

P U B L I C   H E A R I N G

before

STATE COMMISSION ON EFFICIENCY AND ECONOMY IN STATE GOVERNMENT

Held:

May 24, 1977

Bergen County Administration Building  
Hackensack, New Jersey

MEMBERS OF COMMISSION PRESENT:

Marjorie Myngaarden (Chairwoman)  
Senator Garrett W. Hagedorn  
Assemblyman Walter J. Kavanaugh  
Alvin L. Leisey, Jr.  
Peter Russo

ALSO:

Assemblyman Harold Martin  
Patrick G. Brady, Research Associate  
Legislative Services Agency  
Commission Aide



PUBLIC HEARINGS

before

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MEMBERS OF COMMISSION PRESENT:  
Honorable Raymond J. McGowan (Chairman)  
Honorable Robert W. McGowan  
Honorable Walter J. McGowan  
Alvin L. Linsky, Jr.  
Peter Russo  
Also:  
Honorable Harold Harris  
Richard O. Brady, Research Associate  
Legislative Services Agency  
Commission Aide

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1 CHAIRMAN MYNGAARDEN: Good  
2 Morning. I'm Marge Myngaarden. I'm  
3 a member of the State Commission on  
4 Economy and Efficiency in State Government.

5 The chairman of the Commission,  
6 Ms. Alene Amond, has asked me to chair this  
7 meeting.

8 Many of you are aware that this  
9 Commission is part of the income tax  
10 package. It was a legislative concurrent  
11 resolution which created the Commission to  
12 uncover and report waste, duplication,  
13 inefficiency and mismanagement in state  
14 governmental operations.

15 I'd like to introduce the members  
16 of the Commission that are here today. We  
17 have Senator Garrett Hagedorn, the gentle-  
18 man here; Mr. Alvin Leisey is a citizen  
19 member as I am; Mr. Peter Russo, who is a  
20 citizen member.

21 I have a list of persons who have  
22 indicated their desire to testify. If  
23 there are others in the chambers who wish  
24 to testify will you please register with  
25 Patrick Brady, who just left the room. He





1 is serving as secretary to the Commission.

2 As each of the witnesses are  
3 called we ask that you sit at the desk and  
4 speak into the microphone -- I am sorry, it's  
5 stand at the desk. Please identify your-  
6 self by stating your name, address and  
7 organization, if any, that you represent.

8 If you have a prepared statement  
9 we further request that you make copies  
10 available to the Commission.

11 We ask that witnesses remain  
12 seated after making the formal presentation  
13 in order to answer questions that the  
14 members of the Commission may have.

15 No questions may be directed to  
16 the Commission members, and all questions  
17 will be asked by members of the Commission

18 Under no circumstances should  
19 anyone rise or interrupt the proceedings  
20 by asking questions or making statements.

21 Thank you. I will call the first  
22 witness. It is Senator John Skevin.

23 SENATOR SKEVIN: Good Morning.  
24 You want me to stand here?

25 CHAIRMAN MYNGAARDEN: That would

1           be fine.

2                   Thank you.

3                   SENATOR SKEVIN: I'm John M.  
4           Skevin from District 38, Bergen County,  
5           State Senator.

6                   Let me begin by commending, if  
7           I might, the purpose of this committee.  
8           Frankly, I believe that in directing your  
9           attention to efficiency in government, you  
10          are focusing on what is possibly one of the  
11          biggest problems between government and  
12          the people at all levels -- municipal,  
13          county, state and national.

14                   I feel it is not a misstatement  
15          to say that whenever government comes to  
16          the people for additional monies, it is the  
17          taxpayer's belief that those monies will be  
18          largely wasted by over-staffed, poorly  
19          managed, bureaucratic agencies. It could  
20          be that is a "bum rap", as the younger  
21          generation might say. It is quite con-  
22          ceivable that governmental agencies are much  
23          better managed than the general public  
24          believes, that the amount of extravagance  
25          and waste is nowhere near the level the



1 taxpayers believe.

2           However, this much is certain,  
3 in the administration of any organization  
4 the size of a state, there is bound to be  
5 a certain amount of inefficiency. Whether  
6 or not some waste must be accepted as being  
7 "in the nature of the beast" is argumenta-  
8 tive, at least from the standpoint of  
9 ideals. However, from the standpoint of  
10 practicality, it is certain there will  
11 always be some waste.

12           Accepting the fact that there  
13 will always be "some" waste, "some"  
14 inefficiency, "some" mismanagement, "some"  
15 extravagance does not mean we have to  
16 accept it without question. And certainly,  
17 the state government should be run with an  
18 amount of efficiency equal to that of any  
19 large corporation.

20           Let me get to my point.

21           I would like today to direct this  
22 Committee's attention to one specific area  
23 of governmental operation, the question of  
24 state office space and its costs; not from  
25 the standpoint of condemning present prac-

1 tices per se, as representing "something  
2 wrong", but with the viewpoint of suggest-  
3 ing a possible improvement. In short,  
4 if any of my words seem to reflect some  
5 measure of criticism, it is hoped that  
6 criticism can at least be viewed as con-  
7 structive.

8 If a citizen in Bergen County were  
9 to have business with the State of New Jersey,  
10 it is probable he or she might begin their  
11 effort to make contact with the government  
12 by consulting the telephone directory.  
13 Were the person to do so, he would find  
14 almost one hundred telephone numbers listed  
15 for the State. I am not criticizing that  
16 fact. Every effort is apparently made to  
17 make the task fast -- including a separate  
18 listing of "most frequently called numbers"  
19 -- but I might point out in passing that  
20 I fail to see any number simply for assis-  
21 tance or guidance -- some number that a  
22 taxpayer could call if he did not know where  
23 to direct his request for action. As I  
24 said, this is a comment just "in passing."

25 I am really directing this



1 Committee's attention to what lies behind  
2 those telephone numbers.

3 In Bergen County -- according to  
4 some quick research -- the State rents or  
5 leases space at some thirty-six separate  
6 locations; approximately 85,000 square feet  
7 of space at an annual rent of more than  
8 \$510,000 a year -- just over one-half  
9 million dollars. Much of that space is,  
10 understandably, right here in Hackensack --  
11 58,000 square feet, at nine separate loca-  
12 tions -- at an annual cost of more than  
13 \$330,000 a year. Frankly, it is difficult  
14 to envision any large corporation spreading  
15 its district office operations over nine  
16 separate locations in any city. Obviously,  
17 this must, of necessity, contribute to a  
18 certain degree of inefficiency and duplicate  
19 expense. It must mean a duplication of  
20 switchboard operations, for instance; a  
21 duplication of reception area expenses;  
22 a duplication of security considerations.  
23 Conversely, it would seem that were all  
24 these operations located in one central  
25 location, considerable savings could be

1           effected; and many improvements in  
2           efficiency -- such as joint secretary  
3           pools, et cetera, might be considered.

4                   Let me immediately concede that  
5           some State agencies need to be spread out,  
6           some require localized offices if they are  
7           to be of service to various areas of the  
8           county.

9                   And, of course, let me acknowledge  
10          that there is no alternative to separate  
11          space arrangements at this time because  
12          the State is forced to find accommodations  
13          wherever it can. However, let us also  
14          make note of the fact that the County of  
15          Bergen itself is facing much the same  
16          problem -- its offices are spread here and  
17          there because the county has outstripped  
18          the space available in its own buildings.

19                   We are, however, surrounded by  
20          county property right outside this meeting  
21          room -- space now being utilized for park-  
22          ing areas. My suggestion is simply this:  
23          Why shouldn't the State of New Jersey enter  
24          into a lease arrangement with the County of  
25          Bergen to acquire the necessary land right



1 here in the county seat so that the State  
2 could construct a branch office, if you  
3 would, a state office building in Hacken-  
4 sack immediately adjacent to the county  
5 buildings. As far as the parking space is  
6 concerned, this could naturally be con-  
7 tained within the new building -- the  
8 state building simply rising above the  
9 floors of the enclosed parking area.  
10 Further, the State could work out an  
11 arrangement to lease to the county the  
12 space it requires in the complex.

13 I admit that my suggestions may  
14 be far more complicated than I am making  
15 it appear; however, consider this:

16 The State of New Jersey is  
17 already spending \$330,000 a year for the  
18 rental of office space here in Hackensack.  
19 Over a ten year period alone that comes to  
20 more than \$3,330,000; over twenty years --  
21 \$6,000,000. It would certainly seem that  
22 such figures permit consideration of build-  
23 ing our own structure.

24 Secondly, there is the savings  
25 and improved efficiency to be considered

1 by having whatever state agencies are  
2 feasible located within one structure  
3 not only would this permit savings in state  
4 expenditures for staff and facilities, it  
5 would be a convenience for citizens who  
6 could expect to find all state agencies at  
7 one location.

8 Thirdly, it could be a service  
9 to the county of Bergen itself by permit-  
10 ting the county to avail itself of space  
11 in such a building on a non-profit lease  
12 arrangement from the state.

13 Finally the state building could  
14 be, I would hope, a great addition to the  
15 City of Hackensack itself -- either a  
16 complex of buildings or possibly a multi-  
17 story building with whatever number of  
18 floors might be necessary and feasible.

19 Incidentally, I would think  
20 federal monies might be available for such  
21 a project, and I would hope this possibly  
22 could be considered, if, indeed, these  
23 basic thoughts are worthy of exploration.

24 Also, it would seem such a possi-  
25 bility might be explored in each of our

1 counties, leading to the eventual con-  
2 struction of twenty-one state office  
3 buildings -- one in every county seat.

4 Obviously if the government is  
5 to gain the respect of its citizens, we  
6 must treat our taxpayers with the respect  
7 that a corporation treats its stockholders.  
8 We must be prepared to account to the tax-  
9 payers by saying we have done everything  
10 possible to expend as wisely and efficient-  
11 ly as possible, the monies with which they  
12 have entrusted us -- for their good and  
13 the good of their neighbors -- in the  
14 public interest and not as though there  
15 are no limits to the source from which it  
16 comes. The very existence of this Committee  
17 I believe, contributes to that image. Con-  
18 crete recommendations from it will cer-  
19 tainly be a major factor in earning the  
20 public's trust.

21 Let me say that I stand ready  
22 to support any recommendations for effi-  
23 ciency in government which the witnesses  
24 before you can document as being in the  
25 public good.

1 I thank you for this opportunity  
2 to speak here today, and I wish you well  
3 in what lies ahead.

4 CHAIRMAN MYNGAARDEN: Thank you,  
5 Senator Skevin.

6 The members of the Committee  
7 have any questions for Senator Skevin?  
8 Yes.

9 MR. RUSSO Senator, are you  
10 advocating that all these people who are  
11 not paying parking fees out here, are you  
12 interested in getting rid of all these  
13 parking places and putting buildings on  
14 them? Is that what you are saying?

15 SENATOR SKEVIN: No, basically  
16 I would make use of the parking area and  
17 build the buildings over the parking area,  
18 sir. In other words, we would still have  
19 the parking areas contained within the  
20 building except we would make use of the  
21 air space over those parking areas.

22 MR. RUSSO: In Bergen County I  
23 think this is the only area where you can  
24 come here and park a car. If you go to  
25 any other county you just can't park a car



1 at all.

2 SENATOR SKEVIN: Right.

3 MR. RUSSO: So I just can't  
4 understand the reason for changing a system  
5 like that because it's such a wonderful  
6 thing. You come down here and park your  
7 car without having -- the more buildings  
8 you put up the more cars you are going to  
9 get.

10 SENATOR SKEVIN: Right. That's  
11 a good point, but we're not talking about  
12 taking away those parking spaces. We want  
13 to keep them and build over them so that  
14 we don't waste the money that we do now,  
15 the \$500,000 or more that we spend here  
16 in Bergen County for state buildings.

17 CHAIRMAN MYNGAARDEN: Any other  
18 questions?

19 (No response.)

20 CHAIRMAN MYNGAARDEN: At this  
21 time I'd like to introduce Mr. Harold  
22 Martin, who is a member of our Committee,  
23 he was Assemblyman for District 39.

24 Our next witness is Mr. Tom  
25 Rooney, representing the State Chamber of

Commerce.

MR. ROONEY: Thomas Rooney  
R-o-o-n-e-y.

Madam Chairman, the Bergen County Chamber appreciates the opportunity to testify today before this Committee and present our views on a matter which we feel is of extreme importance to the State of New Jersey.

There is to this meeting today almost a sense of de ja vous, that we have a feeling we've been through this before. And the fact is that that is the case.

The beginning of this decade the Governor of New Jersey appointed a special commission to study state government operation. It was entitled the Governor's Management Commission. It was proposed of dozens of highly competent volunteers from the private sector, men and women who gave their time to go into the government study operations of individual departments, and after they had concluded their study to submit a list of specific recommendations to the Governor as

1 to what they felt could and should be done  
2 in order to improve the efficiency and  
3 lower the cost of State government.

4 The report of the Chairman,  
5 William S. Field, November 9, 1970, about  
6 six and a half years ago, stated that the  
7 quality and diversities of talent within  
8 the task force could not have been pro-  
9 cured from any other source. Although this  
10 contribution was valued at more than  
11 \$500,000 for the project no state funds  
12 were used. So at the beginning of this  
13 decade we had a survey conducted, apparent-  
14 ly in even greater depth than this Commis-  
15 sion is empowered to do. And they came up  
16 with a list of results.

17 There is no point in talking  
18 about economy in State Government as to  
19 how departments can be shuffled around or  
20 different placement of desks, typewriters,  
21 duplicating machines and all the rest,  
22 unless we go to the heart of the whole  
23 matter. And that is how much money the  
24 government has to spend, and what to spend  
25 it on.

1                   In the forward to the Commission's  
2 Report, which is a very comprehensive re  
3 port --

4                   CHAIRMAN MYNGAARDEN: May I  
5 interrupt you for a moment, Mr. Rooney.  
6 Commission members are aware of that  
7 report.

8                   MR. ROONEY: Right. That's good,  
9 because that's a starting point for what's  
10 going on now.

11                   The Commission states in the  
12 forward, employment in the state government  
13 will reach an estimated 40,000 in the year  
14 ending June 30, 1971, compared to 31,000  
15 only ten years ago.

16                   So in 1961 the State of New Jersey  
17 had 31,000 employees. Ten years later,  
18 in 1971 it had 47,000. And the latest  
19 figures from the New Jersey Department of  
20 Labor and Industry, and as published in  
21 Economic Indicators showed that as of now,  
22 March '77, the latest month for which there  
23 are figures, the State of New Jersey has  
24 80 700 employees. It has added 1,000  
25 employees in just the last one year.



1                   Since March of 1976, or better  
2                   yet, from August of '73, which is three  
3                   years and eight months ago, August of '73,  
4                   the number of State employees has increased  
5                   by 10,600 individuals, and it is difficult  
6                   to see, very frankly, how any meaningful  
7                   savings can be achieved by this Commission  
8                   no matter how much time you spend, and no  
9                   matter how well intentioned you may be as  
10                  long as the number of governmental employees  
11                  of the State of New Jersey continues to  
12                  increase at such a phenomenal rate.

13                 The figures again, in 1961  
14                 31,000 employees; right now 80,700 state  
15                 employees, 1,000 in the last year alone.

16                 The Commission hoped to produce  
17                 savings which would come to about \$59  
18                 million. It made a total list of 741  
19                 specific recommendations.

20                 Subsequent studies show, to the  
21                 best of our knowledge, the best information  
22                 we have been able to obtain is that 195 of  
23                 these recommendations were put into effect,  
24                 26% or only one out of every four.

25                 We have never been able to find

1 out from anyone why the other 3/4ths of  
2 the recommendations were not implemented.  
3 And we would strongly recommend that this  
4 Commission determine why they were not,  
5 if they can still be, and if they were not,  
6 what the reasons would be. The potential  
7 savings available at that time of some  
8 \$56 million, of a one time saving and  
9 hopefully a yearly saving of at least \$85  
10 million.

11 At that time the numbers were  
12 quite large, but now we have seen taxes  
13 in this state rise to such a point that  
14 these numbers, 56 million, 85 million,  
15 as large as they are, seem relatively  
16 small compared to the total State budget.

17 We have gone into an extraordin-  
18 arily different range of state taxation,  
19 of state spending, and to help clarify this  
20 we have prepared a graph which I would like  
21 to pass out to the Commission members,  
22 which will make it visually apparent why  
23 we feel the State of New Jersey is on a  
24 highly destructive course.

25 Our whole experience with govern-

1           ment seems to be that no matter how much  
2           money is available it's always claimed  
3           that there is never enough, and that more  
4           is needed but then when more becomes  
5           available through additional taxation  
6           we are told again that that is not enough,  
7           and that still more is required.

8                       This graph shows that in the  
9           year 1957 the State of New Jersey's Budget  
10          was approximately \$320 million, not even  
11          one-third of one billion. It shows that  
12          the upcoming budget for fiscal '78, gross  
13          taxation in New Jersey as well as lottery  
14          money will reach more than \$4 billion.  
15          This means that the state budget of the  
16          State of New Jersey has increased by more  
17          than twelve times in just the last 21 years,  
18          totally, absolutely unprecedented through-  
19          out several hundred year history of the  
20          State of New Jersey, absolutely without  
21          precedent.

22                      CHAIRMAN MYNGAARDEN: Mr. Rooney,  
23          do you have specific recommendations to  
24          make?

25                      MR. ROONEY: Yes, we do.

1                   It shows that the seven year  
2                   period from -- we divided this twenty-one  
3                   year period into three segments of seven  
4                   years each. The first seven year segment  
5                   the average yearly increase was \$31 million;  
6                   the second seven year period the average  
7                   yearly increase was \$147 million; and the  
8                   third seven year period that we are just  
9                   finishing now the average yearly increase  
10                  \$353 million.

11                  As long as all of this money  
12                  continues to become available through  
13                  taxation we believe that we will not see  
14                  efficiency and economy in the state govern-  
15                  ment. We will not. There is no need to,  
16                  because there is no competitive force,  
17                  there is no need to be economical, the  
18                  same as a family or a business that has  
19                  vast amounts of additional money coming  
20                  in every single year.

21                  So our recommendation, the most  
22                  important, overriding everything else is  
23                  that absolutely the State of New Jersey  
24                  must stop this incredible rise in taxation.  
25                  It must reduce the amounts of money which



1 are available to it, and to other govern-  
2 ment operations. It is totally, absolutely  
3 mathematically impossible for the State of  
4 New Jersey, any state, any family, any  
5 business to continue a rise in spending  
6 like this indefinitely.

7 We are no longer on a linear  
8 curve, mathematically this would be ex-  
9 pressed as an exponential curve, guaranteed  
10 destruction absolutely.

11 So this is the most important  
12 recommendation which we can make to this  
13 Commission, to the State of New Jersey,  
14 this unprecedented rise in taxation, making  
15 more money available, reducing efficiency,  
16 reducing economy, has to be halted. If it  
17 is not then everything else that you may  
18 accomplish, no matter how good it will be  
19 will be relatively insignificant, and the  
20 overall damage done will be far in excess  
21 of any benefits which are achieved.

22 The second recommendation is the  
23 State of New Jersey must question very,  
24 very strongly any additional programs or  
25 operations which it takes on. It must go

1 further than that, and question most  
2 seriously any programs or operations which  
3 it has going at the present time, because  
4 the goal the desire to do good and to  
5 correct problems sometimes seems to wind  
6 up in doing harm and causing more problems  
7 then are created in the first place.

8 For example, the other day we  
9 saw in the paper the State purchasing  
10 238 new railroad cars at a cost of \$750,000  
11 apiece, 80% being funded by the federal  
12 government, but the question which has to  
13 be raised and debated very seriously in  
14 the upcoming Legislature is whether or not  
15 the State of New Jersey should be at all  
16 involved in the railroad business.

17 We see buses going up and down  
18 our roads, the owner, Department of  
19 Transportation of the State of New Jersey.

20 CHAIRMAN MYNGAARDEN: Mr. Rooney,  
21 would you please confine your remarks to  
22 specific recommendations and please try to  
23 wind up within the next five minutes.

24 There are other people waiting to testify.

25 MR. ROONEY: My recommendations

1 are being made. And one is, as I just  
2 said, that the State of New Jersey must  
3 seriously question whether or not it should  
4 remain in the bus business, in the railroad  
5 business.

6 The Bergen County Chamber is  
7 deeply involved in promoting a deeper  
8 understanding of our free market, free  
9 enterprise system. And one of the main  
10 requirements of this is that any operation  
11 which can be done by the private sector  
12 should be done by the private sector, and  
13 that the government should confine itself  
14 only to those operations which cannot be  
15 carried out by the private sector.

16 The buses and trains were run  
17 for many decades by the private sector.  
18 So it can be done.

19 So our recommendation is to  
20 consider whether or not the State govern-  
21 ment should not get out of the transporta-  
22 tion business.

23 The other recommendation, and  
24 again it ties into taxation, there is no  
25 way you can get away from the taxation

1 matter in this State, absolutely impossible.  
2 Our recommendation is that we must learn  
3 by the experience of our city across the  
4 river, New York, the damage that can be  
5 done by excessive taxation.

6 Last Thursday I was a participant  
7 in a meeting, a seminar by the New York  
8 Chamber of Commerce and Industry, and one  
9 of the quotes that was given there by a  
10 speaker was so impressive for this Committee  
11 that I wrote it down immediately so that I  
12 could present it to you today as part of  
13 your considerations.

14 The speaker was Osborne Elliot,  
15 the Deputy Mayor of New York City in charge  
16 of Economic Deevlopment. And he was going  
17 through the list of problems that they have,  
18 the solutions they are trying to reach,  
19 very similar to what you are doing here,  
20 how can you can improve your operation,  
21 how you can provide more, how you can hold  
22 down taxes. And this is the quote that he  
23 made. He went into the problem that they  
24 had of business leaving New York City. He  
25 said, "The most burdensome tax, determining

1 whether business moves in or out of New  
2 York City is ~~the~~ personal income tax."

3 He said the businessmen prefer  
4 to go to states with no income tax, like  
5 Connecticut and New Jersey. New Jersey  
6 now has lost that competitive edge.

7 So we recommend to the Commission  
8 that again the Legislature and the Governor  
9 rethink their position on the New Jersey  
10 State Income Tax. It is admitted by the  
11 Deputy Mayor of New York and other people  
12 in New York that its effects over there  
13 have been most damaging. Why should we  
14 in New Jersey repeat such a grievous error  
15 that was made by the largest city in the  
16 United States?

17 We recommend that we learn from  
18 the experience of this city across the  
19 Hudson River and not duplicate here the  
20 same destructive policies which have hurt  
21 them so badly over there.

22 These are our main recommenda-  
23 tions.

24 We had considered offering to go  
25 in and make a study as we have done for the



20

1 Bergen County Freeholders. We have a task  
2 force similar to this one by the State.  
3 We have done studies for the freeholders,  
4 made specific recommendations, have been  
5 able to come up with substantial cost  
6 savings for the county government, and,  
7 therefore, for the taxpayers of Bergen  
8 County. But it would not be possible for  
9 us or any reasonable organization to do  
10 an in-depth study of the State Government  
11 of New Jersey. It does require a massive  
12 task force like this, but the point is if  
13 this was already done why were not all these  
14 recommendations carried out? Is there  
15 logic in going through a great deal of  
16 time and expense to come up with additional  
17 recommendations which will not be as pro-  
18 ductive as you would<sup>like</sup>/them to be?

19 And if you come up with cost  
20 savings of perhaps fifty million, a hundred  
21 million, a hundred fifty million, what is  
22 the point in doing this if it is to be  
23 wiped out by additional taxation, which  
24 will increase by five hundred million,  
25 six hundred million a year as has been going

1 on?

2 The main recommendation, number  
3 one, absolutely, overriding all else,  
4 this rate of increase of taxation in the  
5 State of New Jersey positively, absolutely  
6 must be brought to a halt or we will find  
7 ourselves in five, ten years from now in  
8 such grievous trouble that there be no way  
9 that we'll be able to get out for decades.

10 We applaud the Commission for  
11 what you are doing, but all we are saying  
12 is there has to be a very realistic,  
13 rational, hardhearted look at what's going  
14 on and not to be swayed by recommendations  
15 which sound good, but turn out to be un-  
16 important, insignificant and really don't  
17 help the people of this State.

18 Unless the taxation is brought  
19 under control everything else is a waste  
20 of time.

21 CHAIRMAN MYNGAARDEN: Thank you,  
22 Mr. Rooney.

23 Do any members of the Commission  
24 have questions? Senator?

25 SENATOR HAGEDORN: Madam Chairman,

1 I don't have any questions, but I do have  
2 a couple of comments. Number one, I commend  
3 Tom Rooney for his great interest in help-  
4 ing us move for greater efficiency in  
5 government, and I'd like to point out that  
6 I did have a bill and I still have a bill,  
7 Resolution SR-1, that's been before the  
8 Legislature for quite sometime to make that  
9 study, determine exactly how much money was  
10 saved in the government management study  
11 commission and why the other ones weren't.

12 I had another one, SR-2 for a  
13 Resolution to determine the tremendous in-  
14 crease in the number of personnel in our  
15 government.

16 Both of these have been before  
17 a Committee and unfortunately, with the  
18 majority party in effect they have not been  
19 able to get them released, but these are  
20 two important items that I would hope that  
21 this Committee would address itself to and  
22 help me to get them out or at least take  
23 the intent of these resolutions as part of  
24 our mandate.

25 One other thing while we're

1 talking about personnel: I would suggest  
2 also that this Committee address itself  
3 to possible legislation that would prevent  
4 a future governor from providing lucrative  
5 jobs for officeholders that are rejected  
6 by the people, and that's happened. We've  
7 tried to stop that in our Appropriations  
8 Committee, but up to this point we haven't.  
9 I do hope that this Commission can address  
10 itself to those problems.

11 MR. ROONEY: If I may, Madam  
12 Chairman,--that's very good. And the thing  
13 that we want to stress is that we are taking  
14 sides with one party against another.  
15 Whether we are Democrat or Republican or  
16 Independent we all pay the taxes. We are  
17 all hurt by this. We are all entitled to  
18 that information. Why was this not carried  
19 out? Though we don't want to imply that  
20 it's a partisan thing, we are not pointing  
21 at one governor or against one governor or  
22 toward another governor, it hurts all the  
23 people of the State. It hurts our jobs.  
24 It hurts our business, and whatever im-  
25 provements can be made will benefit all

1 of us no matter what our political parties  
2 may be.

3 CHAIRMAN MYNGAARDEN: Thank you,  
4 Mr. Rooney.

5 And may I admonish the members  
6 of the Commission to confine themselves to  
7 questioning of the witnesses, please. You  
8 have opportunities to attend Commission  
9 meetings at which time you can tell us  
10 about your bill.

11 MR. MARTIN: May I ask a question?

12 CHAIRMAN MYNGAARDEN: Yes.

13 MR. MARTIN: Madam Chairman,  
14 as you know, I'm --

15 MR. HAGEDORN: I'd like to address  
16 myself to that question. Is this a rule  
17 that you are setting or this is rule that  
18 has been set by the Commission here?  
19 I have a perfect right as a member of this  
20 Committee to make observations.

21 CHAIRMAN MYNGAARDEN: In my  
22 opening remarks I said that commissioners  
23 would ask questions. And I wish you would  
24 confine yourself to questions, Senator.

25 Go ahead, Assemblyman.

1                   SENATOR HAGEDORN: I just would  
2 like to say I don't intend to continue on  
3 this Commission if that's going to be the  
4 case.

5                   CHAIRMAN MYNGAARDEN: You are  
6 out of order.

7                   ASSEMBLYMAN MARTIN: Madam  
8 Chairman, thank you. As you know I'm  
9 not a member of this Commission, and I  
10 really don't want to intrude upon the  
11 Commission, but I do want to raise some  
12 questions here regarding the testimony of  
13 Mr. Rooney, because I have seen this chart  
14 before the New Jersey State Budget and I  
15 find that the presentation is somewhat  
16 misleading as I read it.

17                   CHAIRMAN MYNGAARDEN: Excuse me,  
18 Assemblyman Martin. I'm going to have to  
19 rule you out of order. This is to take  
20 testimony from witnesses.

21                   ASSEMBLYMAN MARTIN: Well, then  
22 may I ask him a question?

23                   CHAIRMAN MYNGAARDEN: Would you  
24 ask him privately, please.

25                   ASSEMBLYMAN MARTIN: Sobeit.


CHAIRMAN MYNGAARDEN: Could we  
take a five minute recess while we change  
court reporters.



1  
2 RE: STATE COMMISSION ON EFFICIENCY AND ECONOMY  
3 IN STATE GOVERNMENT.

4 CERTIFICATION

5  
6 I, ALBERT R. AGOSTINE, certify the fore-  
7 going to be a true and accurate transcript of the  
8 testimony and proceedings in the above entitled  
9 cause.

10  
11   
12 Albert R. Agostine, C.S.R.  
13 Official Court Reporter  
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AFTER RECESS:

MS. MYNGAARDEN: The recess is over. Assemblyman Walter Kavanaugh, a member of the Commission, has joined us. Our next witness is Carl R. Fruehling.

C A R L R. F R U E H L I N G: Thank you for the opportunity to appear before you on this very important subject of efficiency and economy in State Government. I am President of the Council of the Borough of Madison, and have been a member of this body for over four years. During this period I have participated in the efforts of our Borough Government to limit expenditures at the local level and to relieve the tax burden on property owners. During this period I have closely observed the effects of actions taken by the legislature and agencies of our State Government upon the operations of our municipality and the municipal budgets.

My experience leads to the conclusion that government expenditures can be effectively controlled and that the best place to do this is at the local level by our municipal government. In the Borough of Madison, for example, since 1972 the municipal tax rate has increased only two percent per year in spite of the rate of inflation averaging six to seven percent per year. This has resulted from the intensive effort by the governing body and with the cooperation of the supervisors and employees of the Borough. We are concerned, however, about the rapid increase in involvement of the state government in local operations. Evidence of the growth of state government, which has affected so many aspects of the lives of citizens, is that in 1973 state government appropriations totaled \$2,090,000,000 and in 1977 are proposed at slightly above \$4,000,000,000, an increase in four years of 91%. In contrast, the appropriations by the Borough of Madison for municipal operations have increased 24% in 1977 over the year 1973.

The Administrative Procedure Act passed by the New Jersey Legislature in 1968 has resulted in an ever expanding body of rules and regulations being developed and adopted by State agencies which have greatly complicated government at a local level. While the procedures for establishing such rules and regulations offer opportunity for input from citizens and organized groups, the methods used discourage contributions. There are also many complaints that suggestions are not accepted. The rules and regulations established by the agencies appear to go way beyond the legislative intent of the original statutes. The result is that the administrative tail is wagging the legislative dog.

A few examples may show some of the effects of the proliferation of regulations which tend to increase our costs and cause additional time accomplishing our ultimate purpose. In 1971, the Borough established the position of Administrator. He now estimates about 25% of his time is taken up by the effects of the regulations of the Local Public Contracts Law and the Open Public Meetings Act, the new Finance Regulations adopted by the Division of Local Government Services, the Cap Law, the new affirmative action employment program for which rules and regulations were just recently developed. In 1973 our Finance Officer estimated that 20% of his time was absorbed by the supervision and development of reports required by State agencies, and today this has increased to 40% of his time. Our Borough Engineer has observed that we should employ someone full time to keep up with new regulations and procedures, to see that they are properly implemented and to help interpret them. This

could lead to the conclusion that we will require a full time Borough Attorney in order to assure compliance with all of the procedures being forced upon us.

It is very interesting that the tendency of the State of New Jersey to increase regulations is coming at a time when the Federal Government has been de-regulating in some areas and is considering further relief from regulations in other programs. If the State continues to expand its control over all local activities, it will undoubtedly discourage competent people from becoming involved in local government in both elective and appointed positions.

We are in need of new methods of mobilizing our Legislature, State Agencies, and Local Governments to work together efficiently and effectively in the interests of their clients - the citizens of the State of New Jersey. It is suggested that State Agencies become more familiar with the objectives of local government and the challenges being faced. Unless the tide of regulations can be stemmed, it may become necessary to regulate the regulators.

A result of the problem of over-regulation is the high cost of State Government.

One way to reduce the State budget is to return more functions to local government. State government should be responsible only for those areas which local government cannot handle. It's easier for taxpayers to voice their concerns to locally elected officials. This "home rule" approach gives citizens participation in their government, and will restore their confidence in it - something which is certainly now lacking. Thank you very much.

MS. MYNGAARDEN: Are there any questions? Mr. Leisey.

MR. LEISEY: Yes. I would like to ask Mr. Fruehling a question. Specifically, what area of over-regulation is affecting your municipality? Which State agencies are you speaking of?

MR. FRUEHLING: Well, like those that I mentioned, the Borough Administrator spending 40% of his time on new regulations. But I think we have too much in the way of mandated state programs. I think we need to analyze exactly whether that system of mandated programs really is accomplishing what was intended through legislative intent. I think we need to put more effort in the area of streamlining government and streamlining the amount of reporting and form processing that is done by the municipality.

Now, recognizing that there must be some state control in the operation of local government, I stress that we need to simplify and reduce the Legislative burdens that have been brought upon municipalities which are resulting in costs not only at the local level but at the State level. Certainly at the local level, where the forms are processed, there are costs. Where the forms are stored, reviewed, and dealt with at the state level, there is additional cost there. So I am stressing that there is a need to put more effort in the area of streamlining the systems. Hopefully, if we bring in more home rule, you will bring the government closer to the people, and strengthen the concept of home rule.

MS. MYNGAARDEN: Any other questions?

MR. RUSSO: Sir, can you please name some of the laws that have been mandated that are affecting your district?

MR. FRUEHLING: I will go back and mention specifically those areas which our Borough Administrator has been dealing with since 1971. One is the Local Public Contracts Law. I think we need to take a good hard look at

that. Another would be the Open Public Meetings Act, the Sunshine Law. I am greatly concerned about the quality of appointed and elected officials that the municipalities depend so heavily upon. If we are going to continue to increase the burden on these people, I think we are going to find that the municipalities are going to be the losers, and I think in the final analysis, the citizens of New Jersey are going to be the losers.

In addition to the Sunshine Law, I also mentioned the finance regulations adopted by the Division of Local Government Services. I think there are certain aspects of the Cap Law that need to be redone. For instance, I suggested some time ago to Assemblyman Dorsey that you might look at a cumulative cap rather than an annual cap, so that those municipalities who do not take full advantage of the cap in any one particular year, might, in their plan, enjoy a greater increase in expenditures at a later time, based upon a cumulative cap, which does not exceed 5% per year, perhaps. But I think we need to take another look at that cap legislation as well.

Those are some of the important areas where I would suggest much could be done to reduce the legislative burden which is now leveled on municipalities.

MR. RUSSO: Would you say that these mandated laws are increasing your taxes?

MR. FRUEHLING: Absolutley. There is no question about it. We are definitely having to add personnel in our Borough Government to deal with this legislative burden. I think the important thing is we are feeling the pressure from the rate of increase of the legislative burden.

SENATOR HAGEDORN: I have a question. My question is this: Getting back to the Administrative Code, do you find that the regulations that have been adopted by the DEP and also the Department of Education - DEP with respect to flood plains, and the Department of Education with the tremendous amount of paperwork involved in T & E - have helped to increase your taxes?

MR. FRUEHLING: Absolutely. I think the T & E bill is just a horrendous mess. You know, I have no problem with the State dealing with poor school systems. But to impose a T & E bill upon the good school systems and the poor shool systems, we are doing more damage to the good school systems than we are than we are doing good for the poor systems, because we are requiring our teachers to spend more time processing useless forms for administrative bureaucracy, instead of spending that time in the classroom teaching. The T & E has not helped one iota in the Morris County schools as long as I have been there, particularly in the Borough of Madison. But we have more form processing. This is really all we have gotten out of it.

I am all for helping poor school systems in New Jersey, and certainly there is where we should concentrate our efforts. If we have problem schools, then let's work on those problems, but let's not damage the good systems by imposing unnecessary form filling on the teachers in those systems.

SENATOR HAGEDORN: I have to make a comment, and my comment is this: Basically the purpose of T & E is sound, but it got lost with all the administrative procedures that the bureaucrats have imposed upon it.

MR. FRUEHLING: I totally agree with that.

MS. MYNGAARDEN: Any other questions?

MR. LEISEY: I would like to make a comment. I too believe that much of our legislation that is introduced in the State is done without building a

profile of the system that is required to carry out those laws. I think that one of the things I notice is, if we could clean up our legislation as it is introduced, we would not require all this red tape and paperwork.

MR. FRUEHLING: I would like to say one thing on that score. I think that the effort of the Legislature should be in trying to simplify and reduce the legislative burden that we have. What you are saying is, as kind of a follow-through on all this legislation that we have on the books, we need now to address ourselves to simplifying, streamlining, and making sure the legislation is working the way it was originally intended to work. That is what I am saying.

MS. MYNGAARDEN: Thank you.

ASSEMBLYMAN KAVANAUGH: Madam Chairman, I have just one point. I am the sponsor of the Sunset Legislation here in New Jersey, which means that every six years all the regulatory agencies and commissions will be reviewed. This is one of the aims that we are trying to reach for. Also, as a member of the Legislative Oversight Committee, we are trying to review what is meant by the intent of the legislation on the part of the legislators. We have had a problem - as you may be aware - with the oil spill legislation. It was a single-page bill that was drawn and passed by the Assembly and the Senate, and it came out to fifty-two pages of rules and regulations. This is one of the problems we have, in connection with what you were talking about, too much government.

MS. MYNGAARDEN: Thank you. Our next witness is the Councilwoman from Orange, Patricia Juliano.

PATRICIA JULIANO: Thank you very much. My name is Patricia Juliano. I live at 390 Tremont Place, Orange, New Jersey, and I serve as Councilwoman in the City of Orange.

The opportunity to express suggestions on how to improve state operations, particularly those areas which affect local government, is most welcome. I have two suggestions to present for inclusion into the record of these proceedings and sincerely hope they will be considered in future deliberations.

Discussion with Orange's Director of Planning Development Mr. Thomas Brown has produced the following idea for improving grant agreements: Grant agreements from the State are usually for a one-year period and at times it becomes very difficult to complete all activities by the designated termination date of agreement as to legal problems, et cetera. The State system of contract amendment is cumbersome and time consuming. Lately, the New Jersey Treasury Department has not allowed for termination date extensions by amendment. The Federal system, used by Housing and Urban Development, is better in that they issue a letter of credit. When the locality needs the money, they can draw against the letter of credit. When a subsequent grant is approved it is added to the original letter of credit and the total dollar amount becomes cumulative. This then eliminates the need to amend programs so that all money is expended by the end of the grant period.

The other suggestion is as follows: Having attended a number of workshops and other informational sessions in an effort to better understand the New Municipal Land Use Law, I have observed, by the kinds of questions being asked by member of Planning Boards and Boards of Adjustment, and other

public officials, a great deal of confusion still persists as to which body must be approached for various determinations for conditional use, site plans, variances, et cetera.

Much time could be saved and confusion eliminated if legislation could be developed which would allow municipalities to combine the Planning Board with the Board of Adjustment into one functioning body that had authority to hear and determine all aspects of land use.

The only problem that I would see might be the reduction of appointments to such a board by politicians. However, this minor problem could be overcome by maintaining within the new board the same number of appointees previously serving on the separate bodies. Combining a seven-member Board of Adjustment with a nine-member Planning Board need not be considered cumbersome, as this man-power could be put to productive and more efficient use by forming sub-committees within the board to hear specific presentations which would then be reported to the entire board for final determination; thus, eliminating errors in approaching the proper Board and facilitating speedier authorization of particular developments and determinations.

I thank you for the opportunity of expressing myself. I was as brief and concise as I could be, so that I can get back to Orange. Today is Senior Citizen's Day, and if I know what is good for me, I will be there to participate. Thank you. I sincerely hope the suggestions are worthy of your attention.

MS. MYNGAARDEN: Any questions?

MR. RUSSO: Yes. This grant you are talking about, was this for one year?

MS. JULIANO: Well, most of the grants average about one year.

MR. RUSSO: What is it going to cost your town?

MS. JULIANO: Well, it isn't any specific grant. It is the whole idea of the grant applications. I really don't know. I can't answer that. This was a suggestion that was given to me by the Planning Board. We had asked them for ways to efficiently get through the grant procedure, and that seemed to have been the suggestion.

MS. MYNGAARDEN: Any other questions?

MR. LEISEY: Yes. Ms. Juliano, by the one year duration of a grant, does that cause a municipality to quickly spend that grant, maybe inefficiently, just to be able to get under the wire, to get rid of the red tape, so to speak?

MS. JULIANO: Yes, there is a mad dash to utilize the funds available by this termination date, and at times the money gets spent very unwisely and very inefficiently and maybe not at all.

MS. MYNGAARDEN: Thank you very much, Ms. Juliano. Our next witness is Mr. Anthony Andora.

A N T H O N Y     A N D O R A: Thank you, Madam Chairman, Members of the Commission. I hope you will excuse my seasonal nasality today, because I am a casualty of the allergy season, but I think you will be able to hear me from where I am standing.

When I was first invited to come here today and make this presentation to the Commission on Efficiency and Economy in State Government, I was tempted

to say something appropriate and sit down. But, of course, that doesn't enlighten the problem at all. After all, being for economy and efficiency is a little bit like being for motherhood and against sin. It is easy and popular to say you are for that proposed, but, of course, you have to convert those convictions into action. Good intentions are sometimes difficult, as the Assemblyman and Senator know, to put in concrete form. Many of the witnesses you have heard have made good suggestions today. I think there are some other areas that need some more bearing upon, because they were just touched upon briefly.

When we inquire into economy and efficiency, in a general sense we have to ask ourselves how the Bureau of Youth and Family Services can send New Jersey children to a costly out-of-state private institution where the lack of care they receive borders almost on the criminally negligent. And our own Freeholder, Joan Lessimen of this county, has been inquiring into these conditions, which were rather shocking. I think that is an area which the Commission might take a look at.

It is inexcusable, of course, that our State mental institutions and hospitals are still a last resort alternative for any families needing help for one of its members. I feel that same kind of frustration that many hundreds of property owners in Bergen County did that grew out of the flood regulations that have been of such great moment all over the State, but particularly in Bergen County.

We can go on and on, but I think, really, when you look at efficiency in government, and economy, you come back almost inevitably at the end to the Legislature itself. To paraphrase Commodore Perry loosely, "We have met the enemy, and he is us." The problem is that we have created our bureaucracy through patchwork legislation. We keep passing new laws. As a lawyer, I am overwhelmed with trying to keep up with all the legislation. I don't know how the general public can even begin to fathom what goes on. We keep creating new agencies, new bureaus on top of old ones, overlapping responsibilities. Wasteful jurisdictional disputes have become a way of life. It makes great business for lawyers, but that doesn't serve the public interest necessarily. This is largely because we don't take steps backwards to take a critical look at what we have done.

I was very pleased to hear before, Assemblyman Kavanaugh, that you introduced a bill for sunset laws. They are not easy concepts to put to work. I can see Departments sitting down and saying, "Well, here is our budget; where do we start." But I think if we don't start some place, we are going to have a system of government that is going to cave in around our ears. I am sure we all know that, percentage-wise, government expenditures are raised faster at the local level and on the state level than they are on the federal level. I don't say this as an indictment against individual legislators, because, in truth, it is almost the system that is to blame.

There is no system more inefficient or lacking in economy than the system in which we conduct our business in the State Legislature, Assembly and Senate. Our legislators meet twice a week - a serious interruption to their own personal business, obviously - and I don't know how they understand or cope with all the critical issues. The understaffing of the legislative committee system has been a concern to people in the State for



a long, long time. Although we have made some progress in that area, I think there is still a long way to go. I am sure it is no secret that many legislators pass bills without the foggiest notion as to what is in them. I think I read the other day that a bill passed the Legislature that would have permitted the prescription of marijuana by the medical profession, and no one knew it was in the bill. Those things happen, but it is not excuseable.

Yesterday, I understand the Senate adjourned, and they passed thirty-five bills in the last session. I wonder how many people really knew what was in all those bills. We have seen days when the legislature sits until four o'clock in the morning passing hundreds of bills. The dangers of this kind of blind voting were brought to bear with the flood hazard legislation and the regulations that came out of it, which I pointed to earlier. The legislature passes the bills, sets up the Administrative agency, but then there is not enough surveillance over the regulations. Those regulations would have had a pernicious effect upon people who were affected by it.

So I think that the Commission should also look at the Legislative Branch of government, not only the Executive Branch. Perhaps - and it has been kicked around for a long time. I felt strongly about this for over ten years, since I served at the Constitutional Convention that came out with the present bicameral form - it is time for us to go back and look at the unicameral form of government. If you had a unicameral legislature, perhaps, you could save almost \$1 million in staff and legislative salaries alone. They perhaps would then find the funds to come up with a better, more efficient, more effective Committee staffing system - people who are experts, who are there alongside the elbows of the legislators, advising us as to what is happening in the legislation they are passing.

If we are to achieve credibility in the eyes of the people, and we keep going to them for new taxes, and everybody keeps saying that we are going to cut the budget, the expenditures of government, whether it is a Democrat or Republican--- Whenever someone wants to get in, they say they are going to cut the budget; they are going to cut government spending - but it never happens. Maybe you can't in the inflationary era in which we live, but at least we can expect that we will be efficient, try to get a dollar's effort for a dollar spent, and not wind up just going on and on and on without having an idea of where we are going. No wonder the people feel frustrated.

Some ten years ago we passed the lottery in the State, and we were told that was going to take care of substantial portions of the cost of education. Obviously it was illusion, the same way with the sales tax. So, although we probably cannot stop the taxes from coming and rising, at least we can try to be very, very diligent to control those expenditures. We should have - what many people will remember - a little Hoover-type Commission in the State, that has a constant surveillance over the expenditures. What two Departments are overlapping? Recently we heard - in a different context - the City of Toronto recycled the heat produced from its equipment, machinery, et cetera, in its government buildings, and that heat provides most of the light and heat required for the large government complex they have there now. These are the kinds of things also, I think, that this Commission will have to look into.

In the end, it is a task that you won't solve by sitting here today or in many months to come. It is a task, really, that requires eternal vigilance

and pursuit. But if we create legislative-type watch dog that would watch all branches of government in terms of expenditures, I think that is the area in which we can hope to have a handle on controlling government expenditures.

MS. MYNGAARDEN: Thank you, Mr. Andora. Any questions?

MR. LEISEY: I would like to ask you, sir, as a lawyer, I assume that is your profession?

MR. ANDORA: Yes.

MR. LEISEY: Can laws be written to reflect the true cost of administration of laws before they are put in for a legislature to vote on?

MR. ANDORA: Well, my understanding is - and the Assemblyman and Senator would know this better than I - that the bill comes in, and after passage there is supposed to be a fiscal note on it as to the amount of money that is going to be required to make that into effective law. That should be done now. I think it is. In terms of the ultimate expenditures, I think that is a mystery that no one ever really has a handle on and knows. But if you had a continuous surveillance, zero-based budgeting, sunset laws, a Hoover-type Commission, perhaps that would keep a spotlight on it, and get rid of government programs and agencies that no longer survive. They may have once had a perfectly legitimate purpose, but we have to keep going back and looking. It is an internal process.

SENATOR HAGEDORN: Only a comment, and that is the question of fiscal notes, which in the past administration has been repeatedly violated. That is part of our problem.

MS. MYNGAARDEN: Thank you, Mr. Andora. Our next witness is the Director of the Bergen County Board of Chosen Freeholders, Mr. Jeremiah O'Connor.

J E R E M I A H F. O ' C O N N O R: Thank you, Marge. I thank you for allowing me the opportunity to testify today. I am particularly pleased to welcome the Committee to the Bergen County Board of Freeholders, where efficiency is our watchword.

Having served for a time in the State Senate, I am well aware that if there is any cornerstone of efficiency in the whole spectrum of State Government, it is in the Senate.

New Jersey essentially is a home rule state by tradition, and Bergen is one of the jewels of the twenty-one counties. Each of our 70 municipalities jealously guards its prerogatives, and the Board of Freeholders is also greatly concerned about its role in the structure of the State.

Several months ago I proposed in an article in the Sunday New York Times - and I believe the argument was pertinent to your cause - that there be formed a Commission to review each of the powers of county government that have been abrogated by the State over the course of years.

The statute that set up the county governments says that the property, finances and affairs of every county shall be managed, controlled and governed by a board to be elected therein, to be known as the Board of Chosen Freeholders.

Unfortunately, in its wisdom, the Legislature, from time to time, as it is providing for the weal of people, has carved away certain of our powers. All too often the result has been a decline in efficiency, deterioration in the delivery of services, and a loss in accountability to the people.

Counties, like municipalities, are "creatures of the State Legislature."

Over the decades, the muscles of county government have atrophied to the point where the activist freeholder - and most are - is in a constant state of frustration.

I am suggesting that the legislature establish a Hoover Commission to review all the exceptions to the powers of the freeholders that have sprung up over the years.

Let me give you some examples. When I was a State Senator in the mid 1960's, one of the laws I voted for gave counties the power to create community colleges. Bergen County Freeholders created a two-year college. Most other counties followed suit, with the freeholders appointing a Board of Trustees to run the college.

As a freeholder, I met with the college Board and found that it had the power to give raises and the freeholders had the obligation to send out a higher tax bill to the public that elected us.

Bergen County operates landfill sites whose rates for solid waste disposal are controlled by the Public Utilities Commission - a good idea when applied to an industry, but unsound when it subverts elected officials' judgements. The freeholders decided some years ago to increase the low rates to levels charged by private landfills; our application for a fee increase has been tied up for six years.

I can't remember ever seeing a candidate for the Public Utilities Commission on any ballot, and Freeholder D. Bennett Mazur is asking the Legislature to exempt counties and municipalities from control of the PUC. Mr. Mazur's theory is that the towns and the counties operate in the public interest and the people can deliver their opinion about elected officials at the polls, and that the appointed PUC Commissioners are overstepping their bounds. We are suing the PUC.

The Legislature has a habit of passing the buck. It was decided that judges should be the only ones in the New Jersey Public Employees Retirement System who would not contribute to their pensions. The judges were given back all the contributions they had made to the system over the years, and the counties were told to pick up the tab. This will cost the Bergen taxpayer approximately \$215,000 this year.

We have two retirement systems in New Jersey, one for most civil servants, and the other for policemen and fire personnel. The police and fire system members pay more, reap higher pensions, and retire earlier.

The Legislature decided that the sheriff's officers belonged in the police and fire system, and that the difference in the level of contributions would have to be made up to the starting date for each officer. Although some of the officers have been around a long time, the county was told to make up the difference. That will cost the Bergen taxpayer nearly \$4.5 million over the next 36 years.

There has been more talk of accountability in government in the last few years than at any time in our history. Yet every year the administrative structure grows, the courts reach out for more and more power, the citizen through his elected officials has less and less to say about his destiny.

Perhaps the freeholder in New Jersey has been too acquiescent in the usurpation of his powers. Perhaps the county government has been too invisible, and the lack of public awareness of what happens at the county level has prevailed too long.

Whatever the reason for our weakness, it is now time for a long, hard look at the erosion, dilution and dissipation of the original concept that counties shall be managed, controlled, and governed by the people's representatives known as the Board of Chosen Freeholders.

I'm sure that this hearing and your further studies will bring forward a number of solid ideas on how we can manage the public business in a more precise manner, and I suppose we could discuss the subject for the rest of the year without turning over all the good ideas that are waiting to be discovered.

However, there is just one further suggestion that I would make to you as it applies to us on the county level of government.

I would very much like to see the practice established of having a detailed fiscal note attached by the Office of Fiscal Affairs to every piece of legislation that is aimed at counties. If the Senators knew in advance what the cost of bringing the sheriff's officers into the police and fire pension was to the counties, or if they really knew before they voted what it would cost county taxpayers to pick up the judges pensions, there might have been less interest in those bills.

If the Senators were aware of the impact the caps of last year would have on our budgets in 1976, and down the line, there may have been built-in exemptions so that we would be able to staff schools that were under construction, or we might have been able to improve management services at our county hospital.

I work in a business atmosphere for one of the larger corporations and it has always been our practice to analyze the fiscal impact of any venture we are contemplating. We want to know what the obligations are, what the long term costs are, and whether there is a reasonable return to be expected. The fiscal note is a step I would urge be added to every money bill that affects counties. I would assume that the Governor would want the same from his perspective, and local governments ought to be equally interested in matters that make commitments for their budgets.

I must say that this Legislature has been responsive to our problems. We received aid for our vocational schools. We anticipate a one-time appropriation for our county hospital and other supportive measures. We have been working with the Legislature, and we have been getting results. The fact that you chose to come here today shows a new sense of urgency about the condition of our State Government, and I applaud your actions and the motives which inspire them.

I do believe that one of the most useful services that might be done is the rearranging of who is in charge of what. Let the State do the things that it can do best, and let the counties and the towns do what they do best. Let elected officials have control over those things that the people assume they have control over. Thank you.

MS. MYNGAARDEN: Thank you, Freeholder O'Connor. Are there any questions?

MR. RUSSO: Freeholder O'Connor, when you talked about the judges, you are talking about men who are making how much a year?

MR. O'CONNOR: Depending upon whether they are Superior Court Judges or County Court Judges, it is \$37,000 a year for a County Judge, and \$40,000 a year for a Superior Court Judge.

MR. RUSSO: And you are saying that these men do not pay into a pension plan?

MR. O'CONNOR: Absolutely not. Not only do they not pay into the pension plan, but we made up the back payments to their pension. They did at one time, but they changed the pension program. They then received back their contributions, and then the taxpayers made up the contributions they paid to the pension program.

MR. RUSSO: You are talking about \$250,000 for Bergen County?

MR. O'CONNOR: Right.

MR. RUSSO: You don't have any figures for twenty-one counties?

MR. RUSSO: I don't. Those figures are very easily extractable. Each county could give you the exact figures out of their county budget.

MR. RUSSO: You feel as though the ordinary working man pays into a pension, and the judges should pay into a pension also?

MR. O'CONNOR: Absolutely. I happen to think judges should be paid greater than they are at this time. I don't think we are going to be able to solicit the top men in that profession, but I do think the profession should be making more money. I happen to believe they should pay into their pensions, just as I happen to believe that when the sheriff's office for this county became part of the fire and police pension, they should have been required to make up the back payments, not the general public. The citizens of this County are picking up \$4.5 million of that bill.

SENATOR HAGEDORN: I would just like to clear up the record. The Director in effect, when he talks about the non-contributory pension, does not advocate that we save money there, but we just use a different method. In other words, let them pay into their pension fund, and also pay them a higher salary because we do want to attract the top people to that particular assignment.

MR. O'CONNOR: Well, I think we have a two-fold argument. First of all, I do think you would save money, if anybody would pay their fair share of any pension program, and I think the actuarial tables will prove that. I think it is a bad public policy for any governmental body to be making up the past payments, unless the individual is willing to make up his share.

Let me just say this: If an individual wants to get into the pension program - he will say, look, I worked for the state or the county for five years, and I would like the county to pick up the past five years of their share and I will pick up my personal share. I am in favor of that. But I am not in favor of the state law as it has been in these two instances, where the county has picked up not only their share of the contribution but the individual's personal share.

As to getting the judges better salaries, yes, I think the time has come where, in order to secure the proper men for the bench, and because of the increase of men available in that profession, we will have to pay more money.

MR. RUSSO: You don't buy this business that if they don't get that raise in pay we are not going to have any more---

MR. O'CONNOR: No, I don't think that is going to be a problem. I do think in all honesty that they do deserve more money. I think we will never have a lack of people wanting to become judges.

MR. LEISEY: I would like to make a comment, if I may. I do wish we could keep state government out of a lot of these things. I fought for home rule, and home control of costs.

MR. O'CONNOR: I want to be clear. I don't want to sound like the Neanderthal man. I believe that state government has an implicit obligation

to serve the program, but I don't think that by implemented programs, without having your local, county, and municipal officials involved, you increase efficiency. To the contrary, I think you decrease efficiency and you decrease the service to the people.

ASSEMBLYMAN KAVANAUGH: On the amount that the counties paid statewide, it is \$2 million. That was what was paid in on the Judiciary as far as retirement when it was picked up by the counties, and the Pension Study Commission has recommended that the Judges put in 5% across the board towards their retirement, and that money, the balance, would be picked up by the State, the \$2 million. That \$2 million would then be picked up by the State. That is now proposed legislation. I think Assemblyman Pellecchia and Assemblyman Foran are the prime sponsors of that legislation.

I have one other comment. We talk about efficiency and economy and about setting up the proper tax structure, but one of the problems we see in the legislature is that people are very parochial in their views. In your statement you had mentioned something about a one-time appropriation for the county hospital. That is for Bergen County, but then we get into other areas, and everybody seems to have a "one time."

MR. O'CONNOR: Except, Assemblyman, Bergen County happens to be the psychiatric hospital for the State. The County of Bergen has picked up that tab. I would be very happy if the State would be willing to pay a per day, per capita cost.

ASSEMBLYMAN KAVANAUGH: This shows us the inequities. We have to restructure. Someone mentioned patchwork---

MR. O'CONNOR: Assemblyman, let me say this: I can't disagree. But after twenty years of public office in this State, I have heard us speak about spending more money to close down Trenton Prison for the past twenty years, and I have heard about us spending millions of dollars to solve the problems of the school system, and I wake up twenty year later, and we still have Trenton State Prison, and we still have the Vroom Building, and we still have Greystone. We have been talking about this for twenty years.

I don't blame it on the legislature, because I was a legislator myself, and I think it is an admirable position and something I wish more people would aspire to. I do believe that we have to take a much harder, tougher look at how we spend the public dollars, and start asking for accountability.

The second point I want to make in regard to pensions, I have no problem with making contributions to pension or giving people the pensions they deserve. I do have a major problem where we take public monies and use those monies to make up the personal obligation of people who are not entering the system. I think that is wrong. I think it is inherently inequitable. What about the people who have been in the system all along and who have been paying? Why don't we give them a rebate? That, to me, is the crux of the problem.

ASSEMBLYMAN KAVANAUGH: You are entirely right.

ASSEMBLYMAN MARTIN: A little while ago Senator Skevin made a proposal to build a building out here over the parking area, using the air rights, indicating that he thought some efficiencies and economies could be derived therefrom having widespread county offices and state offices brought into one area. What do you think about that proposal?

MR. O'CONNOR: Well, I have read Senator Skevin's statement. I think

it has tremendous merit. As a matter of fact, I would like to speak to John. We would be happy to see the county and the state join together to maybe put a building up, maybe in that area or another area, or in a downtown Hackensack development area, which would be the base upon which we would solve a downtown city problem. I think having the county and the state putting something together is a good idea. I think there is tremendous merit in that.

Right now, unfortunately, in the county we are not centralized. And I don't think we need to centralize everything, but I do think those functions that deal with the general public should be centralized, so that a person can go to one main building and accomplish a day's business.

ASSEMBLYMAN MARTIN: It seems to me this subject was discussed and studied years ago by the Board of Chosen Freeholders. Has anything happened with those studies?

MR. O'CONNOR: Yes. We have been working on that. We have renovated the old people's home in Paramus to bring parts of the county government up there to open up areas which deal with the general public. We would be happy to work with the state in trying to put together a unit-sized building. The economies that could be put together just on the passing of paper, maintenance, the reduction in the cost of power and assessability, I think, would be fantastic.

ASSEMBLYMAN MARTIN: No plans have been drawn thus far?

MR. O'CONNOR: No, sir.

ASSEMBLYMAN MARTIN: I have one other question. With respect to your suggestion about the relationship between the county and the county college, I believe you indicated that the counties should have more to say with respect to the budget of the Community College. How would you prevent the intrusion by the elected officials, politicians, if you will, in the educational process with respect to programs?

MR. O'CONNOR: Well, the case I pointed out was the unilateral agreement with the trustees of the County College to avoid a contract they had with the professors and the teaching faculty which had another two years to run. When you think unilaterally the administration void that contract, you immediately affect the budget, and then you come down and present the budget to the public, and say, here is the budget. They unilaterally--- It wasn't that the contract had come up for renegotiation - I can understand that. After two years the contract comes up for negotiation and after a negotiating process a figure is set upon, and the contract is put in the budget. That is a very pragmatic and practical approach.

I think the administration to unilaterally affect the budget is wrong. I also think that, yes, I would normally see the politicians engaged in government, but there was a general one time who made a statement something like this, "War is too important to let the generals run it." Well, I think education is too important to just have educators run it. I think the public has to be involved. I think the public must have accountability. I think the public should know that for the "x" number of dollars they are spending Johnny can read and write. Unfortunately, in my humble opinion, that may not be happening across the State.

I do think Bergen Community College does an excellent job in educating children. But I do also think that the public has the right to know where their money is being spent. When we appoint a member to the Community College - and I believe it is a four-year term - one of the problems is that



once somebody is appointed, they become like judges ordained by God, and they are beyond the purview of the public. I happen to think that they should be as accountable to the public as anybody else.

ASSEMBLYMAN MARTIN: Would you then suggest that they be elected or appointed for shorter periods?

MR. O'CONNOR: I think you have to have trustees for a public college. I don't believe politicians can have the expertise or the time or the availability to run a college because they are running a governmental office, and I do believe they are two different arenas. However, I do think that the colleges should be responsible to the public need, and maybe they should be elected, I don't know. Maybe that should be the subject of part of your study here.

MS. MYNGAARDEN: Thank you, Freeholder O'Connor. Our next witness is Dr. Frank Primich.

F R A N K P R I M I C H: I would like to preface my remarks by saying last year during the Bicentennial there was an extensive history refresher course, and it seemed to me as I watched the historical replays that Thomas Jefferson came out as the good guy as opposed to Alexander Hamilton's federalistic, centralized approach to things, comparable to our educational system, wherein I think a fair amount of adequate education, so to speak, is being fed into it, but very little is coming out.

Few people seem to have grasped, perhaps, since we are quoting, Jefferson's quote, "The government that governs least governs best." Any level of government, due to lack of direct accountability will be inefficient, by definition. The degree depends upon the observer. Some people feel it is less, and some of us feel it is to a horrendous degree. The more money that is available, the more will be spent.

Again, with the concept of minimizing government and increasing local autonomy - this, I think, is where the answer lies, with local autonomy. We have had a number of people mention the school system. The concept of Thorough and Efficient has apparently drawn criticism from every direction. About the only thing good about Thorough and Efficient is the original definition of those two words. It would be nice if the system was thorough and efficient. Everything else that has gone into that law has been in a large amount counter-productive.

Recently, there has been quite a stir, and I found it encouraging that everybody in the Legislature would come up with such a basically sound concept which has been around for a long time, and that is, the introduction of the voucher system. Forget about whether this mixes religions with government; forget about all the other things. The one thing it does do, it introduces competition into the educational system. Our government is constantly telling us about their legislation to prevent monopolies. Meanwhile, the government and the public school system becomes in an of itself a monopoly. The best solution to correcting the inequities in the existing educational facilities is to offer people some sort of a viable alternative to this, so that therefore I would feel, among other things, that one very strong recommendation, that would best be able to limit great inefficiencies would be the voucher system.

Another concept that is surfacing now, which is available on some local levels, is the concept of initiative, referendum, and recall. The argument goes that this is why we have legislators. It has prompted me to say that we are being governed through misrepresentation, since many of our legislators

are elected on one promise and then propose to alter their viewpoint and in effect - as happened with the State income tax - enact something that by all polls was in opposition to the desires of the democratic majority of the citizens. To argue that this would become unweildy, and that you could not put every little piece of legislation through initiative, referendum and recall, has its merits. Major changes certainly should be amenable to this.

But the part I like about initiative, referendum and recall is the recall. The concept that just because one politician beats out someone else who is accepted by the public to be more inept, then, is insured tenure unless he commits some cruelly impeachable offense. The fact that he goes back on his word, the fact that he does this, that, and the other thing - he is sitting with the security of knowing he can take the taxpayer's money and misappropriate it in any method he wants without having to be held accountable to the irate citizens. They don't have a mechanism by which they can recall.

Now, when it gets into this concept of limiting government, it is my feeling - and the people in the libertarian party on the state and national level - that government is far too big, that government is involved in many things where it doesn't belong. One of the most common ones - just to give a small example - is the concept of social welfare programs. Now, were the citizens to be left a decent portion of their earnings, they, through their humanitarianism, could dispense as they chose, and it has been shown that the formula could be something like this. If I wanted to give a dollar to some worthy recipient, I could take one dollar and hand it to him, and he would get one dollar. Now, if the federal government proceeded to do it, that dollar would be worth about thirty cents. But nonetheless, he would get whatever is being done currently for one dollar. If I were to give this to the local administration and have them give it to him, I would have to give \$1.20 for him to get that same dollar. If I were to give it to the State to transfer it to him, it would now cost \$2.15, if I have those figures correct, and were I to send it by way of Washington, it would now cost me \$3.10 in order to make that direct transfer to this worthy recipient of my dollar.

Now, this is where government with its boondoggles, with its bureaucracies and inordinate service charges is inundating the economy. Now, in the way of suggestions that can directly affect cost and efficiency, there are a number of things. One, which has not been touched on at all here, is the repeal of the victimless crime laws. Now, this would diminish or at least direct law enforcement to a place where it is far more meaningful. This could in itself be cost saving, unless those saved costs were put to good use in stopping crimes of fraud. It would greatly diminish and speed up the judicial calendar. Here again, we would affect economies by the fact that many of the cases that are brought before our courts represent cases of victimless crimes and therefore are simple exercises in someone trying to impose their concepts of morality upon someone else.

Last, but not least, it would diminish the costs and the crowding of our penal institutions. Now, the free market implies deregulation. It implies minimizing government, and a number of the things that I have suggested here which come directly from the Libertarian platform - be that as it may. Number one, repeal the income tax. There have been statements made regarding these things, and I don't want to be repetitive. I do want to say that you should repeal the income tax; reduce or repeal other taxes; return local autonomy;

repeal the Thorough and Efficient Education Act of 1975; repeal state land and sea use restrictions; amend the State Constitution to allow citizens broad use of the powers of initiative, referendum, and most of all, recall; repeal victimless crime laws passed, and the other side of the fence - lest I be charged with citing one side side against the other - repeal laws that offer subsidies, tax incentives and assorted restrictive things that restrict competition in the private sector. What this would do in effect would be to return a true free market economy and individual freedom in New Jersey so that it could become a symbol of liberty, a tax free state to attract and stimulate an expanding commerce and production which would improve the quality of life for all of us.

MS. MYNGAARDEN: Thank you, Doctor. Are there any questions?

SENATOR HAGEDORN: I have a couple of comments. The question of victimless crimes is one that is being addressed at the present time and was by the Commission on Correctional Planning, and I only mention it because I do feel that this Commissioner should make an effort to study that plan, and also incorporate or help to make this effective. We should probably place higher fines on these people and eliminate them from custodies where it costs the State money.

The other thing I would add is that I think the Commission should study in the future the administration of the income tax rebate which, in my opinion, is a million dollar boondoggle. These refunds could have been made possible through the local assessor's office, where the figures are anyway, and it could have been a refund on the tax bill. I think these are all items and areas that this Commission ought to address itself to.

MS. MYNGAARDEN: Is there anyone else desiring to testify? This public hearing has ended.

(Hearing concluded)

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JUN 19 1985



