.

I think it is important, and certainly it should be useful to the Committee, to be aware that transfers of this nature are not unusual. As a matter of fact, within the Department of Transportation some 1300 requests for transfers of appropriation were processed during fiscal year 1981.

SENATOR GRAVES: May I interrupt for a minute?

MR. SILLIPHANT: Senator?

SENATOR GRAVES: Jerry, does that mean that these 1300 transfers -- you say that 1300 transfers were done during 1981 -- were accomplished in accordance with the terms of the law, or are you saying here that there were 1300 transfers handled in the same way this was handled?

MR. SILLIPHANT: All other transfers, except these three, were handled in accordance with the law. Those which did not require the approval of the Legislative Budget Officer were processed within the Division of Budget and Accounting and the Treasury Department. Those that didn't require a Legislative Budget Officer approval were transmitted. These were the only three transfers, the subject transfers here, which required Legislative Budget Officer approval and were not sent to us for that purpose. They were processed, the transfers effected, and the bookkeeping posting made without the action required by Section 3 of the Appropriations Act.

SENATOR GRAVES: Is there a penalty section in that statute?

MR. SILLIPHANT: There is not a penalty section.

MR. SILLIPHANT: On June 4, 1981, the Department of Transportation initiated three transfers of appropriation, attached to my statement, which in the aggregate were intended to transfer approximately one million dollars, mainly from DOT Roadway and Bridge Maintenance Accounts to Salary Accounts within the Commissioner's office and the Bureau of Plant Engineering and Operations. In addition, some funds from the Roadway and Bridge Maintenance Accounts were to be moved into Central Office, Telephone, Other Services, and Professional Services Accounts. If you will refer to the copies of the transfers, which are appended to the statement, you will see that they were marked "processed" and entered by the Division of Budget and Accounting on June 18, 1981. Yet, although the transfer documents were marked "Legislative Budget Office Approval Required" the transfers were not submitted to my agency in accordance with the provisions of the Appropriations Act.

Subsequent to the posting of these three transfers, my staff discovered that the transfers had been effected. The process surrounding the transfer of appropriations which do not require Legislative Budget Office Approval is that a copy, clearly marked "Legislative Budget Office Copy" is forwarded to my office, is reviewed by the staff analysts and is posted on our own records. It was at the time of the forwarding of the copy to my office that the staff discovered that transfers had been processed without proper action by our office.

I asked my staff to ascertain why the transfers had been handled in that fashion, and also what the justification was for the transfers to begin with. According to the Division of Budget and Accounting, the transfers had

not been submitted to the Legislative Budget Office because of a clerical oversight. I had no reason to doubt the veracity of that statement. Dick Standiford, Deputy Director of the Division of Budget and Accounting, assured me that this had been the case.

It is my understanding in connection with this that there are two separate reviews made of transfers coming in for each agency to make sure that all provisions of law and internal regulations are complied with. So, apparently these transfers had undergone two such reviews and the oversight had existed at both levels.

SENATOR GAGLIANO: What are the two reviews, Mr. Silliphant?

MR. SILLIPHANT: The first review, as I understand it, is a logging review, where the entry of the transfer and the assignment of the transfer is recorded. The second review is a bookkeeping review at the time the actual transfer is processed.

SENATOR GAGLIANO: Is this in the Treasurer's office?

MR. SILLIPHANT: Yes, sir; it is. Now, at the same time, I asked staff to determine the need for the transfers because the justifications included on the face of these three transfers were, in my judgment, inadequate to form any basis for making a decision as to whether to approve or disapprove the transfers. The justifications essentially said that the transfer of funds was required to provide funds for salary accounts, "...to make up projected shortage..."; "...to provide funds for salary accounts and for certain budget accounts that are projected to have need for added dollars..."; and, "...to provide funds for a salary account that is projected to have need for added dollars to cover payroll expenditures...."

In addition, the justification stated that the source accounts -- these are Highway, Bridge, and Road Maintenance Accounts -- from which the funds are being shifted have adequate or sufficient balances available through the end of fiscal year 1981. This would be after these transfers had been effected. These source accounts, I am sure you are aware, are the traditional expenditure areas for bridge and highway repairs and maintenance of roads and bridges, which includes snow removal and grass cutting.

My staff informed me further that at least part of the million dollars that was being transferred by these three documents had accrued in the Highway and Bridge Maintenance Accounts as a result of surpluses remaining in funds that had been earlier earmarked for snow removal last winter. Because of the lighter-than-expected snowfall, the need for the funds that had been previously earmarked had disappeared and the money was available for other purposes.

Furthermore, at this point - whether coincidentally or not - the staff determined that the cost of the statewide grass cutting program for the summer of 1981, this summer, as estimated by the Department of Transportation itself, amounted to approximately \$1.2 million.

Now, since reductions had already been effected in appropriations within the Roadway and Bridge Maintenance Accounts in the Appropriations Act -- as a matter of fact, the appropriation for last year to these accounts was-- (witness interrupted by ringing of fire bell)

This is a red hot issue.

SENATOR HERBERT: That's not a quorum call, I know that.

MR. SILLIPHANT: (continuing) --was some \$30 million below what the Department had actually requested.

SENATOR GAGLIANO: That goes off every time we have an unapproved expenditure, Jerry.

SENATOR GRAVES: It never would stop ringing.

SENATOR HERBERT: Proceed, Jerry.

MR. SILLIPHANT. Because of this, it was difficult for me to understand how sufficient or adequate balances could remain in these maintenance accounts after the million dollar transfer had been effected.

Now, based on the information that was available to me at this time, and based on the fact that the transfers had been processed in violation of Section 3 of the Appropriations Act, I wrote a memorandum to the State Budget Director, Ed Hofgesang. A copy of this is attached to my statement. In the memorandum I requested that transfers that had already been processed in effect should be stopped in their tracks and sent to me for proper review and approval or disapproval, in accordance with law. I went on to request that the justifications that appeared on the three transfers be expanded to include comprehensive statements showing the exact impact of the transfers on maintenance accounts, especially in terms of road and bridge repairs and grass cutting.

Subsequently, on July 17, 1981, and in response to my memorandum of July 9th, the three subject transfers were reversed. In effect, they were canceled and nullified. The accounts into which the transfers had been made, in a book-keeping sense, were in the red. This reversal - the reversal document - stated that the action was taken to reverse the transfers which were, "...erroneously processed prior to approval by the Legislative Budget Officer as required by the annual Appropriations Act."

On July 20, 1981 new transfers of appropriations documents were submitted by the Department of Transportation as substitutes for the three reversed transfers. These transfers, copies of which are attached to your statements, are two transfers now instead of three, and would shift \$1,069,000 from Roadway and Bridge Maintenance, Highway, Road, and Bridge Construction, and Compensation Awards Accounts, to Salary and Telephone Accounts within the Commissioner's office and the Administrative Services area, and to the Salary Account in the Bureau of Planned Engineering and Operations. These transfers were accompanied by a memorandum, dated July 20th, to me from Ann Canby, Assistant Commissioner of Transportation, which represented the Department's justification for the substitute transfers. A copy of Ms. Canby's memorandum is attached to your statements.

You will note that Ms. Canby's memorandum indicates that she and the Commissioner "made the decision that the transfer of funds was a proper allocation of the Department's limited resources. This action is not intended to suggest," she continued, "that the level of funding for maintenance on our state highway system is adequate. We are involved in a day-to-day balancing of needs and demands against limited resources."

SENATOR GAGLIANO: Excuse me, Jerry. Did she explain what she meant by that when she said they were in this day-to-day problem?

MR. SILLIPHANT: Yes, because to supplement the memorandum, Ms. Canby and I had a discussion of some length in my office. The request for appropriation by any state agency is made some number of months -- if you go right to the end of the fiscal year as much as 18 to 20 months -- in advance of the time the expenditures are made. There are changed conditions, certainly, after the appropriation is passed. The Legislature itself recognizes that by building in the flexibility within the Appropriations Act that permits the transfer of funds that we are talking about today. She made it very clear, both in speaking to me and in her

memorandum that within a framework of limited resources there had to be a system of flexibility internally to allocate those resources and a judgment of management to meet the most pressing and top priority needs.

SENATOR GAGLIANO: Was there any comment by her that it was her intention to pick up litter or mow grass if they got the money or if they had the resources from another area? Was there any discussion about that?

MR. SILLIPHANT: No, Senator, there was not.

SENATOR GAGLIANO: Do you know - and maybe it is further in your statement - to whom these monies will be paid, or to whom they have been paid, and if you do I would like to make that a part of the public record. If you don't, I would like you to say that, and why you don't, on the public record.

MR. SILLIPHANT: All right. I think I can answer that if you will bear with me until I go through the statement. I will answer that for you.

Now, I am not attempting this morning to second guess or interfere with the managerial decision-making process within the Department of Transportation. First of all, it would be inappropriate and improper for me to do so; and, secondly, I have no statutory authority to do it. However, as part of the statutory authority that I do have, most within the General Appropriations Act within the law establishing the Office of Legislative Services, it is necessary for me to keep the Legislature well informed on fiscal matters in the State, and also to monitor the intent as expressed through the General Appropriations Act, to the best of my ability. In this regard, I must point out to you what I think is at least a partial answer to your question, Senator Gagliano. At present, approximately 56 non-budgeted positions exist on the three staffs comprising the Department of Transportation's Commissioner's office, the Administrative Services area, and the Bureau of Plant Engineering and Operations. The total annual salary cost of these 56 non-budgeted positions is approximately \$1,200,000 -- again, very close to the Department's own estimate for this season's grass cutting throughout the State.

SENATOR GAGLIANO: How can you hire a non-budgeted position? In other words, somewhere along the line doesn't there have to be something in the budget to cover this position, or these positions, even before they are hired?

MR. SILLIPHANT: The positions cannot be actually filled, whether budgeted or not budgeted, without the approval of the Division of Budget and Accounting and the Department of Civil Service. When positions of this nature - non-budgeted positions, or temporary positions - are created, it is normally within the fiscal year and outside of the appropriations process itself. It occurs as a result of a variety of conditions. In most cases it is because there has developed a need, or there is a continuing need, for human resources in an area not already covered by the existing staff complement. I cover this in the next few comments, and if I can I will cover it.

A non-budgeted position is simply a position which exists on an agency's staff roster but for which no specific appropriation has been made. In general, the funds for a non-budgeted position are drawn from appropriations for positions which are budgeted but are vacant for one reason or another, or from salary balances which may develop in a specific account as a result of higher than anticipated turn-over savings, or simply the appropriation balances that develop during the year as a result of vacancies, resignations, transfers, retirements, or for the inability or disinclination of departmental management to fill budgeted positions. So, when one of these temporary or non-budgeted positions is created, the funds

are drawn, normally, from one of these sources.

Now, I am sure that when you hear from one of the spokesmen from the Division of Budget and Accounting, he will indicate to you that this again is not an unusual practice. This is permitted by the Division of Budgeting and Accounting and is certainly approved by the Department of Civil Service because of the changing conditions that develop through the course of a fiscal year, which requires that in order to meet demands for new, different, or approved services, individuals can be hired to meet those needs. There is an annual attempt, I believe, to eliminate as many non-budgeted positions as possible among the various agencies and to convert them to budgeted positions either by providing additional appropriations or abolishing positions which have been budgeted in a prior period but which may not be filled or may no longer be needed. Clearly then, the necessity for the bulk of the funds which were requested for transfer within the Department of Transportation for the purposes I have listed above could have been avoided had the non-budgeted positions in the three central office areas been properly established and funded. It would have been necessary to take this action at the time that the fiscal year 1981 General Appropriations Act was passed.

Now, unfortunately, the existence of non-budgeted positions did not crop up for the first time in the Department of Transportation during fiscal year 1981. Records in the Office of Legislative Services show that the incidence of several office salary deficits due to the existence of non-budgeted positions occurred beginning in fiscal year 1976. An Office of Fiscal Affairs report, which is dated August 14, 1978, titled, "DOT Transfer of Operating Funds for Salary Deficits," stated that according to the Director of the Division of Budget and Accounting - this is Mr. Hofgesang again - the salary deficit problem was basically caused by the existence of non-budgeted positions and that it would be eliminated through the creation of new positions in the subsequent budget. It is apparent that the proposed action has not been successful in preventing a recurrence of these central office deficits which have continued now throughout the last several years.

The current status of the two substitute or replacement transfers, which were forwarded to me for review and approval or disapproval, is that following consultation with five members of the Subcommittee on Transfers of the Joint Appropriations Committee, I returned the transfers without my approval to the Director of the Division of Budget and Accounting. The reason for this return is a very simple one. I am required by Section 3 of the fiscal 1981 Appropriations Act to either approve or disapprove transfers within five working days of receipt. Because this public hearing on the matter was scheduled after the expiration of the five working days, I elected to defer action until after the conclusion of the hearing. Both the members of the Subcommittee on Transfers of the Joint Appropriations Committee and the Division of Budget and Accounting were so notified on July 24, 1981 and copies of both those communications are attached to my statement.

Finally, I would like to emphasize that my remarks to you today are made within the purview of the Legislative Services Law of 1978, which requires that the Director of Budget and Program Review, "...report to the Legislature through the Joint Appropriations Committee, or in such other manner as shall be directed by the Legislature... (on)... matters which may be of assistance to said Committee or the Legislature in forming an independent judgment in the

determination of any fiscal matters before it...." This same statute requires that the Director of Budget and Program Review, "...provide the Legislature with expenditure information and performance analysis of programs and transactions."

I hope that my remarks have been of some assistance to you in your inquiry. I stand ready to try and answer whatever question you may have.

SENATOR HERBERT: Thank you very much, Mr. Silliphant. We have a few questions. Mine surround the non-budgeted positions.

I have not served as a member of the Appropriations Committee. Would it be our responsibility -- that is, the Legislature -- to look at non-budgeted positions for the previous fiscal year and to ask justification as to why those non-budgeted positions were in place? Has that been going on?

MR. SILLIPHANT: Yes. This is a continuous process. It is part of the Joint Appropriations Committee's annual deliberations on the Governor's budget. There is a Subcommittee on salaries and new positions which does review these kinds of actions. However, as I indicated earlier, the existence of non-budgeted positions is not confined to the Department of Transportation alone. It is a device which is used throughout State agencies and which is used for the specific purpose that I cited, namely the development of a need for a special kind of personnel skill which may not be available through the framework of budgeted positions that already exist; or, certainly, in the instance where there are created budgeted positions which cannot be filled simply because no candidates are available, not because of a shortage of funds but for which a specific need exists but is in another title area. In that case, a non-budgeted position would likely be created. These are referred to as six hundred thousand number positions and essentially are carried as temporary positions, and the funding, since it is not part of the general appropriations funding is funded through appropriation balances which may develop throughout the fiscal year, generally from salary accounts unless, as in this case, there is the necessity in the case of a deficient salary balance to shift funds from other sources.

SENATOR HERBERT: How can we, as members of the Legislature, obtain knowledge that non-budgeted positions will be necessary in certain departments? In other words, how can we possibly anticipate this? If it has been going on every year, why is not the money available to these departments if non-budgeted positions are constantly coming up every year in those particular departments?

MR. SILLIPHANT: I think this is a question that might best be answered by the spokesman from the Division of Budget and Accounting, but I would venture a personal judgment on this. If the Legislature feels that this kind of information is necessary, then I would suggest that a review of the existing budget and finance laws be undertaken by the Joint Appropriations Committee or an appropriate vehicle within the Legislature to address this issue, and make this sort of action - if this is your desire - mandatory each year.

SENATOR HERBERT: That's exactly why we are here. That is exactly what we want to determine, whether or not the Legislature should or must have control over such items.

You mentioned that transfers occur throughout the whole of the Executive Department. Is this the first one that you can recall of such a magnitude, occurring that late in the year, or has this gone on in previous years and previous administrations, perhaps?

MR. SILLIPHANT: Normally, if transfers into salary accounts are made

near the close of the fiscal year, because it is at that point, moving into the fourth fiscal quarter, that agency management becomes aware of deficiencies that will develop. You must understand that there is more than one source of funds for the salary accounts. Each year that an across-the-board appropriation is made for salary adjustments, an allocation is made of a percentage or all of that specific appropriation to the various agencies. So, the actual amount which is appropriated to them in the first instance may not include all of the funds that will be transferred to them in the normal course of events. However, if their estimates on turnover savings, for example - turnover savings being the balances which accrue as a result of positions remaining vacant due to retirement, resignations, transfers, and whatever - fail to materialize as estimated before the fiscal year begins - all budgeted positions, for example, would be filled for twelve months - most, if not all, state agency salary accounts would be in a deficit situation because the calculation of turnover savings is a normal part of the budget analysis and budget framing process.

Now, on top of that condition, if it develops that there are non-budgeted positions for which no appropriation was made in the first instance, if there has not been sufficient allocation of central salary monies to cover across the board or selective salary adjustments, then the demands for salary expenditures within a given salary account can very readily exceed by a very substantial margin the actual original appropriations. And, in most cases, this condition is a combination of all of those factors.

SENATOR HERBERT: In Ms. Canby's memo to you - I won't read it all - it seems to indicate that the transfer was justified because of the mild winter of '80-'81 in which they did not have to do the amount of anticipated plowing on the state highways. She says certain maintenance activities have had to be reduced in previous years as a result of the cost of snow removal. The funds remaining in the accounts after the proposed transfer are sufficient to cover maintenance salaries and the contract maintenance work planned for fiscal '81. She refers to the fact that the reduction in mowing is unrelated to the balances in these accounts. Would you comment on that?

MR. SILLIPHANT: The expenditures for snow removal and mowing are made from the Roadway, Bridge, and Maintenance accounts. The identity of the dollars within the framework of those accounts, except by actual object of expenditure is somewhat more difficult to trace; for example, the appropriation of salary monies for maintenance. I believe the figure is approximately \$23 or \$24 million for fiscal year 1981. Those salaries would cover in bulk the payments to the maintenance workers, the people who go out and repair the potholes, repair the bridges, take care of maintenance on the highways, which would include snow removal, grass cutting, litter removal, and removal of hazards -- whatever would interfere with the orderly movement of traffic throughout the State.

So, in specific response to your question of whether this is related to the snow removal or not, my understanding is that additional funds had developed within the maintenance accounts near the end of this fiscal year, perhaps for a variety of reasons but at least for one specific reason and that is the lighter than usual snowfall which required a lower expenditure of funds for that purpose than had been estimated earlier.

SENATOR HERBERT: Thus, our speculation and your speculation that the money used in the salary account could be used to mow the grass on the highway.

That was speculative. In other words, it seemed to work out into exactly the same amount of money.

MR. SILLIPHANT: Yes. As far as the figures are concerned, I regard this as sheer coincidence and not part of a grand design or master plan. The decision as to whether to mow or pick up litter or not, I regard as a management decision within the Department of Transportation.

SENATOR HERBERT: I am very concerned about transfers in other departments. I understand that the public law from which you quoted specifically points out that anything in excess of \$200 thousand pass through your office, and that was done in response to legislative complaint about these late transfers in excess of that amount in certain departments. Which departments gave us a red flag, so to speak? Where did those transfers occur?

MR. SILLIPHANT: Well, the bulk of the transfers - and this is a function of the size of the appropriation to begin with - would be within the Departments of Transportation, Human Services, Higher Education, Education, and to a lesser extent within agencies like Labor and Industry and Environmental Protection.

SENATOR HERBERT: In other words, it was fairly common in larger departments?

MR. SILLIPHANT: It is a common practice, yes.

SENATOR HERBERT: Now, this is, I guess, a big question. You have denied these transfers?

MR. SILLIPHANT: At this time that is correct.

SENATOR HERBERT: All right. Where is the money now? Have these people been paid?

MR. SILLIPHANT: Let me see if I can put this in proper perspective. The provisions of the General Appropriations Law for the year 1981 make all appropriations available for one year, beginning July 1, 1980, and for one month after the close of the fiscal year. Now, one month after the close of fiscal year 1981 was July 31, 1981. We are now officially, for bookkeeping purposes, in fiscal year 1982. It is my understanding, however - and this is a follow-up of past practice - that bookkeeping adjustments must, of necessity, be made following the official close of the fiscal year. Now, this has been discussed with the Attorney General's office. It has been discussed with our Division of State Auditing within the Legislature. Those adjustments can be made. However, the current status of these accounts is simply this: The salary accounts for fiscal year 1981, for which these transfers were designed to close the gap, so to speak, are in the red. They are in a deficit situation.

Unexpended balances remaining at the end of the official close of any fiscal year, unless otherwise provided by specific language within the Appropriations Act, lapse back into the fund of source. So, this would mean essentially at this point, unless there had been a provision to preserve the funds in Roadway and Maintenance Accounts, they would at this point have lapsed into the general fund.

SENATOR HERBERT: We have had bad winters and mild winters. What happens in bad winters? Where do the funds come from?

MR. SILLIPHANT: In bad winters, when there is a great demand for snow removal, there is a development of excessive -- not excessive, but large amounts of overtime. This means that in cases - and I think the record will show this in the past - the transfers into salary accounts within the maintenance area have been necessary to provide the funds to meet the overtime obligations which

have accrued.

SENATOR HERBERT: Has the Legislature been asked for supplemental appropriations at that time.

MR. SILLIPHANT: As far as I know, no supplemental has been requested for snow removal. However, transfers have been effected to take care of the situations.

SENATOR HERBERT: Okay. Now, let's just retrace. Right now, the balance for salaries in DOT fiscal year '80-'81 is in the red.

MR. SILLIPHANT: For the specific accounts in the Commissioner's office, the Administrative Services Unit, and the Bureau of Plant Maintenance and Operations.

SENATOR HERBERT: All right. Now, where does that leave the Commissioner's office and the Legislature and the Governor in this, legally? Where do we stand legally? These people have been paid?

MR. SILLIPHANT: These people have been paid, that's correct.

SENATOR GAGLIANO: Do we know exactly who has been paid?

MR. SILLIPHANT: This does not leave us with an overall aggregate shortage of funds for fiscal year 1981 because there was a surplus, but what it does is, it leaves those specific accounts in a bookkeeping state of being in the red. When the next audit is being performed on the Department of Transportation, it will clearly show there is a deficit there, unless bookkeeping adjustments have been made which could accrue as a result of these transfers being processed.

As to the total impact on the fiscal year 1981 accounts within the Department of Transportation, and from the point of view of the Division of Budget and Accounting, I think it would be more appropriate for them to give you specific answers on that.

SENATOR HERBERT: In the original transfers, the justification says that they are needed for added dollars to cover payroll expenditures. It was our understanding that they were in three separate accounts. But, I don't see that on the transfer of appropriations sheets.

MR. SILLIPHANT: That's true. The original transfer contained shifts of funds which are not in the substitute transfers, and my assumption must be that those deficiencies were accommodated in a different way than through the specific transfers.

SENATOR HERBERT: Then the subsequent transfers dated, I guess, July 20th, with the accompanying letter from Ms. Canby, gave better justification than the original transfers, even though you turned them down.

MR. SILLIPHANT: Yes.

SENATOR HERBERT: Okay. I have no further questions at this time. Senator Graves, do you have any questions?

SENATOR GRAVES: Basically, this is for the funding of some fifty-plus jobs that were not funded in the beginning of the fiscal year?

MR. SILLIPHANT: I don't think it is accurate to make a categorical statement that this was specifically for the non-budgeted jobs. I pointed out to you that had the fifty-six non-budgeted jobs not existed, or had ample appropriations been made for them, in all probability the necessity for the transfers from maintenance monies into the central office salary accounts would not have existed. So, there is an equivalency there. Whether in the Department's viewpoint the funds were necessary for those specific jobs or for other jobs where deficits had developed, they would be in a better position to answer.

SENATOR GRAVES: Okay. But, their fiscal year initiates itself on

the first day of July. To take from this account, the very earliest they would have found out that there were going to be no blizzards or storms that would have caused them to use this particular account would be about March 5th. You are talking about eight months, five days into the fiscal year, or three months and twenty-five days left of that fiscal year. They were rolling up these dollars of expenditure just as though they had a legal right to do so, and if we had some kind of winter blizzard some time in late February or March - which is somewhat late in the season, but there is a history of it - then they may have caused themselves to use, within eight months of their fiscal year, these expenditures. But, they didn't. They couldn't possibly have spent this kind of money in three months. They must have been doing it for the entire fiscal year in order to cause this indebtedness. So, therefore, a decision was made by this Department to make the money available for some fifty some odd people, where they could have made a decision for some fifty some odd people versus the seven million people of this State who are living under deplorable highway conditions, unlike they have ever lived with in their lives, including the war years. I checked that out with people who were around during the war, in the '40's, and I asked them if the highways were in as bad a condition, were being used as garbage dumps such as they are today, and they said, "No, they weren't."

Would I be drawing a proper conclusion by saying that from March the 1st, or thereabouts, they were taking a calculated risk with that Department's expenditures?

MR. SILLIPHANT: I think that would be an accurate assessment. Let me point out that every agency's top management, including my Commissioner and certain of the fiscal and personnel officers, are aware of that - or if they are not they should be - when they have non-budgeted positions which are filled going into the beginning of a fiscal year for which they have no specific appropriation. Now, clearly, they have a very limited range of choices. Either they get rid of the non-budgeted positions--

SENATOR GRAVES: Okay. What is the penalty facing that officer who is responsible for the expenditures of that division if he just merrily goes along and spends the money on things for which it has not been budgeted?

MR. SILLIPHANT: Well, what has happened traditionally is that if the balances within the salary accounts are sufficient to pay for the non-budgeted positions have not materialized--

SENATOR GRAVES: Is that an indictable offense or is it not an indictable offense?

MR. SILLIPHANT: To the best of my knowledge, it is not.

SENATOR GRAVES: I have no further questions.

SENATOR HERBERT: Senator Gagliano.

SENATOR GAGLIANO: Mr. Silliphant, I am not clear on one thing. We talked about the fifty-six non-budgeted positions. Now that means-- I am trying to follow up on what Senator Graves was talking about. Does that mean that on July 1st, or at some point subsequent to that, fifty-six different positions in the office of the Commissioner, as I understand it, were filled with people being paid salaries which were not provided for in the Appropriations Budget, which went through both Houses and which went through the Governor's office, etc., in the usual manner?

MR. SILLIPHANT: That is correct. A non-budgeted position is simply that -- it is not included in the financial plan.

SENATOR GAGLIANO: Could that mean-- For example, in the Commissioner's office it would be a, let's say, professional planner, a professional planner to plan some particular aspect of the transportation process. And, let's say that person was being paid \$30 thousand. They want to pay that person \$30 thousand. Suppose they had professional planner blank, and they didn't ask the Legislature for the \$30 thousand they wanted to pay that person. But then, let's say in November or December the Commissioner decided to then add that person to the staff. Then the Commissioner can just hire that person and pay that person from that item which was not filled on July 1st?

MR. SILLIPHANT: That can only be done with the approval of the Division of Budget and Accounting and the Department of Civil Service, and funds must be available at the time that position is established, and the source of the funds normally is another position which is vacant.

For example, in the illustration you use with the planner, there could be an architect, grade 3, position authorized and budgeted - the appropriation was made for it - but it is vacant. It may have been vacant for one, two, three, or more years.

SENATOR GAGLIANO: Okay. So, the \$30 thousand transfer can go through the Office of Accounting and can be taken care of as long as funds are available from some other area which is, say, similar.

MR. SILLIPHANT: Yes. Of course, a convincing justification for the establishment of this non-budgeted position has to be made.

SENATOR GAGLIANO: All right. And, your office gets into it when the appropriation comes in excess of \$200,000? Is that it?

MR. SILLIPHANT: Yes. For fiscal year 1981 the fiscal year 1982 Appropriations Act was modified by the Joint Appropriations Committee to place the threshold level at \$400,000.

SENATOR GAGLIANO: Okay. So, the threshold must have been met fairly early in the game after July 1, 1981, so that they should have come to you long before they did, wouldn't that be a fair assessment?

MR. SILLIPHANT: The original transfers were initiated in early June, 1981. They were actually effected by the Division of Budget and Accounting on June 18th.

SENATOR GAGLIANO: No, what I mean is knowledge on the part of the Commissioner's office that the process would have to be followed that they would meet the threshold at an early date should have been known in the Commissioner's office soon after July 1980, wouldn't that be so?

MR. SILLIPHANT: Senator, all things being equal, the existence of non-budgeted positions and the potential salary deficit should be known to departmental management on the first day the Appropriations Act is valid.

SENATOR GAGLIANO: Well, they may not have started to hire people at that point.

MR. SILLIPHANT: That's possible.

SENATOR GAGLIANO: But, where you are hiring fifty-six people in one department, it would seem to me you would know fairly quickly, even if you didn't even dream that you could use these people and need these people during the fiscal year.

MR. SILLIPHANT: Well, let me make it clear that these fifty-six positions that I referred to as non-budgeted were not necessarily created within fiscal

year 1981. Some of these positions have existed in prior fiscal years and have not been converted to budgeted positions.

SENATOR GAGLIANO: They pre-existed? Okay. Now will your records show the names and addresses of each person - of the fifty-six - who has been paid these salaries during that period of time? If they would, I would like to have them a part of the record.

MR. SILLIPHANT: Senator, I have the roster by position of all positions, as a matter of fact, in the three salary accounts in question. But, I would again remind you that this is only an artificial equivalent, that the shifting of these funds specifically for the unbudgeted positions is not necessarily a cause and effect relationship. That may be only incidental to it because the management decision may have been made, and in all probability was made, many months ago that it was more important to achieve the objectives of the agency to carry these non-budgeted temporary positions than it would be to fill other specifically budgeted positions that would be working in an area that had either dropped to a lower priority or that no longer represented a pressing need for the Department. So, it is an approximation.

Now, as to the names and addresses of these fifty-six, the best source for that would be either the Department of Transportation itself or the Department of Civil Service, because I don't have that.

SENATOR GAGLIANO: Well, who determined the number fifty-six, the Department?

MR. SILLIPHANT: The number fifty-six was determined by my staff from a perusal of the up-to-date personnel records for the Department. These are machine listings which clearly show which positions are budgeted and which positions are non-budgeted.

SENATOR GAGLIANO: Okay, so what you could do is supply the Committee with the names and addresses of the fifty-six people who your staff considered were the persons who were unbudgeted, who were paid with unbudgeted funds and unapproved funds, correct?

MR. SILLIPHANT: Yes, sir.

SENATOR GAGLIANO: Would you supply that to us, please?

MR. SILLIPHANT: Certainly.

SENATOR GAGLIANO: Do you have a copy of it with you?

MR. SILLIPHANT: I do not have a copy of the names and addresses. I do have a listing of the specific positions, as I have a listing of all the positions currently on the payroll of the Department.

SENATOR GAGLIANO: But, you will give us a list of those fifty-six positions?

SENATOR GRAVES: I would hope that you would do it by title rather than by name. I don't know that it is this person's fault, that I think Commissioner Gambaccini did something wrong. I don't think it is the person's fault who was on the receiving end and I would hope that you would take it by title in the dollars and cents of the title and the date that the job was filled, rather than the name and address.

MR. SILLIPHANT: I'm at your disposal, whatever way you want it done.

SENATOR HERBERT: Are these public records?

MR. SILLIPHANT: The payroll records are public records, yes.

SENATOR HERBERT: Why can we not, then, take a look at them?

SENATOR GAGLIANO: Part of my reasoning is that we have a situation here where some of these positions pre-dated the 1981 budget altogether, so that they knew that those positions should have been included.

SENATOR GRAVES: In other words, they just kept merrily rolling along and kept paying these people?

SENATOR GAGLIANO: They may have known some 18 months--

SENATOR GRAVES: And, they say this is not an indictable offense?

SENATOR GAGLIANO: Let me just finish. The Department may have known or should have known some 18 months prior to the time of the actual request for the transfer, which took place in the spring or summer of 1981, that these people were being illegally paid and they should have done something about it at a much earlier date and I think that it is important for us to know who they were. I wouldn't mind at all if we maintained a certain amount of security with reference to that, but we feel, our Committee feels directly with many of these people who are in the Commissioner's office and who have been in the Commissioner's office over a period of time and we've been dealing with people, apparently, who weren't even authorized to be on the payroll and, yet, they would appear before our Committee. That's what I would like to know about.

MR. SILLIPHANT: Senator, if I could respond, with all due respect, I'm not sure that the term, "illegally paid", is valid at all. There is an authorized procedure certainly within the rules and regulations that has its basis in law for creating temporary or non-budgeted positions. So, this is an action that was taken with the full approval of the Division of Budget and Accounting and the Department of Civil Service. So, I don't believe that there is any illegal aspect to this.

SENATOR GAGLIANO: How long can a temporary be hired for?

MR. SILLIPHANT: For an extended period of time and that, I would suggest, for a specific answer, is a question that should go to the Division of Budget and Accounting because, certainly, non-budgeted positions have been carried in agencies across fiscal years.

SENATOR GAGLIANO: Now, are you saying, then, that these payments, these salaries, may have been legal in so far as they were temporary employees?

MR. SILLIPHANT: Yes, indeed.

SENATOR GAGLIANO: You are saying that?

MR. SILLIPHANT: Yes. I know of no instance where any employee of the Department of Transportation or any other state agency has been paid in what could be construed as an illegal sense. Their names could not appear on the payroll unless the specific documents of authorization had been passed through the Division of Budget and Accounting and the Department of Civil Service with the approval of both and formal posting and, where a non-budgeted position has been created by request

through these two agencies, there normally would be a justification explaining why it was necessary to create the temporary position and, in all probability, citing the vacant position from which the funds to pay this temporary position would come.

SENATOR GAGLIANO: But, if that was done, what is your role, what is the role of your office in this type of situation? Why would we go through this further step, where we have an excess of \$200,000 in unbudgeted positions or in transfers, rather? Why would we go through this further step if everything they had done was legal and proper?

MR. SILLIPHANT: Because I have specific authority in the area involving the transfer of appropriations. However, our other role with respect to positions themselves, including non-budgeted positions, is in our statutorily required service to the Joint Appropriations Committee each year. We make specific recommendations for modifications in the Governor's budget and the recommendations for the abolishment of non-budgeted positions and, in essence, to legitimize the positions or to remove other positions which have remained unfilled for an extended period of time, is really a perennial type of recommendation.

SENATOR GAGLIANO: It is a review process?

MR. SILLIPHANT: Yes, but this is done on a blanket basis and not with reference to any individual, any incumbent in any position. It is specifically-- and I think that the Division of Budget and Accounting would agree with this--it simply makes good managerial and good control sense to have no non-budgeted positions if possible, but to keep them for only a limited period of time until either they have been established as budgeted positions or other corresponding positions, which are not needed, have been abolished and these have been substituted for them.

SENATOR GAGLIANO: I guess I can understand the review process, but I'm having a difficult time finding the real reason for your office's approval if what you are saying can have already been done by people who may have been on the payroll even prior to the time that the budget became effective and who are paid whatever salaries are deemed appropriate by the Commissioner. This is all done long before the fact that they get to you and say, "By the way, we have an appropriation amendment here of an excess of \$200,000. So, we would like you to rubberstamp this because we've already done it." Is this, in essence, what happens?

MR. SILLIPHANT: That may have been what happened in the past. I can't speak to that, but, since my appointment as Legislative Budget Officer, I have no intention of that happening in the future. I am fully aware of what my authorities, responsibilities, duties, and limitations are and I intend to fully review this entire process. I intend to make specific recommendations to the Appropriations Committee and to the Legislature for modifications in the existing budget law and in the procedures which govern these kinds of transfers because I do agree that it creates a variety of problems and negative conditions when there is a flood of transfers of this nature cropping up in the last few weeks of the fiscal year. It would seem to me, and I am in the process of pursuing this at the present time, that there is a better way of forecasting year-end needs than we have now. There is a better way of controlling, handling, transferring, allocating funds than we have now and I will be making specific recommendations in those areas shortly.

SENATOR GAGLIANO: This process that we just discussed, could that be used to hoodwink the public, so to speak, or even the Legislature into thinking that certain facts exist with respect to the budgetary process when actually they don't exist. In other words, in some instances it could be 56 employees or it could be 500 employees just as well and I would hope that it would be a little more difficult

to do that because of the availability of funds, but it could happen, couldn't it?

MR. SILLIPHANT: Senator, I believe that it would be fair to make a categorical statement that any bookkeeping, any financial transaction whatsoever, whether it is in the private or public sector, could be used as a means for hoodwinking the public, a constituent, a customer, any of those. However, I find absolutely no evidence to show that there was any intent by the Commissioner of Transportation or his staff or the Division of Budget and Accounting to hoodwink the Legislature, the public, the Legislative Budget Officer or anybody else. I am fully satisfied that the omission of the required step of sending the original transfers to me was a clerical oversight and nothing more. I see no evidence of any intention to do anything other than to follow the rules and regulations as established and understood by all of us. And, what we're talking about here today has become a matter of some interest because it relates, directly or indirectly, to the grass cutting situation, but this kind of transfer and transaction has taken place on an annual basis for many, many years and until and unless we change the fundamental structure of financial controls in this state, it will continue to happen in the future, I believe.

SENATOR GAGLIANO: I would just like to make a comment. Based upon my knowledge of municipal government, municipal governing body law--and I think maybe Senator Graves has more experience in this than I do--I would think that this type of budgetary process, without the proper determinations by the executives, the mayor and council in most places, would be very closely scrutinized and people would be severely criticized for this type of thing. I'm trying now to equate maybe what the municipalities are required to do as opposed to what the State is required to do in what it does.

MR. SILLIPHANT: Well, certainly, the system that we have now expresses legislative intent in terms of the control language which is written into the general appropriations act. Now, my office had suggested additional and amended language in the act this year and it was not incorporated in it. I hope that we'll have better success next year, but the control mechanisms at the various levels of government within this state--and certainly this applies to other states and the federal government as well--are not directly comparable in their makeup, in their rules and regulations. So, what would occur at a county or a municipal level, where a much stronger legislative review process would exist, certainly would look better on paper and, perhaps, in practice than the one we have here. However, the one we have here is a direct expression of legislative intent.

SENATOR GAGLIANO: Now, with respect to your determination now that you have turned back the requests for the appropriation change, the process now would be, I assume, if the DOT says, "We're going right back and maybe we'll give you another memorandum and we'll try to strengthen our position." Do you make that determination on your own as to whether or not that will be approved or do you consult with officials of the Appropriations Committee or the Senate President or anyone else?

MR. SILLIPHANT: Normally, I would make the determination on my own. However, in this case--and I have already done this--you have seen one communication from me to the members of the Sub-Committee on Transfers, who, by authority from the Appropriations Act itself, can direct me to approve a transfer on which I have withheld my approval. Now, at this point, we are on a hold situation because I have polled the members of the Sub-Committee on Transfers and followed this up with a letter as to what I intended to do. The majority of the members that I was able to reach by telephone agreed with the action that I was taking. So, that's where we stand at this point.

SENATOR GAGLIANO: Would you for me, as an individual Senator, and with the knowledge that the fact of the non-mowing and the non-picking up of debris, etc., as you testified, is unrelated, would you, even considering that, consider my request that the transfers that will be requested be denied and that, specifically, the Department of Transportation be asked to use these funds to mow and to clean up litter and debris on our public highways within the next two to three months so that maybe we can at least salvage a decent looking state for next months and into the next fiscal year?

MR. SILLIPHANT: Yes, sir.

SENATOR GAGLIANO: Thank you.

SENATOR HERBERT: Senator DiFrancesco?

SENATOR DI FRANCESCO: To follow that last line of questioning, I read the article in the Star-Ledger and I read your memorandum. If you could, for the moment, set aside the reference or the paragraph as to your opinions and your conclusions about the roads and the litter and the grass cutting, I want to ask you a couple of questions. I understand that your opinions are backed up by a second and a third and a fourth opinion to my left. But, set that aside for the moment. You indicated that the DOT made transfers in violation of the law and you made reference to the law, is that correct, in your memorandum?

MR. SILLIPHANT: The general appropriations act for each year is a statute and a law as is any other piece of legislation passed by these two bodies and signed by the Governor. In that sense, these transfers were processed in violation of that provision of the appropriations act.

SENATOR DI FRANCESCO: In other words, the law that you refer to is the appropriations act.

MR. SILLIPHANT: The general appropriations act, right.

SENATOR DI FRANCESCO: Now, I think you also made a statement shortly before that you are convinced that it was not an intentional act.

MR. SILLIPHANT: By the Division of Budget and Accounting, you mean. I am convinced of that. I have discussed it with the Deputy Director of the Division of Budget and Accounting and the Supervisor of the Budget Bureau, who is here this morning, and I have no reason to believe that anything happened except a clerical oversight in the processing of these transfers. Remember, I also indicated that all transfers, whether they are required by law to be approved by the Legislative Budget Officer or whether they can be processed internally within the Executive Branch, there are copies of each of these transfers clearly overprinted, Legislative Budget Office copy, which are transmitted to us and we keep very precise records on those transfers and the transfers which don't require our approval are fully reviewed by the staff to make sure that what is being done is consistent with our understanding of legislative intent, as expressed through the general appropriations act.

SENATOR DI FRANCESCO: Now, forgetting the amount of the money and the types of accounts that they are, is it common for transfers to be made within departments? Is that a common practice?

MR. SILLIPHANT: Yes, sir.

SENATOR DI FRANCESCO: With and without approval?

MR. SILLIPHANT: Yes, sir.

SENATOR DI FRANCESCO: When was the last time that approval was withheld? Do you know?

MR. SILLIPHANT: I was appointed Legislative Budget Officer on May 4 of this year and officially took office on June 28. I can only speak for the period

since I have been there. Now, I would tell you that there are three or four transfers at this point on which I have not yet taken action and I may determine that disapproval is in order. I haven't reached that decision yet because this will be based on the information that is made available to me in response to my request to the staff for information. I cannot recite, at this point, a specific instance of refusal to approve.

SENATOR DI FRANCESCO: You said, for example, in your memorandum that had they been submitted to you--that's the second paragraph--the three transfers would have been returned to your office without action. Now, is that because--bringing back into the picture the cutting of the grass--you felt the maintenance fund needed these monies?

MR. SILLIPHANT: The reason was because the justification which accompany the transfers which said in essence that these transfers were necessary to cover salary deficits and there will be sufficient balances remaining in the source accounts for the rest of the fiscal year and that was not an adequate justification for me. On the basis of that justification, if no other was forthcoming, I believe I would have had no choice but to disapprove the transfers.

SENATOR DI FRANCESCO: You didn't think the reasons given were adequate.

MR. SILLIPHANT: That's correct.

SENATOR DI FRANCESCO: Is your prime purpose in bringing this to our attention--and I don't know if you necessarily brought it to the attention of this committee--but bringing this to the attention of the Legislature, let's say, in causing us to take a look at the procedures involved here? Is that your prime purpose?

MR. SILLIPHANT: Senator, I had no intention whatsoever and I can just, again, briefly chronicle what happened, the letter I wrote to the Director of Budget and Accounting, which is dated July 9, 1981, was hand-carried by me to him along with a copy for the Supervisor of the Budget Bureau. I specifically called him and indicated that I wanted to hand-carry it because of the sensitive nature of these transfers and the concern that had been expressed for some period of time now about the grass cutting. When I delivered them to him, I indicated that in all probability, once my memorandum had left my office, there is no way that I could control its distribution, who saw it or what happened to it. Now, at the same time, and you will see this distribution list at the end of that memorandum, a copy also went to Commissioner Gambaccini. So, he would have been aware of it within a day or two after that. I did not make any copies of this available to anyone until the following Tuesday--I believe the 9th was a Thursday--when Assemblyman Rand, Chairman of the Assembly Transportation Committee, came into my office and asked me what the story was--I'm paraphrasing words now--on the transfer, the maintenance transfer within the Department of Transportation. At that point, I gave him a copy of the memorandum and, at the same time, I mailed a copy of had delivered a copy of the memorandum to Senator Herbert and that was the extent of the distribution.

SENATOR DI FRANCESCO: As far as anything else is concerned, you have been called upon to testify.

MR. SILLIPHANT: That's correct.

SENATOR DI FRANCESCO: You did point out, though, that you felt the transfers coming from the maintenance account was a crucial part of your rejection, isn't that true?

MR. SILLIPHANT: Simply because the justification stated that adequate or sufficient balances would remain in those accounts after the transfers had been

effected and, certainly, with only that to go on, this would suggest that sufficient funds were available to carry out whatever original program the Department may have had for those monies.

SENATOR DI FRANCESCO: I have no other questions.

SENATOR HERBERT: Gerry, I just want to clear up a couple things that came out during your testimony. Focusing on non-budgeted positions, is it my understanding--now we're not talking about the position itself, but the people--that people were continued from previous budget years into these non-budgeted positions?

MR. SILLIPHANT: That is my understanding, yes.

SENATOR HERBERT: That is something we have to address. The second question, temporary positions, may we use that interchangeably with non-budgeted positions? It seems, at one point in your testimony, you seemed to be saying that these non-budgeted positions were temporary.

MR. SILLIPHANT: Well, that is partially true. For a specific, semantic definition of this, I think it would be more appropriate for Mr. Cubberley to respond to it.

SENATOR HERBERT: Okay, you cannot use those terms interchangeably?

MR. SILLIPHANT: To a limited extent, I believe they can be used interchangeably. They are temporary in the sense that there is no permanent funding available for them.

SENATOR HERBERT: But, some of the so-called non-budgeted positions are, in fact, permanent.

MR. SILLIPHANT: Well, if a position extends over a period of two or three or more years and remains in a non-budgeted situation--

SENATOR HERBERT: Right. Now, I think we understand it, but there are a lot of folks out here in this room who don't understand your function. I think you tried to explain it, but you work for the Office of Legislative Services and you are directly responsible, through the chain of command, to the Legislature, is that correct?

MR. SILLIPHANT: Yes, that is correct.

SENATOR HERBERT: Okay, I wanted to make that point. Thank you. We will now have a five minute break for our stenographers.

(at which time a five minute recess was had)

SENATOR HERBERT: I will call this hearing back to order. The next witness will be Assemblyman Walter Rand, Chairman of the Assembly Transportation Committee. Welcome Walter.

A S S E M B L Y M A N W A L T E R R A N D: Thank you, Mr. Chairman. My name is Walter Rand and I am the Chairman of the Assembly Transportation and Communications Committee. I appreciate this opportunity to testify before the Committee. As Chairman of the Assembly Transportation Committee, I have worked closely with the Commissioner and the Department of Transportation on broad state transportation issues and on issues of particular concern to my constituents in South Jersey. And, as a member of the Joint Legislative Appropriations Committee, I am very familiar with the Department's budget and with the overall state budget process.

In his budget presentation to the Joint Appropriations Committee this year, as in past years, Commissioner Gambaccini has focused on New Jersey's

serious problems of highway maintenance backlogs. He made it clear that the fiscal 1982 budget for maintenance would not support all of the Department's maintenance activities and that certain functions not related to the safety of our highways would have to be reduced dramatically, including litter pickups and grass mowing. This would allow maximum concentration of available maintenance personnel on the safety related work that has fallen seriously below acceptable standards on roads and bridges throughout the State. He also made it clear that this was a difficult decision and one that would not be popular because grass and litter are very visible items, while necessary maintenance items such as corrosion underneath bridges or substandard guide rails are easily overlooked by the general public. He made the decision because of his conviction that it would be irresponsible to continue less essential roadside landscaping and litter work when the roads and bridges themselves are in desperate need of basic repair.

If I might just take some of your time, members of this Committee, let me read to you, some four months ago, and these are the very words that the Commissioner used when testifying before the Joint Appropriations Committee and I will just pick out certain key phrases. "However, I feel I have a responsibility to talk about another gap, that is, the wide gap between the constantly rising demand of the public and elected officials for more and better transportation and the reality of constantly shrinking resources for transportation. Indeed, instead of more and better transportation, this budget will provide for less service, higher transit fares, longer delays in project completion, and worse road and bridge conditions than ever before. If this is all we can afford, I accept that and will do the very best job we can with these limited resources, but I urge you and the public to accept the full implication of that too." Let me turn to page 9, and I'm skipping a lot of it gentlemen, for brevity's sake, where the Commissioner said, "In the past, the response to no new maintenance positions and cutbacks in equipment requests has been a steady lowering of standards in maintenance functions across the board, with emphasis on preserving those functions directly related to safety and operation of the State system. I have analyzed our situation and common sense dictates that we cannot go any lower in our standards related to safety and operations. Efficient management of this maintenance budget therefore requires that functions not directly related to safety and operations must be drastically reduced or eliminated so that all available resources can be concentrated on safety and operations. New Jersey highway maintenance in fiscal 1982 will be a no frills operation." He goes on to say, "the following is a list of maintenance functions that we have already begun to discontinue as a result of the near certainty of budget reductions and because major maintenance expenditures in these areas take place in the spring season, which is now already upon us." Let me pick out some of the things: litter pickup, shrub, tree and grass maintenance, ditch and inlet cleaning. Let me skip a few because there a lot more. Then he says, "Contract snow removal, 23 private contracts to plow certain highway sections are being canceled. These sections will be plowed by DOT forces although this process will take substantially longer than the current system." He concludes, in reference to this particular area by saying, "Since litter and overgrown grass are near the top of the list of subjects we get complaints about, I expect that this reordering of priorities to cause some controversy." I only read that to let you know that the statement was made some four and a half months ago in front of the Joint Appropriations Committee.

In regard to the transfer process, as you know, every year the Appropriations Act makes provision for transfers between departmental accounts, according to an established procedure. Depending on the needs, almost every department makes

some transfers every year and all departments have processed transfers at some time. Each department's budget and all its components are reviewed and approved by the Legislature before it is included in the Appropriations Act. Transfers, properly approved, are a practical mechanism for good budget management, since no one in the Legislative or Executive Branches can predict with perfect accuracy exactly how much will be expended from a given account during the fiscal year. The transfer process represents the Legislature's recognition of the flexibility necessary to department managers to carry out their overall programs.

It was very interesting to note that Senator Gagliano made mention and he referred to a penalty provision and he didn't pursue it any further. New Jersey doesn't have a penalty provision and maybe we should. The penalty provision is that you make the department pay through the nose. If they go over their expenditure, then they are penalized in the following fiscal year. That would all be very well, gentlemen, if we funded to the maximum. But, the truth of the matter is, as Senator Graves very well knows, having served as a member of the Joint Appropriations Committee, we don't fund. Our salary accounts are only funded about 75%. Now, you may ask why. There are some very obvious reasons, because of the tight dollar, because we want to balance the budget, because we want to establish, maybe, some type of responsibility, because we want to establish some type of prudence and because, very frankly, we hope that by this type of management some of these unexpended balances and if they're not directed into a specific account, they will return to the General Fund so that from these types of balances we can build up some type of surplus and maybe there ought to be recommendations that you gentlemen should make to the Joint Appropriations Committee, but it is not a simple answer. It is not an answer that you can be given to put it on the table. It is a complex problem, including your non-budgeted positions, as well as your budgeted positions. These answers are complex; they deserve a great deal of attention, and maybe more attention than the Joint Appropriations Committee is able to them and I would say that there are certain recommendations that could be made within the parameters of fiscal responsibility that maybe that Joint Appropriations Committee can address themselves to. But, in the broad context, we allow the Joint Appropriations Committee and the Legislature when we approve that appropriations bill, we allow this type of management tool to be used consistently throughout the entire process because it is not an easy process to foretell on July 1 of what that expenditure is going to be on April 1 and I would challenge anybody to project the exact costs of that department whether it be a salary account, whether it be a maintenance account or any other account. Thank you very much gentlemen and I will be very happy to answer any of your questions, within my ability.

SENATOR HERBERT: Thank you, Assemblyman. I want to address the two things that we brought up. First of all, I think you recognize the fact that the money was transferred from a very sensitive account into salaries. That's part of the problem here. At the very moment, I have here a letter from my own municipal borough clerk and mayor and council about the cutback in maintenance responsibilities, some of which you have detailed. At the very time that municipalities were told that the maintenance procedures were going to be terminated \$1 million was transferred from that account into salaries. That was part of the problem. It was a political and visible problem.

The second problem is the responsibility of the Legislature because, whether it was a clerical error, whether it was intentional, the procedures established

under the Appropriations Act of 1980 were subverted. The facts are pretty clear. The process was not followed and that's another thing that concerns us. This comes about after many, many years and it doesn't concern this Governor or Commissioner. Ever since the establishment of the 1947 Constitution, the Legislature has taken a backseat to the Executive Branch and as I said in my statement, we're beginning to show that we, quite rightly, are the third branch of government. Some of the print media have called us "the half." We have two and a half sections in state government and the half is the Legislature because we haven't been functioning, perhaps, as we should have. That's part of the reason, maybe the main reason why we're here. We want to find out if there are recommendations which this Committee should make to the full Legislature so that this sort of thing does not happen again.

Commissioner Gambaccini has been like Cassandra. Do you remember Cassandra in ancient Troy? Cassandra was the prophetess gifted by the gods with the foresight to tell the future, but she was also cursed not to be believed and, certainly, Commissioner Gambaccini has laid it out for us. He has said, quite rightly, that we have not been good to transportation. We haven't provided the funds for these necessary functions, whether it is mass transit or repair of our roads or maintenance. There is no doubt about it. He has told us this time and time again, as you have pointed out.

I'm concerned about this whole problem of transfers, which narrows it down and I think Mr. Silliphant has pointed out that this is not an isolated incident. It has happened before and we want to address how we can help prevent that from ever happening again. As you said, perhaps we can make recommendations to the Appropriations Committee during the appropriations process.

ASSEMBLYMAN RAND: I would certainly urge the Committee to do so, Senator.

SENATOR HERBERT: We appreciate that so much. Senator Graves?

SENATOR GRAVES: I worked with Walter Rand for two years on the Appropriations Committee. For those of you who don't know him, he is probably one of the most conscientious people that was ever elected to this particular office. Walter, your defense of his actions aren't based on what is taking place in the State of New Jersey today. Our highways are a national, filthy, rotten disgrace. Rats are walking on them. Rodents are breeding all over them. They are a menace to municipalities. Those who suffer from pollution and pollination from weeds are suffering like they never suffered before. What was once the pride of this state is now, in my opinion, a disgrace beyond belief.

Can we translate this? Is this Division of government unique? No, it isn't. In one division of municipal government in the third largest city in this state, three years ago at this time there were 385 people in the category of public works. That division today is 130 people. That's almost a 70% reduction in the work force in that division. But, yet, it can't say to its constituents, "We're just going to let filth remain on the streets in the city and we're never going to come and take it away." They have to come and take it away. The police department that had to cut 32 uniformed police officers two weeks ago because there isn't enough money to carry on, that doesn't mean that if there is a burglary or holdup that the other 90% of the police department won't respond. They're going to respond. What about the fire division that had 12 apparatus in service that was cut to ten? They're not going to say, "Well, we're not going to take the smaller fires, we're only going to take the bigger fires." That's what this boils down to. It boils down to a decision made in-house of who is going to suffer the most because of the deficiencies and

and necessities of money. If 56 people are more important than 7 million people, then I don't belong sitting here, and that's what I'm concerned about.

I'm very moved by what you say because I sat alongside of you and I was tutored here in my first and second year by Walter Rand and I hope it has made me a better legislator because you did your homework and you saw to it that I did my homework. It wasn't fun and games. It was hard, fast decisions that were being made.

I'm one of those that raised the flag of victory when Gambaccini came here because we read about what he stood for and I had never heard of him before in my life. I don't think we could have gotten a better man in certain categories of government than Gambaccini. I don't think there is anybody that even equals him. But, this is something greater than that. If he is the person that made this decision, then he is the person that did the disservice to these people and, despite all the good things about him, he is going to be remembered for having turned this thing into one of the most chaotic conditions that it has ever been in and I think that someone in his division didn't justify to him the need of some of these things.

You know, for five years, we in Northern New Jersey who travel to the shore or travel to Trenton, we went through big signs that this inconvenience is temporary because at the end of that time, there is going to be another lane here and we're going to use it and you will be able to get where you want to go faster and more economically. Then, all of a sudden, one man makes a decision after we spend \$27 million of your money and everybody else's money that you can only use it under certain conditions. Now, these are some of the things that we have to take into consideration and that's why I traveled here today as a member of Senator Herbert's committee to see if we can make sure that things like this never happen again. What's done is done. I think Tom said before, "If the money is still there, can we direct him..." I don't think we can direct him. We can beg him and I will beg him. Please, clean up our highways. I'm concerned about the health and hazards and conditions that exist in this state like I've never been concerned about something in my entire governmental life and that's why I'm here. Thank you.

ASSEMBLYMAN RAND: Senator, I would only reply to you that I do thank you for the compliments. You and I sat for two years on the Joint Appropriations Committee and I am really deeply sorry that you didn't sit the past two years, which have probably been the worst two years that we've ever had down there. But, I will tell you this, on balance, rather than extrapolating an individual point which, indeed, is very serious, but on balance the Department has done very well, whether it be for your municipality or for my constituency, whether it be road aid or bridge repair or whatever it be, on balance they've done well. I would only repeat to you that some 25 years ago or 20 years ago, they received 18% of the budget. They receive 6.9% of that total budget today. I would repeat to you that if the Joint Appropriations Committee, which I am part of, would have been so upset when they were told by another department that they were going to close the parks that they immediately appropriated \$1 million to prevent the closing of those parks, then they should have addressed this particular item if it was that important. So, maybe I find fault with the procedure that I am part of. I don't deny that. Maybe in our hurriedness, maybe in our anxiety to prevent some of the problems that we're facing, namely the \$64 million minimum aid, which we restored that day when the Commissioner of the Department of Transportation appeared to us, which made his testimony, probably, less emphatic than it should have been, maybe we tried to do too many things at one time. I will agree with you.

And, I don't say that there is no reason to have concern. There is no question about it. The concerns of the Highway Department or the Transportation Department, as well as anything else, is of great concern to this state, the health, safety, and the welfare of its citizens, I would agree with you. But, to single out this and to magnify this as the overriding issue, even though its importance cannot be over-exaggerated, I must at least say to you that on balance, on total balance, the Department has much to be proud of and I do not question the fact that it might have been, maybe, a misjudgement not to mow the grass, but I will tell you this. There was nothing illegal, there was nothing that we weren't forewarned about, there was nothing that we were not told about and if, in our anxiety, in our apprehension, then we should have addressed this as a specific line item in the appropriations process. Certainly, there is fault. I said to you in the beginning that the answers are not simple. I can't give you the answers. You know that yourselves. But, maybe, with an agreement, maybe with some common goals, maybe we can at least help the process become much better next year.

SENATOR HERBERT: Senator Gagliano?

SENATOR GAGLIANO: Assemblyman Rand, I just have a couple of questions and maybe a comment. Was the Joint Appropriations Committee aware of the non-budgeted positions in that an application for transfer would be made after your deliberations were completed?

ASSEMBLYMAN RAND: Let me answer that in two parts. Number one, I would say that I am more aware of it than some of the members on the Joint Appropriations Committee because I am Chairman of the Sub-Committee on Personnel. So, I am constantly aware of that process because what we have tried to do--and it is an ongoing process--is attempt to convert those non-budgeted positions and we have done that. We have narrowed that quite a bit in the last four years to the area of budgeted positions.

The second part, I would say that even the Commissioner did not know because April 1, when he testified, or the end of March is a little bit early. The figures begin to come in sometime in April and it is a very tough decision as Budget will testify, and certainly they know much better than I do. You do not get the figures until late April or early May.

SENATOR GAGLIANO: Well, let me follow up on that. In your opinion, if the members of the Joint Appropriations Committee were aware that the \$1 million was in issue, that is, it was going to be the subject of a transfer for personnel in the Commissioner's office or, in the alternative, it would remain in highway maintenance and we would have the grass mowed and litter picked up, would the Joint Appropriations Committee have made their views known to the Commissioner and to the Governor's office and made a statement with respect to whether or not they favored one or the other?

ASSEMBLYMAN RAND: I can't speak for them, but I can speak for myself.

SENATOR GAGLIANO: What would you have done?

ASSEMBLYMAN RAND: I would have attempted to get an appropriation in there, a line item.

SENATOR GAGLIANO: You would have attempted to get an appropriation for the cleanup.

ASSEMBLYMAN RAND: We did attempt that, but let me say this to you. There was a more prevalent, more pressing matter, if I may say so.

SENATOR GAGLIANO: There were several and I received hundreds of letters about the parks and I received many letters about--

ASSEMBLYMAN RAND: Senator, there were as many pressing matters in Transportation also besides the grass, namely, the fares, which was the overriding problem at that time in which the allocated \$16 million, which was the key feature. In fact, that was one of the biggest restorations.

SENATOR GAGLIANO: I understand that, but going further and taking an overall view of the Department's responsibilities, I think you're saying--and I think you would agree with me and everybody at this table--that we would have said, "Commissioner, find a way to cut the grass with that million dollars instead of appropriating money for positions in your office." Really, I think Frank characterized it very well. Is it for 56 people or 7 million people and I think the Legislature would react by saying, "Let's cut the grass."

ASSEMBLYMAN RAND: Senator, we tell every department head to squeeze the buck and get as much mileage as they can out of every dollar and we hope and pray that by June 30 of 1982 that they are able to accomplish all the things that are listed in that particular appropriation measure. But, the truth of the matter is that there are continual problems that arise at the end of each appropriation session only because we underfund, only because the dollar is so tight.

SENATOR GAGLIANO: I understand that. Are you a member of the Subcommittee on Transfers also?

ASSEMBLYMAN RAND: No, I am not.

SENATOR GAGLIANO: Do you feel the Joint Appropriations Committee would address this issue at some point between now and September and one way or the other direct that the highway cleanup proceed during this calendar year so that going into the winter we will have a fairly decent looking series of roadways in our state highway network?

ASSEMBLYMAN RAND: I certainly will make my position known. I would assume that the Sub-Committee on Transfers will meet very shortly. I don't know when that will be. I think Assemblyman VanWagner is the Chairman of that and I know that he has expressed some opinions to me about his desire to have that committee meet very shortly.

SENATOR GAGLIANO: I guess we don't agree on the issue. I know what the Commissioner was saying during the appropriations process but at some point, when it was discovered that there was \$1 million, it just seems to me that we should have had the opportunity to use that money for highway cleanup, especially after the uproar that we got from local councilmen, mayors, and people in general who use our highways.

ASSEMBLYMAN RAND: Senator, I think that you are just missing one point and maybe I'm wrong. I think the Commissioner established priorities and I think we believe that there is no money left in that particular account, when I'm led to believe that there is money in that account. Now, he prioritized the repair of bridges, which is proceeding according to schedule and I don't think that what he did--we're not saying or I don't believe that they're saying that there is no money left in that account. I believe there may be as high as \$3 million left in that account, but it is targeted and it has been programed for the improvements that the Commissioner set forth in his presentation to the Joint Appropriations Committee. He prioritized and that's what his priorities were and we can challenge his priorities--and maybe I may not be in agreement with it--but it appeared to me that the Joint Appropriations Committee, by their actions, agreed with his priorities.

SENATOR DI FRANCESCO: Walter, you say we're missing the point. I think the point that we're trying to make is that the money is in the budget for the maintenance that has to be done or that people believe has to be done and while the money may not be in the budget for the reasons sought to have the money transferred to another account for, that's no reason to dip into something that could be used for what Senator Gagliano and Senator Graves were referring to. I think the point is, the money is there and it is a line item in the budget. You speak to the point that we should line item, we should seek more money for maintenance. It's there and it's been transferred. The point is, should it have been transferred with respect to the conditions that exist on the highways.

ASSEMBLYMAN RAND: I think there is enough money left in there to do what you want to do, but I believe that you could make the expression and be very specific by saying that in order to utilize the money that is left that maybe you ought to re-establish your priorities and the priority of safety may not be just what you want and I will challenge that.

SENATOR DI FRANCESCO: Well, if you're saying that the money is there to do what we want to do, that changes the picture.

ASSEMBLYMAN RAND: I believe there is money in the account and I think the budget can address itself better than I can. I don't believe that that account was depleted.

SENATOR DI FRANCESCO: But, if we have two crisis situations, one in the salary account and one in the maintenance account, perhaps the salary account crisis should be addressed in a different way than it has been addressed here and that is taking from one crisis and creating more of a crisis.

ASSEMBLYMAN RAND: Maybe it should have been addressed as a supplemental appropriation. I won't challenge that, but the point is that we legislatively and legally give the Department, as we give every other department, that tool.

SENATOR DI FRANCESCO: Your point was that we should be looking for other methods to raise money for maintenance, but our point was that the money was there, presumably. I don't know if that's correct. You said that.

ASSEMBLYMAN RAND: Senator, the only answer I can give you is that that did not have an A-1 priority and that may be a decision that you might challenge, but it was determined four months ago that that did not represent a top priority with respect to the importance of other things.

SENATOR GAGLIANO: With respect to the 56 positions. That's really what you're saying. I guess we don't understand each other.

ASSEMBLYMAN RAND: No, I didn't say that, Senator. If it was taken out of another account, you would then be able to challenge that account. I didn't say that. I said, merely, that that is a tool that is used by every department because we underfund salary accounts. We probably fund them at 75%. We do not fully fund them. We have never fully funded them since the day I came into this appropriations process six years ago and maybe that's an error. Maybe that's wrong.

SENATOR HERBERT: Are there any further questions? Thank you very much for coming, Assemblyman.

ASSEMBLYMAN RAND: Thank you, Senator.

SENATOR HERBERT: Commissioner Gambaccini from the Department of Transportation.

LOUIS J. GAMBACCINI: Thank you very much, Mr. Chairman and members of the Committee, for the opportunity to appear before you today.

I would like to introduce two people who are with me. To my left is Roger Nutt, Director of Finance of the Department of Transportation, on loan for the last three years from the Department of the Treasury. I determined when I first took office that we needed strength in the financial area and asked for his loan and assistance for the term to assist in trying to improve the level of financial management. To my right is Jack Freidenrich, Director of Engineering and Operations, who has been with the department and the State for over 31 years, who is nationally recognized as Chairman of the National Committee of State Highway Officials on Bridge Repair and Bridge Maintenance. I have them with me in the event that you have any technical questions, either in the financial or in the maintenance and engineering functions.

If I might, Mr. Chairman, what I would like to do is read through rather quickly a statement that I think you have copies of. If I might also be further permitted, I would like to comment with your indulgence about some of the exchange that has preceded, because I think there are a few points that need clarification. There are some misunderstandings.

I very much appreciate the opportunity to address the Committee on the subject of proposed transfers from the maintenance accounts to other accounts in the department in fiscal 1981.

These transfers total \$999,400, less than half a percent of the Department's budget, and would be used to cover shortfalls in such areas as plant maintenance, policy analysis, investigative services, personnel, and capital programming and monitoring units that serve all the areas of the department, including maintenance.

Let me digress here for a moment, Mr. Chairman. Over and over, there has been reference to a transfer to the Commissioner's office. Indeed, of the 56 positions, only 9 are in the Commissioner's office, of which 6 are clerical. The Department is a single unified command and the functions that are represented by those 56 positions, some of which positions have been in being on a temporary basis for 10 years or more, are vital to the functioning of the whole department. The normal procedure for such transfers was followed by the department in submitting the necessary request to Treasury. However, as Treasury staff has acknowledged, the transfer forms were inadvertently not sent to the Office of Legislative Services, as required.

The process of making adjustments in accounts by transfers toward the end of the fiscal year is, of course, not unique to the Department of Transportation. During the course of a 12-month fiscal year, the best laid budget plans of virtually every department require some adjustment to balance as a result of unpredictable factors, such as employee vacancy rate, state or federal regulation changes, higher than anticipated inflation rates, weather, caseload in social programs, ridership in transit programs, etc. - any of which can cause imbalance up or down in a given account. I think we can all agree that, given the existing review and approval process by both Treasury and the Legislative branch, the transfer process for State departments is necessary for the efficient management of complex, multi-purpose agencies and the overall State budget. And, in this atmosphere of tight budgets, the transfer process becomes an even more critical management tool.

Again, to digress, the overall implication of much of what I heard earlier is that transfers are necessarily bad. They are neither bad nor good. They are part of our system and they become absolutely essential if the budget and the financial planning of the entire State government is to work at all.

We are focussing here today on certain transfers from maintenance accounts, but I would like to note, for the record, that during fiscal 1981, the department also transferred \$1 million from another departmental account into maintenance for road resurfacing. Therefore, transfer in and out of maintenance has no net impact on the amount available for maintenance in fiscal 1981.

I would like to review the facts that led to the decision to make transfers from maintenance.

In May, accounts in key areas were projected to require funding by the end of the fiscal year. These areas included, for example, maintenance of DOT's 525 building structures, most of which are maintenance, storage or work facilities; investigative services which is responsible for overall security; policy analysis, which is responsible for federal relations and developing policy issues, such as alternatives to Conrail; Capital Programming and Monitoring, which administers the capital program, including the 1979 Bond Issue program - and, incidentally, which this year, resulted in an all time record of draw-down of federal aid for highways; employee and support services, the department's personnel unit; and various clerical functions.

Funding some positions from departmental balances is standard operating procedure for all departments in the development of the budget. These positions represent people who are working every day in key areas of the department, most of them for several years. In the language of the budget, these positions are "temporary unfunded," which means that the department has certified that they will be funded from balances from other accounts during the course of the fiscal year.

At the same time, as a result of a milder than anticipated winter and high turnover in the entry level maintenance positions, some maintenance accounts were showing a projected balance to the end of the fiscal year. These balances were projected even if we were 100 percent successful in our efforts to fill every maintenance position available.

While there is no specific line item for snow removal, snow emergencies draw funds from several different maintenance accounts, and we are never certain until the spring thaw - and, incidentally, some storms come in April - whether or not these funds will be available for other uses or not. Some balance in these accounts is not unusual, except in years when heavy snows have exhausted budgeted maintenance funds and required a transfer from other accounts in the department to cover costs; this was necessary, for example, in 1978.

At the time, these projected balances in the maintenance accounts were the only areas showing a sufficient balance to permit a transfer to cover the shortage in other units. Given that information about balances in one area and deficits in another, the decision was made to transfer funds. There was no practical alternative. We could have chosen to lay off 60 people, most of whom would exercise their bumping rights throughout the department under Civil Service rules, causing not only loss of their necessary service in key support areas - and, incidentally, that could result in a drying up of federal funds because we don't comply with equal opportunity requirements - but could cause other serious consequences across the board. But major disruption throughout virtually every unit in the department would be a consequence through the bumping process. I don't think, nor do I believe any prudent manager would think, that that was the proper course of action in this situation.

The decision to transfer a portion of the maintenance balances to cover these other areas was made in the context of the need to carry on the department's overall program. The remaining balances in maintenance were slated for carry forward into fiscal year 1982 maintenance budget, to ease some of the

pressure in an area budgeted at \$7 million less than the amount required to continue at the fiscal year '81 level of service.

Now I would like to address the shift in maintenance forces from non-safety related maintenance to safety related maintenance, which was initiated in late April as a direct result of the 1982 budget reduction. In past years, as maintenance funds were shrinking, the department's response was to lower all maintenance standards across the board - safety and non-safety.

Every year, as part of its annual evaluation of the states, the Federal Highway Administration has written to New Jersey expressing concern about continued deferred maintenance on roads that were built with federal funds, but which must be maintained with State budget funds. As Commissioner, with responsibility for the safe operation of the highway system, it was my decision based on the recommendations of the professional engineering staff that safety related maintenance standards, such things as resurfacing, guide-rail replacement, line striping, and bridge repairs, could be reduced no further without causing serious operating consequences. Our situation is directly analogous to the homeowner who has only enough money to repair a damaged, leaking roof or to landscape the grounds, or the car owner who can buy needed engine work to make the car work or have a paint job. You obviously have to forego the planting and the paint so you can protect your major investment and insure its functioning for the purpose intended.

After detailed review, I directed that the non-safety related work be eliminated in order to preserve and, in fact, improve the safety related maintenance standards. The work eliminated includes routine litter pickup, grass mowing and other landscaping, but did not affect removal of litter or mowing where safety would be involved, such as at intersections. Well manicured median strips and roadsides are, of course, desirable, but not when the work involved is at the expense of less visible, though more critical, maintenance such as bridge repair or roadway patching. When you're talking about a public highway system, and in New Jersey's case the most heavily travelled highway system in the country, deferring this basic maintenance work involves running a real risk, despite regular inspections, of the kind of structural failure we've seen in New York with the two highway collapses and a bridge cable snap.

The decision to eliminate non-safety maintenance allowed the shifting of 141 landscape maintenance employees, previously involved in non-safety work. During a transition period, the department's personnel and maintenance managers worked together implementing the shift. This involved: the physical transfer of employees, since the department requires that maintenance employees live within 20 miles of their field office to ensure quick response in emergencies; seniority determination; orientation; and training required on different kinds of equipment and work tasks.

These 141 employees had been assimilated into safety work crews statewide by mid-June and are performing well in their new job assignments. This action has allowed us, in the words of a South Jersey bridge crew supervisor of long service "to make a dent in the backlog for the first time that I can remember." Our statewide bridge crew members have gone from 90 to 162 and the maintenance construction crew members from 85 to 154. During the course of the year, this will allow us to increase repairs, for example, to bridge substructures by 23 percent, bridge deck repairs by 73 percent, pavement patching by 11 percent, repairs to bridge abutments by 53 percent and sealing of pavement cracks by 20 percent. Make no mistake. There will still be backlogs of work, but at least we are doing everything reasonably possible within available resources.

Let me digress again to say those percentage increases sound impressive. If you will turn to the attachment you will see they are impressive increases over what we have been doing, but still woefully short of what is needed.

The only diversion from this policy of safety-only maintenance will take place this month when we begin an end-of-summer limited mowing along all State highways. This will preserve the grass base and, to some extent, improve the aesthetics of our highway system. We plan to make this one-time annual mowing overall as a regular maintenance policy, partly to prevent the excessive matting at the end of the year and the suffocation of the plants themselves.

Shifting maintenance staff to safety-related work was clearly described by me in my testimony before the Joint Legislative Appropriations Committee as the only responsible way to cope with the \$38 million fiscal '82 maintenance appropriation, which is \$7 million less than requested and minimally required to continue all prior maintenance at the previous unacceptable level. I was not questioned on this budget impact nor was there any effort to increase funds available for maintenance, nor was there a suggestion to give this higher priority over any other priority. In addition, anticipating the concerns of citizens and elected officials, I sent a copy of my testimony to every legislator and a letter to every Freeholder Director and Mayor explaining the reasons for the maintenance cutbacks. I have copies of both my testimony and the letters for your information if you care to have them later.

The actual shift in maintenance priorities was undertaken towards the end of fiscal '81 rather than the beginning of fiscal '82 for practical reasons. First, employee transfers and reorientation would have been extremely difficult in the first months of the fiscal year, the summer months being when employees take scheduled vacation time. Second, the bulk of safety-related maintenance tasks must be completed in a time frame limited to moderate weather, roughly from late March to mid-December, because permanent patching, resurfacing and painting cannot be accomplished in low temperatures. Therefore, the sooner employees could be shifted and retrained, the more work they could complete before winter.

During this transition period, funds were available to fill existing vacancies in maintenance and, as a result of the transfer to maintenance of \$1 million from another area, for materials and supplies necessary to carry out the maintenance resurfacing work as defined under the new policy.

Let me very briefly summarize the major points. The transfers represent one-half of one percent. They are not unusual. They are very commonplace throughout State government. They are part of the accepted, well established system of budgeting in the State. They are all the more essential in the case of tight budgets because you can't survive without that flexibility. In fact, there was a wash in the maintenance accounts because we transferred into that account as much as we transferred out; and, in order to be prepared to handle snow emergencies, we must keep balances in those accounts right up to the end of the year, otherwise we can't cope with snow and other emergencies. Some of those accounts exist because of our incapacity to keep people employed in low-level maintenance jobs because of low pay, because they are unpopular jobs and have high turnover, and because we have no authority to hire more than our authorized number of positions. The decision to shift maintenance workers from less essential work to safety work to deal with the reality of the fiscal '82 maintenance budget was necessary regardless of balances and transfers required to close out the fiscal '81 budget.

The department's first priority is and always will be safety. It would have been easy to continue grass mowing and litter pickup and let the critical work slide even further. But I could not in good conscience do that. I have taken more heat on this decision than any other in my term of office, but I also feel as strong about its necessity as I have about any other decision I ever made. I may be naive, but I don't believe the people want to be lulled into thinking that all is well on their highway system as evidenced by neatly cleaned and trimmed landscape when their roadways and bridges are steadily crumbling and deteriorating beneath them.

This is probably the last time I will appear before you, at least as Commissioner of Transportation. We have worked together on many issues, sometimes on the same side and sometimes not; but I have always appreciated this Committee's high level of interest, dedication and concern about transportation. I would be happy to answer any questions you might have. (See attachment to Commissioner Gambaccini's statement in the appendix.)

SENATOR HERBERT: And we continue that concern and high level of interest, Commissioner. I want to wish you well in the future.

I have a couple of questions. First of all, I know you have appeared before the Appropriations Committee and your presentations, as I have said before, have always been Cassandra-like. Perhaps, too, you have needed to do some lobbying with the Governor because the Governor's recommendation for highway maintenance was \$78.4 million and the Legislature appropriated \$78.3 million. So the Legislature cut only \$100 thousand from what was recommended by the Governor's office.

You say in your testimony on page 2, "During fiscal 1981, the Department transferred \$1 million from another departmental account into maintenance for road resurfacing." Did that go the usual path and was it approved through the procedures under the Appropriations Act?

COMM'R GAMBACCINI: I will ask Mr. Nutt to answer that.

MR. ROGER NUTT: Senator, that transfer did not have to go to the Office of Legislative Services and follow the normal process through the Executive approvals. They did receive a copy of it. They should be aware of it. It did not require their approval.

SENATOR HERBERT: Oh, I see. It wasn't until the Appropriations Act of 1980 that that ---

MR. NUTT: There are some transfers that the Executive approves on their own and sends them copies.

SENATOR HERBERT: That is understandable.

MR. NUTT: In this particular case, this was a capital appropriation out of a lump sum and those transfers do not have to go there for their approval.

SENATOR HERBERT: Okay.

COMM'R GAMBACCINI: I should note, Senator, on that score, that the figure, I think, was 1300 of transfers that were made. Roughly 900 of those were from this lump-sum capital to very specific capital projects.

SENATOR HERBERT: And did not need to be approved. Suppose we make a recommendation to the Legislature, Mr. Nutt, that they are required to be approved. Do you see any real difficulties there?

COMM'R GAMBACCINI: I would only caution before Roger answers that - and Roger is much more familiar with the process - that as several prior witnesses testified, it is a very complex kind of area. The more you encumber it with undue process, the more you make difficult action-oriented results. It may be possible - and I would say the specifics of such an approach may be manageable without interrupting or impeding the whole machinery - but I think that ought to be looked at

very closely from the point of view of trade-offs, what you gain for what you lose.

Do you want to add anything, Roger?

MR. NUTT: Senator, I think the Budget Office ought to deal with that. But where it becomes capital projects, they become very sensitive sometimes and the transfers are necessary. Other states have found that very difficult. The Executive in this State has always maintained that that is a necessary flexibility that is required to get a construction project going because the transfers in many cases are from projects that can't go anyhow. A lot of times those transfers would not be approved, although there are many reasons to do that. So, it would cause us a problem in the Department of Transportation if that restriction was placed on capital transfers.

I believe the language that is now written, giving approval of the Legislative Budget Office where it reaches a certain amount, is sufficient. I think in this case it was sufficient, but by an error it did not go there. I don't think the formal process is the problem. It was a complete error. Our documents left. It should have gone there. It was marked and it did not go. So, this transfer would have not gone through without OLS approval with existing provisions and I think they are satisfactory.

As a matter of fact, I might add that the '82 Appropriations Act raised the limitation from \$200,000 to \$400,000. So, apparently, the Appropriations Committee thought that should be more liberalized also.

SENATOR HERBERT: Okay. We have in the Legislature a Bond Oversight Committee, which was set up because the Legislature was concerned about the drawing down of bond funds by the Executive departments. It has been functioning. I am the Chairman and Assemblyman Rand is one of my most faithful and effective committee members. I am wondering out loud now. Perhaps the Appropriations Committee on Transfers could be made an oversight committee and meet more often on transfers, as our Bond Oversight Committee has been. Do you have any reaction to that, Commissioner?

COMM'R GAMBACCINI: Senator, I have no reaction. I think I stated my position. I think it ought to be looked at closely to see if it can be done in a way that will expedite action and permit the desired result that we all want of getting the maximum bang for the buck each year. What we are constantly struggling with, on the one hand, is pressure to keep administrative staff down and, on the other, increasing levels of procedural regulations that keep generating pressures on us to add staff, clerical as well as administrative. In the last ten years, federal regulations have spawned a whole host of new positions that we simply cannot avoid staffing for, many of them unbudgeted positions, because we have to comply with the federal law.

My only concern - and I am not trying to be difficult or argumentative --- If it can be done in a context that will not add materially to the procedural load and not impede the expeditious flow, then I would say, fine, let's look at it.

SENATOR HERBERT: Commissioner, let me say you have gotten a lot of heat about this, but it seems to me you can draw down heat. You have been a very effective and I think brilliant Commissioner. But we get heat too from our constituents. You don't run for office; we do. That is part of the reason why this very visible headline, "transfer from maintenance account into salary account," was really a sexy - if you will excuse the use of the word - political issue for us. I am sure after that story appeared all of us received the phone calls because you had just gotten off your memo to all the Mayors and Freeholders in the communities through which the State highways go.

COMM'R GAMBACCINI: With all due respect, Senator, I think it is a bum rap. The focus, the core problem, is whether or not as a state we are funding transportation appropriate to need, not whether we can play with petty cash. I say "petty cash" very bluntly. A million dollars obviously is not petty cash. But a million dollars is less than half a percent of the present budget and less than a quarter of a percent of the need. Unless you look at the big picture and keep the thing in perspective, the public can easily be deceived. In my opinion, when I took office, the department was being villified unjustly because of an incessant series of criticisms - they were inefficient or incompetent or loafers and laggards. I stand very proud of this department's professional staff. I will compare them with the best to be found anywhere in this country. They are top drawer. And if they have any fault at all, it is that they have been trying for too long to do too much with very little.

Senator Graves talked about the magnificent highways in the World War II years. What he failed to indicate was that in those years, New Jersey had a dedicated fund. All user taxes from gasoline and from vehicle registration were earmarked for transportation. And we had good highways. Since that time, we eliminated that provision and we have been starving maintenance as a matter of consistent policy over twenty years.

The good Senator accuses me of making this result in three years. I would that I had that power or capability, Senator. It is a process of continuing degradation that goes back 25 years.

SENATOR HERBERT: In other words, there was a dedicated tax fund for highways.

COMM'R GAMBACCINI: Up until 1948.

SENATOR HERBERT: Then approximately with the implementation of the new Constitution, that stopped.

COMM'R GAMBACCINI: Yes. In fact, it was coincident with the new Constitution.

SENATOR HERBERT: Well the new Constitution was adopted in '47 and I guess '48 was the first year.

COMM'R GAMBACCINI: If I might say further, Senator, I happen to believe in public service and public leadership. I know you have to have heat because you are running for election. But I also believe the public does not like to be deceived. They want to have it straight from the shoulder. When they, because of popular prejudice or popular sloganeering, decry high salaries and administrative costs, I say bunk. Either you give us a charge to operate in a businesslike fashion, getting the best people to perform the jobs in a businesslike way, or you kid yourself and say, if you got rid of so many clerks and so many administrative people, then you could put that money into maintenance. And I tell you categorically there is not the capacity to steal from administrative and clerical legally or to permit the whole program to work and to make even a small dent in the nature of the problem we are talking about.

SENATOR HERBERT: If the same structure and dedicated funds were present today, as they were after the war or during the war, do you think you could do the job - do you think the department could do the job?

COMM'R GAMBACCINI: Senator, the simple answer to that is our budget is \$280 million. If that same structure was in place, it would be \$560 million.

SENATOR HERBERT: Approximately half.

COMM'R GAMBACCINI: Yes. And a million dollars for grass cutting pales into insignificance in that context.

SENATOR HERBERT: Senator Graves.

SENATOR GRAVES: I am sure this won't be our last meeting because we three are on a committee that journeys over to the World Trade Center to meet with those with whom you will be going back to service.

Getting to our concern, I don't think anybody challenges your credentials.

COMM'R GAMBACCINI: I'm sorry. I didn't hear that.

SENATOR GRAVES: I don't think anyone can challenge your credentials from the time you were offered to us by the Governor of this State. I said that when I spoke to Walter Rand. But what it boils down to is this: We reflect to some degree what seven million people feel in this State and when we carry forward to you the message that so intense is the weed growth behind certain homes on Maryland Avenue off Route 80 that it is rodent infested and you dispatch someone there who actually physically sees rat traps in backyards three feet from the houses and are told that rats walk over the roofs in the homes, and then you say you can't consider this a priority and it causes an already beleaguered city that had to cut hundreds and hundreds of employees to divert its employees from its municipal roads to go in and do your job, then that is what I consider a disservice to our folks. I, as a Senator, called to the attention of your office that I saw on Route 80 and Route 20 rodents eating on the side of the road. You still didn't clean it up. Again, we had to divert municipal services, already pressed beyond what they should be pressed, to handle this.

I am not talking about the cosmetics. I am not talking about the fact that we and other people travel throughout the State in the summertime and we are somewhat aghast at what we see on our highways. I am talking about the concern we have with the three-foot - and I saw Tom's picture in the paper with four-foot weeds - that that may cause an already hard-pressed fire department to be diverted to putting out a fire of weeds when there might be a home seven blocks from there that might be on fire. These are the things that I am concerned about. What I can't understand is why you don't think this is a priority. I don't say you sit there and glibly say this, but you say with good conscience that this was your decision.

I want to know how one man can stand above all of us and make a decision that our highways and our health and those things that affect our constituency are not going to be attended to. When there are 120 legislators elected and there is a Governor elected, I can't see how you can misinterpret those things that are within the operation of your department and say that you can't respond to these things. I say that you have to. I say that it is a disservice not to respond to these needs.

Now you say you are going to try to get to each place before the year is over for a so-called fall clean-up or fall cutting. I want to rephrase that because you didn't say you were going to clean up, you just said you were going to cut down. I think when you cut down, you are going to get the surprise of your life when you see what has been strewn there.

Your staff met with me where the highway comes together with Grant Street about two or three weeks ago. They can condemn those that throw things there. So do I. And I can take you to a couple of blocks in one particular city where if you clean it on a Saturday night, by Sunday morning it will be like the Secaucus dumps. But can we afford to leave this there? Are the rest of us supposed to suffer because of the indifference of the very, very few? Sure we have laws. We passed a tough littering law that Congressman Dwyer wrote when he was a Senator here. I don't know how effective it is because it is kind of hard to catch these culprits. But I think we have an obligation to do, by sworn oath, some services to our constituents. This is where our paths part. We could sit here and give you a 90 percent mark on

the things that we wanted to see happen that only you could put into place. But there are seven million people affected by one man's opinion. You are stronger than the Governor. You are stronger than the Chief Executive of this State who is supposed to be, in terms of power, the most powerful elected governor.

COMM'R GAMBACCINI: I feel very weak as a lame-duck commissioner right now.

SENATOR GRAVES: I don't know whether you hand-picked and recommended your successor. But if she stands for these same things, she is not going to get a unanimous vote from the New Jersey State Senate because this is one Senator that won't be afraid to vote no. But we will know more about how she feels when we get the opportunity to talk to her.

In the meantime, what I am most befuddled about is how you interpret your oath and allegiance to this State so that you can just arbitrarily say, "I'm going to keep 60 employees because of the trickle-down theory and who will be bumped and what it means to affirmative action. I don't know how many total employees you have. How many employees are in your department?"

COMM'R GAMBACCINI: Fifty-six hundred - 5,600.

SENATOR GRAVES: If 60 less employees would give us a cleaner State, then I think you can surmise what I would do. This is the part I don't understand: how a man with the sensitivity that you have, a man with the knowledge and know-how you have, could arbitrarily make this decision with the effect it has on the people in this State. This is what I find hard to understand.

COMM'R GAMBACCINI: May I comment, Mr. Chairman?

SENATOR HERBERT: Yes, indeed.

COMM'R GAMBACCINI: There are two things I am most proud of in my three years in office, not building projects or cutting ribbons and not, certainly, eliminating grass cutting. One is the calibre of the professional staff, the dedication of the team that we have put together, many of whom were there and some of whom we have recruited. But we have a first-class professional team with maximum dedication. I am very proud of that. The other is the outreach efforts of the department to be responsive, to be sensitive, to consult county and municipal officials up and down the line.

I find it a bit ironic that you charge me with being some kind of a power-hungry or at least power-centered decision-maker.

SENATOR GRAVES: I didn't say that. I said you are the sole one.

COMM'R GAMBACCINI: Hardly is that reflected when, as Walter Rand quoted, I laid this out in spades before the Joint Appropriations Committee and there wasn't a single question, not a comment, not a suggestion, not one single reference to those particular quotes and not an offer to restore any money. So hardly would I agree with you there was a unilateral, arbitrary decision on my part. In everything that I have done, there has been a maximum, consultative effort to be sure that all hands knew what the issues were. The issues were illuminated. If they had problems, we could take those into account.

I have recited the basis of the decision. The origin was the professional engineering staff of the department, including my Chief Engineer, who is concerned about bridges that are falling apart. Will you please pass these out? None of these are unsafe yet, but they are getting damn close to that point. That is the context in which I decided that. But all along the way, I could have been overruled by the Governor, by the Legislature. As Walter Rand indicated, you could have line-itemed an item and directed us to perform that function. I would have gladly done it. Or I would even have accepted readily a judgment on the part of the Legislature

to direct me to take that million out of other maintenance or other functions. In that case, it is not my judgment and discretion. But in my analytic judgment ---

SENATOR GAGLIANO: You didn't offer that.

COMM'R GAMBACCINI: Senator, I don't need to offer that to the Joint Appropriations Committee. I am telling them, you are giving me seven million less. The only way that I can survive is to do what we have done, starve all units equally or to start to be more selective about which units get starved more than others.

Let me wrap up my response to Senator Graves. Senator, you eloquently state the conditions. And, again, I think few in the State feel as deeply as I do about urban areas, urban issues and urban policies. What you fail also to say though is that tough choices have to be made. The litter problem is growing in volume as the funding is decreasing. The vandalism problem is growing. So the problems are growing; the funding is decreasing. You have to put it in that context. I am not happy about high grass or litter. Nothing defiles or upsets my visual sense of comfort more. But it is a choice of that or let that bridge in front of you collapse.

We hear all the rhetoric and all the high-sounding phrases about prioritizing, doing more with less, changing our priorities. Well, I am telling you, we have run out of time. And after 20 to 30 years of this neglect, we are starting to have to live with the consequences of that rhetoric.

SENATOR GRAVES: None of the four of us to the best of my knowledge is on the Appropriation Committee. Probably some of us aren't because we have been switched over to chairmanships of various committees. In my case, it is Chairman of Law and Public Safety. And these two fellows, you just find spaces for.

SENATOR GAGLIANO: We are the loyal opposition.

SENATOR GRAVES: Maybe next year, they will be finding places for us - who knows.

If our bridges were falling down and all these things were taking place --- and I think you said you want five cents on a gallon of gas - and five cents on a gallon of gas translates to something like \$150 million - and for one million dollars we can keep our highways in some kind of repair for the seven million of us who use them on a daily basis - I think perhaps your goal should be brought down to maybe one penny or something like that. Should there be dedicated taxation? There has to be. If we are going to maintain roads and we are going to maintain bridges, it has to be locked in. A lot of people were against my theory of locking in a penny on a pack of cigarettes to give us a thousand uniformed police officers. I can't say that I am for a penny on a pack of cigarettes for a thousand police officers and I am not for a third of a penny going towards giving at least a \$10 million response to our bridges and things like that. But you are talking about something permanent. You are talking about something that is necessary. You talked about the necessity of continuous programs within your department. That's fine. We are talking about something that affects health. You have to believe that a good-sized fire is going to give you pollution. You have to believe the rats are there. I saw them.

COMM'R GAMBACCINI: Senator, if I might, you keep talking about rats. You and I have had this dialogue for two years on litter. The cause - the origin - is not our grass-cutting or not. I am sure you will have to acknowledge that there are abandoned homes, there are abandoned lots, there are litter pile-ups and

other conditions surrounding our highways. I haven't studied the pedigree of a rat to find out where it was born and raised. But I submit that our inspections do not show rat nests on the property there. However, we are very concerned and we will work with you to try to get at as much of the problem as we reasonably can. But the problem is much wider and deeper than the grass mowing and litter pick-up on the State highway system. It is a much more pervasive problem.

SENATOR GRAVES: Since we live within ten miles of each other, I am going to show you the rat nest.

COMM'R GAMBACCINI: Fine.

SENATOR HERBERT: Senator Gagliano.

SENATOR GAGLIANO: Commissioner, I think you know that I, as a member of the minority party on this Committee, have been extremely supportive of you and the suggestions you had with respect to the operation of the department, as well as many matters dealing with mass transit, including the Bond Issue of 1979 and various other things. In fact, I might quote, if I can find it, when I was called by a reporter when there was this issue of the shifting of funds, basically what I said: "I really am very sorry to hear about this allegation because it is the kind of thing government should not be doing." My problem is that I was, in fact, scolded by a newspaper because the Commissioner had made determinations with respect to priorities - and, "Senator, you don't know that much about it." So you are talking about prioritizing as though it is a bad word. Yet you have created the priority. As far as I am concerned, you created the priorities when you went to the Appropriations Committee.

We know that there are many things to be done. But it seems to me - and this you will have to just search in your own mind - I promise you no cheap shots which I have been accused of before - I promise you none --- you are going to have to think about how this State can justify not spending the million dollars on the highways this year for mowing and the cleanup of debris.

Today - and I may be wrong on this - for the first time, on page 6 of your talk, you say, "The only diversion from this policy of safety-only maintenance will take place this month when we begin an end of the summer growing season limited mowing of all State highways. This will preserve the grass base and, to some extent improve the aesthetics of our highway system. We plan to make this one-time annual mowing regular maintenance policy."

Is this the first time you have made a public statement with respect to this?

COMM'R GAMBACCINI: Yes.

SENATOR GAGLIANO: This is your first public statement?

COMM'R GAMBACCINI: It was, however --- Let me finish.

SENATOR GAGLIANO: You have the elements of being the ultimate politician. Yet you chose never to put this in a memo to Tom Gagliano or Frank Herbert.

COMM'R GAMBACCINI: May I turn to my Director of Engineering. Quite honestly - and I will say categorically - this was in the works for several weeks on the part of the professional staff, who were saying: We will have a problem if we don't mow. We are going to come back with a revised recommendation to prevent the stuff from falling over, matting and destroying the plant structure. So we will have to mow it once more. We are going through the process of putting that together. Quite frankly, I said, can you hurry it up so I can announce it at the hearing. But that was the decision of the engineering staff that that had to be a modification for the good of the long-term highway system.

SENATOR GAGLIANO: But, Commissioner, I am not an engineer and I could

have told you that. You should have known that.

COMM'R GAMBACCINI: Senator, ---

SENATOR GAGLIANO: Wait a moment. There is another point that is extremely important and Senator Graves started to allude to it. When those mowers go in those median strips and hit those bottles and those cans, you are going to have a tremendous problem for all time with everybody who steps in there with broken glass and the jagged edges of the cans.

COMM'R GAMBACCINI: Senator, we never mowed that close at the height of our mowing. We always were at a six-inch level. We will probably go to eight. And we will clear that. We are not going to begin to attack all the core problems of litter. It is beyond our capacity and beyond our responsibility.

SENATOR GAGLIANO: I guess what I am saying, Commissioner, is: Wouldn't it have been better if you said sometime in April, which would not have incensed me at all, "We know what our responsibilities are and we are going to do the best we can." And if it had turned out that you didn't mow once, I could possibly understand that. But you didn't say that. In effect, you were saying, "I know what is best. I have already told the Appropriations Committee what is best. They didn't argue with me. Now why do you argue with me?" That is the way it came across. Even though up until that time I had considered you very sensitive to the issues in New Jersey, suddenly - and I have to tell you this - in 1981, you took this attitude with respect to fare increases and that was followed up with the refusal to mow. It just grated on me that I had to drive down a highway and see this or I had to talk to commuters and say, "We have a take-it-or-leave-it situation." You know my testimony at the Red Bank Regional High School. I said, "Go to the Joint Appropriations Committee with respect to the fare increases and try to get the Legislature to find some more money," which at that point, publicly at least, you hadn't done. You said, "Well, we are going to have this increase and we are going to have that increase." So you ended up getting \$16 million, as has been mentioned, by Assemblyman Rand. This is what has had me so upset, for which you have accused me of being unfair and you have said things about cheap shots.

The problem that I see is that you and your department seem to be walking away from your responsibilities by saying, "We didn't get enough money. Therefore, Senators and Assemblymen, people, constituents, or whomever, mayors, councilmen, that is the end of it." That is what you seem to be saying. To me, that is inexcusable because you have the responsibility to maintain our highways and the grass and the clean-up and everything. If you had said, "We will do the best we can," fine; but you said, "No, we ain't going to do it."

COMM'R GAMBACCINI: Senator for 20 or so years, the department has been stretching that rubberband equally across all functions. I am charged with the responsibility of having safe highways, safe transit, and a whole host of other things, including a balanced budget, etc. I think it is my job to provide leadership, to take on tough issues, to lay it out in spades, to enlighten the public and the Legislature. I think it is very significant that not a single legislator confronted me on the litter or grass pick-up in that month. Now I am besieged with legislators' calls. You know what? Not one of you today has talked about snow removal. And I am telling you now that in six months you are going to get a lot of constituent complaints about our cut-back in snow removal and you are going to get constituent complaints about the continuing worsening of all these facilities, Senator. You can't put your head in the sand or run away from the problem or somehow assume that if you direct me to do all these things with a shrinking budget, I can do it. I cannot work miracles. I can lash my troops.

I can charge you or ask you to hold us accountable on efficiency performance to the best of our ability, but we can't work miracles. We can't produce fishes and loaves with the kind of assets and resources we have. Do you know that on any given day 30 percent of all the maintenance equipment we have is out of action and on some days it is 50 percent? Have you ever tried to run a business on that kind of a basis? Is that a businesslike approach, to try and provide maintenance? That is the core issue, not whether we mow grass four times a year or twice a year or once a year, but are we doing the essential job of financing maintenance? And I am saying the facts speak for themselves. We are down from 28 percent of the federal and state budget to 5 percent.

We have eliminated dedications, which would have provided a doubling of the budget. I will agree with Senator Graves to the extent we have come a long way from the war years of World War II. We are in a bad situation and getting worse.

SENATOR GAGLIANO: Are you telling me your budget has reduced substantially snow removal for this fiscal year?

COMM'R GAMBACCINI: We have had a steady reduction in constant dollars' buying power, even as the size of our system has doubled. We have doubled the system in 20 years and we have reduced the actual funding in constant dollars appreciably.

SENATOR GRAVES: I want to challenge one thing you said. You said that no legislator had brought this to your attention. I did.

COMM'R GAMBACCINI: Oh, you have been at this for two years. But even before we cut back, I am saying, at the Joint Appropriations Committee and for the month that followed --- If there is one thing I have tried to do it is communicate. I try to do that fairly well.

SENATOR GRAVES: But I told you about Route 20 and Route 80 four or five months ago.

COMM'R GAMBACCINI: And, Senator, I would love to have you spend time going through the list of the log of calls from all over the State: intersection congestion, grass, litter, the whole bit. It is beyond our capacity to cope.

SENATOR GRAVES: You mean a lot of people are complaining to you?

COMM'R GAMBACCINI: Currently, right now, they are - sure.

Nobody has mentioned snow removal in the last four months. I guarantee in January and February, we are going to be hearing a lot about how long it takes to remove snow. And it is a lot worse than it was two years ago. That's a fact. It will be.

SENATOR GAGLIANO: I still say, Commissioner, with respect to any of that, maybe it would have helped a little bit if you had said, "We will do the best we can," rather than walk away from it.

COMM'R GAMBACCINI: Senator, that goes without saying; and I pledge to you we are doing the best we can. If it is the will of the Legislature to direct us to restore that line item, I will gladly. We are professionals. We are good servants. We will do what we are directed to do. If that is the judgment that we take back the landscape people from those categories of bridge repair and resurfacing, we will do that. And if you direct me to disemploy those 56 people, we will do that too. That may mean that we don't draw down federal funds because we don't have the equal opportunity function covered or we don't meet all the other measures of performance. But that is the consequence you will have to work with. It is my job to make prudent, businesslike judgments on balancing these pressures and constraints. I do that to the best of my ability and I think our key staff do as well.

SENATOR GAGLIANO: Commissioner, we might be going afield, but you said you had 5600 employees in the department.

COMM'R GAMBACCINI: Most of whom, Senator, are in construction. By all that is rational, given our ---

SENATOR GAGLIANO: How many do you have in maintenance, in the actual maintenance of bridges, roads and the like?

MR. NUTT: Bridges and roads, 1780.

COMM'R GAMBACCINI: Part of the extreme frustration, given the nature of those pictures, if we had the latitude and we had a block grant for all that money from the "feds," there is no question I would get maintenance up to snuff. But the fact is you get the money in categories. Like it or not, you either take the money in a category to build new highways or you spurn money. So we have more people working on construction than we do on maintaining our system. Therefore, we are compounding the problem. We are expanding the infrastructure even as we are shrinking the maintenance funding for what is left.

SENATOR GAGLIANO: In some cases, I suppose, your successor is going to have to spurn the money.

I brought to your attention a year or a year and a half ago, on one highway that is very close to me because it is next to my office, you probably spent a quarter of a million dollars on shrubs because of a federal contract.

COMM'R GAMBACCINI: Senator, it is going to be difficult for you or me ---

SENATOR GAGLIANO: We can hardly see the shrubs at this point for the weeds. You see, we may have been better off really not to have those shrubs and saved the General Treasury a few bucks.

COMM'R GAMBACCINI: Senator, again, you are seizing on a very small piece of the total. That is a minor category. That is trivial. That is less than a tenth of a percent of the total program.

SENATOR GAGLIANO: Suppose all those items of trivia ---

COMM'R GAMBACCINI: Senator, that is not true. The bulk of that funding is 90 percent interstate, 75 percent primaries; and I am not knocking all of that. We need that for intersection congestion relief. We need it to dualize Route 9 in your area. It is vital work. But we don't have a fair, honest opportunity to make judgments about where the greatest need is.

SENATOR GAGLIANO: Let me just finish what I was saying. If you have a quarter of a million dollar contract and the "feds" say, you take or leave it, and we are going to give you these green shrubs down the middle of the median and on both sides ---

COMM'R GAMBACCINI: Senator, ---

SENATOR GAGLIANO: Wait a minute. --- a certain number of your people, managerial or otherwise, of course, are required to carry this out, it seems to me.

COMM'R GAMBACCINI: Yes.

SENATOR GAGLIANO: Some of them may be chargeable against that project, but some of them are not going to be chargeable against that project. I think this is a management decision that is going to have to be made. Certainly, we can't make it as legislators, but we see these things and people see them.

COMM'R GAMBACCINI: Part of our extreme frustration, Senator, and just to give you an illustration of the complexity, many of those people are paid, although they are on our staff, 100 percent with federal money. So you are biting off your nose to spite your face. You are not only not going to get the capital, but you are even laying off people who are funded by the "feds" anyway. It is a Catch 22 situation. There is not the flexibility to do the rational thing in most cases.

SENATOR GAGLIANO: The "feds" is my money too though - and yours too.

COMM'R GAMBACCINI: That's right. And we are coming to the point where we may very well spurn federal money, partly for lack of local match and partly a judgment that we continue to compound the problem of expanding our obligations and shrinking our funding.

By the way, I think I have been more vocal on that than any prior commissioner, out front saying, we are winding down the highway program, because politically most elected officials like to clip ribbons on spanking new facilities. They don't get credits or pictures in the newspaper for saying, "I supported a million dollars for grass cutting," or "I supported a million dollars for bridge repair." They get their picture taken clipping a ribbon opening a new section of highway, a dualized stretch; and out there is a lot of potent support for those new facilities.

SENATOR GAGLIANO: Let me put it this way: I have about a hundred thousand other questions and comments, but I pass.

SENATOR HERBERT: Are they germane to the hearing? That is what is important.

SENATOR GAGLIANO: I think they are.

SENATOR HERBERT: Senator DiFrancesco.

SENATOR DI FRANCESCO: I have an observation. I don't have any questions, Commissioner.

First of all, I would like to wish you well.

COMM'R GAMBACCINI: Thank you.

SENATOR DI FRANCESCO: I came down here to educate myself a little bit more on this process that I don't understand - I understand it better today - as to what happened and why it happened.

I read the report of Jerry Silliphant and I see nothing wrong with Jerry making such a report, for one thing.

COMM'R GAMBACCINI: May I interrupt you, Senator?

SENATOR DI FRANCESCO: And when I read the Star Ledger and you said the report was completely distorted and misleading and was an election year cheap shot ---

COMM'R GAMBACCINI: Excuse me, Senator, if I may. I said that the article reflecting scandal was misleading. I called Mr. Silliphant after that article to say I had no complaint with his memo. I had none. It was a perfectly fair memorandum report.

SENATOR DI FRANCESCO: I stand corrected on that part. I didn't know that.

COMM'R GAMBACCINI: That article makes scandal, in my opinion, where there is none. I submit that it is a very serious thing to keep incessantly implying inappropriate, maybe illegal, or scandalous behavior when there is none. It is part and parcel of why the public is so cynical about public servants. I think we have a major crisis of a worsening confidence in government that we all share. And I think we ought to take very serious heed about that continued erosion of public confidence in public service. I think that that article was completely misleading, distorting. Not once in the article does it reflect any evidence, as contained in the Silliphant memorandum, that it is a very common annual event, all departments do it, and it has been going on for decades. It is made out to be a very devious, manipulative thing, and it was given added momentum because of the grass-cutting issue.

SENATOR DI FRANCESCO: You are referring to the original or perhaps the headline of the day before. I see nothing wrong with the report. I see nothing

wrong with the hearing. Perhaps there was a little too much fanfare about it. Maybe we don't need as many people from the department. Maybe we shouldn't have a public hearing either. But I think it has been good. I think it is Senator Herbert's obligation to pursue these matters. I understand fully what the problem is, or was. Based on your testimony, I understand your reasons for doing it. When I looked at the attachments and the memo, I could understand Jerry Siliphant's position.

COMM'R GAMBACCINI: If I might comment, I, frankly, personally, notwithstanding the obvious pressure I have been under getting ready for this hearing, welcome the hearing. It is another opportunity to lay these facts on the line. I think the public has got to understand them. I think all of you will agree that I have often invited you in to get brought up to date on a whole host of issues. I think it is critically important that the Committee be brief on the array of issues and share with us in the kinds of judgments and decisions that have to be made, including the tough ones.

SENATOR GAGLIANO: Commissioner, I just want to comment on that. With regard to the future Commissioner, Ms. Canby, I had no idea she was on board for approximately three months until she came to one of our meetings and sat there. I, frankly, was a little rude and asked, "Where are you from? Who are you?" We are talking about aspects of communication and I think it was important for her to introduce herself to us at an earlier date. Maybe I overreacted, but I really did not know who this person was. I don't think we were apprised of it. We were not on the Appropriations Committee. She may have gone to those meetings, but we were not there.

COMM'R GAMBACCINI: As a matter of fact, I presented her to the Joint Appropriations Committee, Senator.

SENATOR GAGLIANO: Well, I think she should have been presented to us at an earlier date. I would even have bought her lunch.

COMM'R GAMBACCINI: Senator, we are damned if we do and damned if we don't. I get criticized for overwhelming you with too many mailings and too much information.

SENATOR GAGLIANO: If you are going to close a bridge for a half a day and you want to redirect traffic, we get a press release on it. Sometimes I get more than one on that same issue. Many of them were directed to Senator Herbert's office in error.

SENATOR HERBERT: That is all straightened out.

SENATOR GAGLIANO: You straightened that out. But on an issue like this where you have retained new and important people in your department, it is too late now, but I think it was important for us to know that, just like you advised us when Jerry Premo was brought on board of his background and the specifications of his job. I think in all fairness we should have known more about the new Commissioner.

COMM'R GAMBACCINI: In retrospect, I agree with you. In retrospect, we should have.

SENATOR HERBERT: Commissioner, this will be your last time before our Committee and I think I speak for the whole Committee when I wish you well, the best of health and success in the future.

I would like to address one point that was made by certain reporters to me, that we have in the Legislature overreacted in having this hearing. I think the hearing helped the Committee understand what went on. I think the Committee will have a report and recommendations on new procedures, perhaps. We will talk to the Appropriations Committee about procedures in the future on transfers.

I don't speak for the Committee when I say this, but I think the Subcommittee

on Transfers might be given more responsibility similar to the Bond Oversight Committee - and I have already expressed that here.

I think the hearing was necessary and I think it has been fruitful. I think it is the responsibility of the Legislature to address these matters. Oversight has increased and I welcome it. You have never shied away from giving us information and I congratulate you for it.

COMM'R GAMBACCINI: May I comment?

SENATOR HERBERT: Yes, sir.

COMM'R GAMBACCINI: For my part, Senator, I can say in all sincerity it has been a real pleasure working with this Committee and with Walter Rand and the Assembly Committee as well. I think there has been an outstanding measure of legislative ability and dedication; and I really welcome it. We have had our disagreements individually and collectively. But I think it has been a very healthy process. We have tried our best. And I admit in that case we should have gotten some kind of a notice out to the Committee members. I think, in general, we have succeeded in raising considerably the level of communication and involvement of the committees.

I agree with you - I think this hearing was useful to illuminate a number of issues, including what may very well be some budget issues that may need close reexamination.

I thank you very much for your general support and, particularly, for being as dedicated members of the Transportation Committee as you have been.

SENATOR HERBERT: You know, as you say that, I can make a gratuitous comment - and I think Walter Rand will back me up - that I think in no other area is the Legislature and the Executive Department more in dialogue than in transportation. We really have a good dialogue.

COMM'R GAMBACCINI: Thank you very much.

SENATOR GAGLIANO: Commissioner, I just want to make one last comment. I still feel that highway maintenance is extremely important and, if there is any way between now and the time you leave and immediately thereafter, or your successor, I would love to see this State cleaned up. I think it would be a tremendous boost for everybody. The litter and the mowing problem, as you know, is just unbelievable. And I am not degrading or denigrating anything you have said. I agree that we have many, many problems. But, frankly, I am against the transfer. I just have to say that and I am saying it on the record.

SENATOR HERBERT: Thanks again, Commissioner.

We have a statement which was written by Richard B. Standiford, Deputy Director of the Division of Budget and Accounting of the Department of the Treasury. Mr. Standiford is on vacation, but Mr. Cubberley is here to read Mr. Standiford's statement and answer any questions that we might have.

Mr. Cubberley, before you proceed, will you tell us what your duties are in the Division of Budget and Accounting.

ROBERT T. CUBBERLEY: Mr. Chairman and members of the Committee, I am Robert T. Cubberley and I am the Supervisor of the Budget Bureau in the Division of Budget and Accounting. I am here to read Mr. Standiford's statement for him because he knew that he would not be here today.

"Recently, several transfers involving accounts of the Department of Transportation were transmitted to the accounting system and posted without the approval of the Legislative Budget Officer. This occurrence was entirely accidental and not an attempt to hide a transaction or deny the Legislative Budget Officer his right to object to it. Upon being notified by the Legislative Budget Officer that such a transaction had taken place without his approval and upon my investigation which showed that the actions did take place and should not have, I immediately ordered the reversal of the transaction. After reversing the transaction, I directed that new documents be prepared and submitted to the Legislative Budget Officer for his approval.

The annual budget for the Department of Transportation for fiscal year 1981 amounts to:

Direct State Services....	\$175.6 million
State Aid.....	13.9 million
Capital Construction.....	22.6 million
Debt Service.....	<u>54.1 million</u>
	\$266.2 million

Within the Direct State Services appropriation, the three major programs are "State Highway Facilities," "Public Transportation Facilities," and "Planning and General Management Support." Expenditures in the "general management and support" area during fiscal 1981 were occurring at a rate greater than the appropriation. Expenditures in the "State highway facilities" area were less than the appropriation. In fact, on this date, a balance of approximately \$5 million still remains in the state highway facilities account." I might add, Mr. Chairman, that that was correct at the time that this was written, about a week and a half ago. It is my understanding that as of last Friday, the 31st of July, that that amount was about \$4 million. "At the end of the fiscal year, transfers were necessary in order to balance out the accounts of the Department. Any funds remaining after the transfer will carry forward and be available for state highway purposes during fiscal 1982.

Specific details on the actions which caused the expenditure in the general management are to exceed the appropriation and the reasons for the balances in other areas of the Department would best be explained by Department of Transportation representatives. Their explanation was made to my office prior to the transfer. I concurred in such explanation and gave my approval to the transaction.

Section 3 of the Annual Appropriations Act provides for 'flexibility' in the handling of appropriations through a transfer process. Such provision would cover transfers of the type necessary to balance accounts of a State department at the end of the fiscal year. Many such transfers are processed routinely each year."

SENATOR HERBERT: Are any of those transfers, Mr. Cubberley, over \$1 million?

MR. CUBBERLEY: I'm not entirely sure, Mr. Chairman.

SENATOR HERBERT: This was rather unusual, this transfer? It was quite large?

MR. CUBBERLEY: At the time they were first submitted, there was a series of three transfers which did total approximately \$1 million.

SENATOR HERBERT: In Mr. Standiford's statement, about the seventh or eighth line, it says, "I directed." He directed the Transportation Department officials?

MR. CUBBERLEY: He directed the Department of Transportation to prepare new documents with better justifications.

SENATOR HERBERT: You do not decide, substantively, on these transfers, do you? You just more or less--in other words, policy is not your concern. You are concerned about whether the accounts are in balance and whether or not the movement of the money is legal, is that correct?

MR. CUBBERLEY: That's not entirely true. In effect, the statute says that we must review and approve those transfers and that certainly implies that we will be looking at whether or not they are justified, whether or not it is an appropriate transaction to be processed.

SENATOR HERBERT: I see. In other words, you are reflecting, more or less, the Executive prerogative of the Governor's office, overseeing the spending of the state budget.

MR. CUBBERLEY: In any of these transactions, in effect, we are acting for the Governor in approving or disapproving.

SENATOR HERBERT: We were informed by Mr. Nutt that the change on transfers raised it from \$200,000 to \$400,000 before the Office of Legislative Services approval would be needed. Is this generally as far as you are concerned for the budget process?

MR. CUBBERLEY: I don't think we have any problem with it at either level.

SENATOR HERBERT: Now, would you have any problem with my suggestion, and I haven't even conferred with the Committee, of more legislative oversight on transfers?

MR. CUBBERLEY: Well, I think I would have to say to you that we process, each year, a total of somewhere around 15,000 transfer documents, some of them for \$2 or \$3 and some of them for several hundred thousand dollars.

SENATOR HERBERT: I just mean, say, over \$400,000.

MR. CUBBERLEY: I'm not sure that we would have any particular problem with that.

SENATOR HERBERT: I have no further questions. Senator Gagliano?

SENATOR GAGLIANO: No questions.

SENATOR HERBERT: Senator DiFrancesco?

SENATOR DI FRANCESCO: No questions.

SENATOR HERBERT: Thank you so much for coming.

MR. CUBBERLEY: Thank you, Senator.

SENATOR HERBERT: This concludes this hearing. Thank you, everyone, for coming.

(Hearing Concluded)

At the time of the
writing of this report

1977
10/13/77

1977

1977

1977

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New Jersey State Legislature
OFFICE OF LEGISLATIVE SERVICES
DIVISION OF BUDGET AND PROGRAM REVIEW

GERALD D. SILLIPHANT
DIRECTOR
AND
LEGISLATIVE BUDGET OFFICER

STATE HOUSE, CN-066
TRENTON, NEW JERSEY 08625
TELEPHONE (609) 292-1170

M E M O R A N D U M

TO: Edward G. Hofgesang, Director
Division of Budget and Accounting

FROM: *Gerald D. Silliphant*
Gerald D. Silliphant, Director

DATE: July 9, 1981

SUBJECT: DOT Transfers #071133, #071134, and #071135

Three Department of Transportation (DOT) FY 1981 transfers of appropriations (#071133, #071134, and #071135) totaling over \$1 million, were processed without having been forwarded to this office for approval by the Legislative Budget Officer as required by Section 3 of the FY 1981 Appropriation Act.

However, had they been submitted to us, the three transfers would have been returned to your office without action. This is because the major portion of the \$1 million + was transferred from DOT Bureau of Maintenance accounts to provide funds for salary and other related administrative deficits in the administrative services of DOT. Furthermore, the justification for the transfers stated that "sufficient" or "adequate" balances would remain in the Maintenance accounts after processing the transfers. This is inconsistent with the reductions already effected in those areas.

As you are aware, roads and bridges throughout the State are not being maintained properly because of funding problems. Similarly, the program for grass cutting on State highways has been virtually eliminated, creating potentially hazardous conditions. The \$1 million + represented by the subject transfers, and used to fund administrative salary deficits, could have funded most of the grass cutting operations by State forces for this mowing season according to estimates made by DOT itself.

The subject of year-end transfers within DOT has been discussed previously by staff from this office with DOT and Budget Bureau staff. A memorandum from the Budget Coordinator of the Office of Legislative Services to the Supervisor of the Budget Bureau dated June 18, 1980, noted that DOT had made progress toward reducing year-end salary deficit problems. Furthermore, the memorandum stated in part: "We understand that improved accounting procedures and other measures will be used in Fiscal Year 1981 to clarify and reduce the need for similar transfers in the future."

Edward G. Hofgesang

Page 2

July 9, 1981

Apparently the problem in DOT has not been solved as evidenced by the processing of the subject transfers, notwithstanding the fact that the provisions of the Appropriation Act were not followed. Accordingly, I believe that every effort should be focused on the prevention of a recurrence of this situation.

In the meantime, I respectfully request that these transfers be forwarded to this office for review and processing as required by law. I am also requesting that the justifications for the transfers be expanded to include comprehensive statements showing the exact impact of these transactions on the maintenance accounts, especially in terms of road and bridge repairs and grass cutting. I will be happy to discuss the matter with you at your convenience.

GDS:cam

cc: R. Cubberley, Supervisor, Bureau of the Budget
L. Gambaccini, Commissioner, Department of Transportation
A. Hodes, Office of Legislative Services

TO Gerald D. Silliphant

MEMORANDUM

FROM Anne P. CanbySUBJECT Department of Transportation DATE 7-20-81 TELEPHONE NO. 2-1502
Transfers

Attached are two transfer requests to replace previous transfers #071133, #071134, and #071135, which have been voided by the Department of Treasury. I would like to provide additional information both as to what the deficit represents and reasons for balances in the maintenance account.

First, the areas to be covered by the transfer are integral to the effective operation of a State Department with wide-ranging responsibilities to the public at large and to its employees. Included in this transfer are funds for the salaries and expenses of staff in the Offices of Investigative Services, Regulatory Affairs, Programming and Monitoring, and Policy Analysis, the Division of Employee and Support Services, and the Office of the Commissioner.

The functions encompass a wide range of activities. The Office of Investigative Services has been involved very substantially in developing adequate inventory control procedures, an issue which has been of some concern to your office in the past. The Office of Programming and Monitoring has the responsibility for developing the capital program and overseeing the implementation of the annual construction program. The Office of Policy Analysis has devoted a major portion of its staff to the Conrail situation, both passenger and freight. The Division of Employee and Support Services performs tasks dealing with all aspects of Personnel such as hiring and training and of plant maintenance. As you know, the Department has over 525 buildings under its jurisdiction, and the plant management bureau is responsible for keeping these facilities in decent operating condition. Many of these facilities are for our maintenance equipment and personnel. Support for the Commissioner's office is primarily clerical.

In determining the proper allocation of resources, the Commissioner and I have felt that the functions which I described above are essential to the effective performance of the Department's missions. We, therefore, made the decision that the transfer of funds was a proper allocation of the Department's limited resources. This action is not intended to suggest that the level of funding for maintenance on our state highway system is adequate. We are involved in a day-to-day balancing of needs and demands against limited resources.

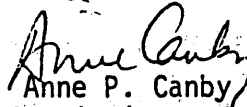
There are several reasons for the balances in the maintenance accounts. First, while we continue to try and fill all positions in our maintenance function, the large turnover in employees makes it impossible

July 20, 1981

to keep all of the positions full for 100% of any given fiscal year. Hence, the unused balances in our salary account even after the proposed transfer. These funds will carry over to FY 1982 for maintenance salaries.

Second, because snow removal is funded from various accounts and it is not possible to predict in advance of the winter season the amount of work that will be necessary, the Department has historically held funds as a contingency for snow removal. Because of the mild '80-81 winter, there were funds remaining in some accounts. In some years, however, certain maintenance activities have had to be reduced as a result of the costs of snow removal. The funds remaining in the accounts after the proposed transfer are sufficient to cover maintenance salaries and the contract maintenance work planned for FY1981. The reduction in mowing is unrelated to the balances in these accounts.

Because of the essential nature of the support functions which I have described above, and the need to balance many demands against limited resource availability, I trust you will approve the transfers. I believe that we are continuing to make progress in dealing with an overall shortfall in resources and would be pleased to discuss our plans for FY 1982 with you.


Anne P. Canby

Assistant Commissioner for Management

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GERALD D. SILLIPHANT
DIRECTOR
AND
LEGISLATIVE BUDGET OFFICER

July 24, 1981

TO: Richard B. Standiford, Deputy Director, Division of Budget & Accounting
FROM: *GDS* Gerald D. Silliphant

SUBJECT: Department of Transportation Transfers #071301 and #071302

In accordance with our previous conversation, I am returning the subject transfers without approval at this time due to the August 4, 1981, scheduling by Senator Herbert, of a Senate Transportation Committee public hearing on this matter.

The subject transfers will be reconsidered following the public hearing.

If you have any questions, please be in touch with me.

GDS/cam
attch.

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New Jersey State Legislature
OFFICE OF LEGISLATIVE SERVICES
DIVISION OF BUDGET AND PROGRAM REVIEW

GERALD D. SILLIPHANT
 DIRECTOR
 AND
 LEGISLATIVE BUDGET OFFICER

STATE HOUSE, CN-066
 TRENTON, NEW JERSEY 08625
 TELEPHONE (609) 292-1170

July 24, 1981

TO: Members of the Subcommittee on Transfers,
 Joint Appropriations Committee

FROM: *Gerald D. Silliphant*
 Gerald D. Silliphant, Director

SUBJECT: Department of Transportation
 Transfer of Appropriation Request #071301
 and #071302

This is a followup to my telephone call to you concerning pending requests for appropriation transfers from the Department of Transportation. These transfers, numbers 071301 and 071302 (copies attached), were forwarded to me on July 22, 1981, as substitutes for three previous transfers which had been processed within the Budget Bureau without my approval as required by Section 3 of the FY 1981 Appropriations Act.

The three improperly processed transfers were reversed as a result of my memorandum to Mr. Edward G. Hofgesang, Director, Division of Budget and Accounting dated July 9, 1981 (copy attached). The substitute transfers are intended to accomplish the same general purpose as the three reversed transfers; namely, to shift over \$1 million dollars from maintenance and additions and improvements accounts to salary accounts within the Commissioner's office within Administrative Services and within the Bureau of Plant Engineering and Operations. An additional amount of \$52,400, from the same sources, would be shifted to telephone accounts in the first two of these central office agencies.

The provisions of the FY 1981 Appropriations Act require me to return these transfers, either approved or disapproved, to the Director of the Division of Budget and Accounting within five working days, or in this case by July 29, 1981. In the meantime, however, Senator Herbert has scheduled a meeting of the Senate Transportation and Communications Committee, of which he is Chairman, for Tuesday, August 4, 1981, to inquire into the unauthorized transfer of funds from maintenance accounts to salary accounts as covered by the aforementioned reversed transfers. I have concluded that it would be inadvisable for me to take final action on the new transfers which have been submitted to me until after the completion of the Transportation Committee hearing. Therefore, I intend to return the two transfers at this time without my approval but with the stipulation that the transfers will be reconsidered after the hearing.

In the meantime, the salary and telephone accounts in the Commissioner's office and in Administrative Services are in a deficit condition as is the salary account in the Bureau of Plant Engineering and Operations. In the case of the salary accounts, however, FY 1981 final payroll disbursements have been made to the employees covered thereby.

Any subsequent action taken by me on these transfers will be on or after August 4, 1981, the date of the Senate Transportation Committee public hearing. This, of course, is after the closing of the fiscal 1981 accounts. However, indications from the Division of Budget and Accounting, the Attorney General's staff, and the Division of State Auditing are that account adjustments will be possible at that time.

GDS/cam
attch.

(1) TRANSACTION CODE 5/C	(2) BATCH NUMBER	(3) NEW/ MATCH
20 0		

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

FISCAL YEAR	TRANSACTION DATE	DOC TYPE	DOCUMENT NUMBER	REPL INDICATION
8, 1	0, 6, 0, 5, 8, 1		071133	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED

LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED

AGENCY INTERNAL TRANSFER

ORDER FOR ALLOTMENT

TRANSFER FROM Transportation

PAGE _____ OF _____

(10) ACCOUNT NUMBER				(11)	(12)	(13)	(14)* COR- REC- TION CODE	(15) & ALLOT- TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT		(18) ACTION CODE	(19) ENRRR SUSPENSE NUMBER	(20) DEL REPL
ORGANI- ZATION	FUND	PROGRAM	OBJECT	COST CENTER	PROJECT ACTIVITY	EXTENDED NUMBER								
<i>Mgmt</i> 6100	100	<i>Mgmt</i> 060000	<i>Co</i> 00			<i>Ad + Bu</i>		2			225,000	00	F	
													F	
													F	
													F	
													F	
													F	
TOTAL											225,000	00		

Adm S TRANSFER TO *Adm Sv* Transportation

(10)	(11)	(12)	(13)	(14)*	(15)	(16)	(17)	(18)	(19)	(20)
ACCOUNT NUMBER	FUND	PROGRAM	OBJECT	COR-REC-TION CODE	ALLOT-TING CODE	CURRENT ALLOTMENT AMOUNT	APPROPRIATION TRANSFER AMOUNT	ACTION CODE	ENRRR SUSPENSE NUMBER	DEL REPL
6010	100	980000	12		1		225,000	00	T	
									T	
									T	
									T	
									T	
									T	
TOTAL								225,000	00	

STIPIFICATION: (USE SEPARATE SHEET IF NECESSARY)

Transfer is required to provide funds for salary account that is projected to have need for addad-dollars to cover payroll expenditures, to be made prior to close of F.Y. 1981.

ENTERED
JUN 18 1981

INSTRUCTIONS-(ALSO SEE PROCEDURES MANUAL)
FIELD #14 CORRECTION CODE BLANK - NORMAL ENTRY C - CORRECTION

FIELD #15 ALLOTING CODE
1 - ADJUST CURRENT ALLOTMENT
2 - ADJUST CURRENT RESERVE
3 - ADJUST CURRENT AS INDICATED

QUESTED BY: _____ AGENCY/INSTITUTION _____

SIGNATURE _____ DATE _____

APPROVED: DEPARTMENT Transportation

Donald B Dresher
DONALD B DRESHER SIGNATURE
SUPERVISING ACCOUNTANT 6/5/81

TITLE _____ DATE _____

APPROVED: LEGISLATIVE BUDGET OFFICE

W. H. ...
SIGNATURE DATE

APPROVED: DIVISION OF BUDGET AND ACCOUNTING

W. H. ...
SIGNATURE DATE

(1) TRANSACTION CODE S/C	(2) BATCH NUMBER	(3) NEW/ MATCH
20 0		

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

(4) FISCAL YEAR	(5) TRANSACTION DATE	(6) DOC TYP	(7) DOCUMENT NUMBER	(8) REFLECT INDICATOR
81	06 04 81		071134	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED

LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED

AGENCY INTERNAL TRANSFER

ORDER FOR ALLOTMENT

TRANSFER FROM Transportation

PAGE _____ OF _____

(9) ADD ACCT IND	(10) ACCOUNT NUMBER			(11) ORGANI- ZATION	(12) FUND	(13) PROGRAM	(14) OBJECT	(15) COST CENTER	(16) PROJECT ACTIVITY	(17) EXTENDED NUMBER	(18) COR- REC- TION CODE	(19) ALLOT- TING CODE	(20) CURRENT ALLOTMENT AMOUNT	(21) APPROPRIATION TRANSFER AMOUNT		(22) ACTION CODE	(23) ACCOUNTING USE ONLY (24) ERROR SUSPENSE NUMBER	(25) DEL REPL	
	(26) ORGANI- ZATION	(27) FUND	(28) PROGRAM											(29) CURRENT ALLOTMENT AMOUNT	(30) APPROPRIATION TRANSFER AMOUNT				
	6100	100	060000	12						<i>Ad + Budget</i>		1		135,000	00	✓	AF		
																	F		
																	F		
																	F		
																	F		
																	F		
														TOTAL	135,000	00			

Bur Plant Exp Oper
TRANSFER TO Transportation

	6120	100	080000	12						<i>Salary</i>		1		135,000	00	✓	NT		X
			<i>Same</i>														T		
																	T		
																	T		
														TOTAL	135,000	00			

JUSTIFICATION: (USE SEPARATE SHEET IF NECESSARY)

Transfer is required to make up projected shortage in the 6120 Salary accounts.

It is anticipated that a sufficient balance will remain in the 6100-100-060000-12 account thru the end of F.Y. 1981.

ENTERED

JUN 18 1981

INTO ACCOUNT

INSTRUCTIONS: (ALSO SEE PROCEDURES MANUAL)
LD #14 CORRECTION CODE BLANK - NORMAL ENTRY C - CORRECTION

FIELD #15 ALLOTMENT CODE

- 1 - ADJUST CURRENT ALLOTMENT
- 2 - ADJUST CURRENT RESERVE
- 3 - ADJUST CURRENT AS INDICATED

REQUESTED BY: _____
AGENCY/INSTITUTION: _____
SIGNATURE: _____
TITLE: _____ DATE: _____

APPROVED: DEPARTMENT Transportation
Donald B. Drescher
DONALD B. DRESHER SIGNATURE
SUPERVISING ACCOUNTANT 6/4/81
TITLE: _____ DATE: _____

APPROVED: LEGISLATIVE BUDGET OFFICER
SIGNATURE: _____ DATE: _____
APPROVED: DIVISION OF BUDGET AND ACCOUNTING
[Signature]
SIGNATURE: _____ DATE: _____

(1) TRANSACTION CODE S/C	(2) BATCH NUMBER	(3) NEW/ MATCH
20 U		

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

(4) FISCAL YEAR	(5) TRANSACTION DATE	(6) DOC TYP	(7) DOCUMENT NUMBER	(8) REJECT INDICATOR
81	0605	81	071135	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED
 LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED
 AGENCY INTERNAL TRANSFER
 ORDER FOR ALLOTMENT

TRANSFER FROM **Transportation**

PAGE 2 OF 2

(9) ADD CCT IND	(10) ACCOUNT NUMBER			(11) OBJECT	(12) PROJECT ACTIVITY	(13) EXTENDED NUMBER	(14)* COR- REC- TION CODE	(15) * ALLOT- TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT	(18) ACTION CODE	(19) ACCOUNTING USE ONLY	
	ORGANI- ZATION	FUND	PROGRAM NUM									(19) ERROR SUSPENSE NUMBER	(20) DEL REPL
	6100	100	060000	12	Salary	Roadway + Bridge		1		250,000 00	F		
	6100	100	060000	73	High Road + Bridge Const			1		330,000 00	F		
	6010	100	980000	56	Comp Awards	Employee Sr		1		70,000 00	F		
											F		
											F		
											F		
TOTAL										650,000 00			

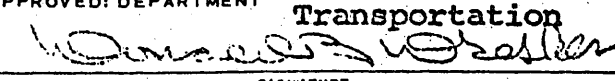
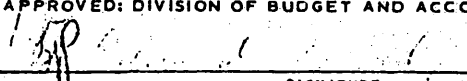
TRANSFER TO **Transportation**

	6000	100	990000	38				1		7,000 00	T	omit	
			Comm	other Sr							T		
											T		
											T		
											T		
											T		
TOTAL										7,000 00			

ENTERED

JUSTIFICATION: (USE SEPARATE SHEET IF NECESSARY)

Transfer is required to provide funds for salary accounts and for certain object accounts that are projected to have need for added dollars to cover payroll expenditures, inventory and direct charges and other costs to be made prior to close of F.Y. 1981. The accounts providing the funds to cover the deficit are deemed to have adequate sums for the remainder of this fiscal year.

INSTRUCTIONS: (ALSO SEE PROCEDURES MANUAL) FIELD #14 CORRECTION CODE BLANK - NORMAL ENTRY C - CORRECTION FIELD #15 ALLOTING CODE 1 - ADJUST CURRENT ALLOTMENT 2 - ADJUST CURRENT RESERVE 3 - ADJUST CURRENT AS INDICATED		APPROVED: LEGISLATIVE BUDGET OFFICER SIGNATURE _____ DATE _____	
REQUESTED BY: _____ AGENCY/INSTITUTION: _____ SIGNATURE _____ TITLE _____ DATE _____	APPROVED: DEPARTMENT Transportation  Donald B. Dredler Supervising Accountant 6/5/81 SIGNATURE _____ DATE _____		APPROVED: DIVISION OF BUDGET AND ACCOUNTING  SIGNATURE _____ DATE _____

20	0	BATCH NUMBER	NEW/MATCH
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STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

(4) FISCAL YEAR	(5) TRANSACTION DATE	(6) DOC TYP	(7) DOCUMENT NUMBER	(8) REJECT INDICATOR
81	060581		071135	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED

LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED

AGENCY INTERNAL TRANSFER

ORDER FOR ALLOTMENT

TRANSFER FROM

PAGE 1 OF 2

(10) ACCOUNT NUMBER				(11)	(12)	(13)	(14)* COR-REC-TION CODE	(15) # ALLOT-TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT	(18) ACTION CODE	(19) ACCOUNTING USE ONLY ERROR SUSPENSE NUMBER	(20) DEL REPL
ORGANI-ZATION	FUND	PROGRAM	OBJECT	COST CENTER	PROJECT ACTIVITY	EXTENDED NUMBER							
											F		
											F		
											F		
											F		
											F		
											F		

ENTERED

TRANSFER TO **Transportation**

ORGANI-ZATION	FUND	PROGRAM	OBJECT	COST CENTER	PROJECT ACTIVITY	EXTENDED NUMBER	(14)* COR-REC-TION CODE	(15) # ALLOT-TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT	(18) ACTION CODE	(19) ACCOUNTING USE ONLY ERROR SUSPENSE NUMBER	(20) DEL REPL
6010	100	980000	12	Salery		Employee Sr		1		186,600 00	T		
6010	100	980000	31	tel				1		32,400 00	T		
6010	100	980000	38	oltr sr				1		9,000 00	T		
16000	100	990000	12	Sal				1		390,000 00	T		
6000	100	990000	31	tel				1		20,000 00	T		
6000	100	990000	36	Prof Sr				1		5,000 00	T		
									TOTAL	See Page 2 of 2			

NOTIFICATION: (USE SEPARATE SHEET IF NECESSARY)

COLL S.C.	BATCH NUMBER	MATCH
20	0	

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

YEAR	TRANSACTION DATE	IVV	DOCUMENT NUMBER	INDICATION
81	072081		071301	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED
 LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED
 AGENCY INTERNAL TRANSFER
 ORDER FOR ALLOTMENT

TRANSFER FROM

Transportation

PAGE _____ OF _____

(9) ADD ACCT IND	(10) ACCOUNT NUMBER				(11) COST CENTER	(12) PROJECT ACTIVITY	(13) EXTENDED NUMBER	(14)* COR- REC- TION CODE	(15) * ALLOT- TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT		(18) ACTION CODE	(19) ACCOUNTING USE ONLY ERROR SUSPENSE NUMBER		(20) DEL REPL		
	ORGANI- ZATION	FUND	PROGRAM	OBJECT														
	6100	100	060000	00					2			225,000	00	F				
	6100	100	060000	12					1			250,000	00	F				
	6100	100	060000	73					1			379,400	00	F				
	6010	100	980000	56					1			70,000	00	F				
														F				
														F				
TOTAL																		

TRANSFER TO

Transportation

	6010	100	980000	12					1			460,000	00	T				
	6010	100	980000	31					1			32,400	00	T			12x	
	6000	100	990000	12					1			412,000	00	T				
	6000	100	990000	31					1			20,000	00	T				
														T				
														T				
TOTAL																		

JUSTIFICATION: (USE SEPARATE SHEET IF NECESSARY)

As Per Attached Letter

*INSTRUCTIONS: (ALSO SEE PROCEDURES MANUAL)
FIELD #14 CORRECTION CODE BLANK = NORMAL ENTRY C = CORRECTION

FIELD #15 ALLOTMENT CODE

- 1 - ADJUST CURRENT ALLOTMENT
- 2 - ADJUST CURRENT RESERVE
- ADJUST CURRENT AS INDICATED

APPROVED: LEGISLATIVE BUDGET OFFICER

REQUESTED BY: _____
AGENCY/INSTITUTION _____

APPROVED: DEPARTMENT *Transportation*

APPROVED: DIVISION OF BUDGET AND ACCOUNTING

SIGNATURE _____

Donald B. Drescher
DONALD B. DRESCHER SIGNATURE
SUPERVISING ACCOUNTANT 7/20/81

Edward J. ...
SIGNATURE _____
7-21-81

TITLE _____ DATE _____

TITLE _____ DATE _____

TITLE _____ DATE _____

(1) TRANSACTION CODE	(2) BATCH NUMBER	(3) NEW/ MATCH
20	0	

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
ACCOUNTING BUREAU

(4) FISCAL YEAR	(5) TRANSACTION DATE	(6) DOC TYP	(7) DOCUMENT NUMBER	(8) PROJECT INDICATOR
81	07, 2, 0, 8, 1		071302	

TRANSFER OF APPROPRIATION

BUDGET APPROVAL REQUIRED

LEGISLATIVE BUDGET OFFICE APPROVAL REQUIRED

AGENCY INTERNAL TRANSFER

ORDER FOR ALLOTMENT

TRANSFER FROM
Transportation

PAGE _____ OF _____

(10) ACCOUNT NUMBER				(11)	(12)	(13)	(14)* COR- REC- TION CODE	(15) * ALLOT- TING CODE	(16) CURRENT ALLOTMENT AMOUNT	(17) APPROPRIATION TRANSFER AMOUNT	(18) ACTION CODE	(19) ACCOUNTING USE ONLY ERROR SUSPENSE NUMBER	(20) DEL REPL
ORGANI- ZATION	FUND	PROGRAM	OBJECT	COST CENTER	PROJECT ACTIVITY	EXTENDED NUMBER							
6100	100	060000	12					1		145,000 00	F		
											F		
											F		
											F		
											F		
											F		
TOTAL										145,000 00			

TRANSFER TO *Transportation*

6120	100	080000	12					1		145,000 00	T		
											T		
											T		
											T		
											T		
											T		
TOTAL										145,000 00			

JUSTIFICATION: (USE SEPARATE SHEET IF NECESSARY)

As Per Attached Letter

INSTRUCTIONS: (ALSO SEE PROCEDURES MANUAL) FLD #14 CORRECTION CODE BLANK - NORMAL ENTRY C - CORRECTION		FIELD #15 ALLOTING CODE	1 - ADJUST CURRENT ALLOTMENT 2 - ADJUST CURRENT RESERVE 3 - ADJUST CURRENT AS INDICATED	APPROVED: LEGISLATIVE BUDGET OFFICER
QUESTED BY:	AGENCY/INSTITUTION	APPROVED: DEPARTMENT	<i>Transportation</i>	SIGNATURE
		<i>Donald B. Drescher</i>		DATE
SIGNATURE		DONALD B. DRESHER SIGNATURE		APPROVED: DIVISION OF BUDGET AND ACCOUNTING
		SUPERVISING ACCOUNTANT	7/20/81	<i>[Signature]</i>
TITLE	DATE	TITLE	DATE	SIGNATURE

SUBMITTED BY COMMISSIONER GAMBACCINI

NON-SUPERVISORY MAINTENANCE POSITIONS

NEED VS. ACTUAL

	<u>Need</u>	<u>1981 Actual</u>	<u>1982 Proposed</u>
Road Maintenance	1541	1007 (65%)	1075 (70%)
Bridge Maintenance	282	90 (32%)	162 (57%)
Landscape	460	236 (51%)	96 (21%)

