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September 30, 2010

The Honorable Chris Christie
Governor of New Jersey
State House, P.O. Box 001
Trenton, NJ 08625-0001

Dear Governor Christie:


I am pleased to submit to you the report of the Governor's Local Government Ethics Task Force. It was established by Executive Order #119 in the previous administration, and at the request of your administration, the Task Force continued to meet and completed its work.

As required by the Executive Order, the Task Force is providing its recommendations for amendments to the local government ethics laws that address enforcement responsibilities, ethics training and compliance programs. The report also makes recommendations for related matters including a code of ethics, improved financial disclosure and expanded public accountability and access to information that apply to municipalities, counties, local authorities and county colleges.

The Task Force is required to provide its report to the Legislature as well as make it available to the public. We welcome the assistance of the Governor's Office in achieving that objective.

While the work of the Task Force is now complete, the task force members are willing to be of service in the future as consideration is given to how the highest standards of ethical conduct and their enforcement can be achieved in our State.

Sincerely,



Ingrid W. Reed
Chair of the Task Force

Members of the Task Force: Virginia Betteridge, Herbert S. Friend, Robert S. Garrison, William J. Kearns, Jr., Esq., Collen Mahr, Patricia Parkin McNamara, Richard J. Sheola, Stuart A. Tucket (through Nov.2009), Richard F. Turner, Matthew U. Watkins.

Copy to:

The Honorable Stephen M. Sweeney
Senate President

The Honorable Thomas H. Kean, Jr.
Senate Minority Leader

The Honorable Sheila Y. Oliver
Speaker of General Assembly

The Honorable Alec DeCroce
General Assembly Minority Leader

The Honorable Richard H. Bagger
Chief of Staff

The Honorable Jeffrey Chiesa
Chief Counsel to the Governor

Report of the Governor's Local Government Ethics Task Force

September, 2010

Summary

The Governor's Local Government Ethics Task Force was established by Executive Order #119 signed on September 24, 2008 and its eleven members were appointed by Governor Jon Corzine on August 14, 2009. The Task Force was asked to continue its work by Governor Chris Christie at the beginning of his administration.

The Executive Order charged the Task Force to review the Local Government Ethics Law that was adopted in 1991 and not recently studied to consider the need for:

- clear and consistent standards
- the opportunity to have training
- an effective compliance program
- recommendations regarding whether enforcement responsibilities should be shifted from the Local Finance Board to another body.

In brief, the Task Force recommends the following key changes in the local government ethics law. The report discusses these recommendations in greater detail as well as related implementation issues.

- Provide a clear and concise Ethics Code, including a ban on all gifts except those considered trivial; no participation in matters related to family members, broadly defined; and, required recusal to avoid conflict of interest.
- Require training for all elected and appointed officials and staff in municipalities, counties, and local authorities.
- Improve the financial disclosure process by clarifying positions required to file, introducing electronic filing, and eliminating filing of statements with State government.
- Institute disclosure of gifts to local governments by corporations, individuals and organizations.
- Upgrade fines to an upper limit of \$10,000 comparable to State Ethics Commission.
- Establish a Local Government Ethics Board for compliance and enforcement in place of the Local Finance Board.
- Expand public accountability and access to ethics information by web site and toll-free number.
- Eliminate the option for local ethics boards to manage compliance.

Background

The Task Force met regularly in meetings held at least monthly, collected information through interviews and reports, conducted a public meeting at the League of Municipalities conference in Atlantic City on November 18, 2009, and organized itself into five sub-committees that shaped its work: code of ethics, training, financial disclosure, compliance, and public access. In the first months of the Task Force's work, it was advised by Deputy Chief Counsel Kay Henderson in the Corzine administration and in the Christie administration by Special Counsel Peter Tober.

In taking on the important charge of the Executive Order, the Task Force is fully aware that the citizens of the state have repeatedly responded in surveys that there is a high level of distrust of public officials exercising their responsibilities in the public interest rather than in their own self interest and that the indictment of officials of all levels of government, frequently at the local level, has contributed to undermining the public trust of public officials.

At the same time, the Task Force recognized that thousands of local government officials and employees were providing dedicated public service in honorable ways, were engaging in voluntary ethics training and were performing their duties in conducting the public's business in a responsible, open manner. The members of the Task Force expressed their purpose as providing a clear direction for supporting the honesty and integrity of local government officers and employees by ensuring consistency and continuity in the administration of the local government ethics law.

The Task Force drew significant and relevant information from the reforms in ethics administration in the Executive and Legislative branches that grew out of the Report of the Special Counsel by Justice Daniel J. O'Hern, Sr.(retired) and Professor Paula O. Franzese submitted to Acting Governor Richard J. Codey on March 14, 2005.

According to the Local Government Ethics Law, N.J.S.A. 40A:9-22.1 et seq., the statute applies to elected and appointed officials and staff in municipalities, counties, county colleges, and independent local authorities (municipal and county).

In its discussions and recommendations, the Task Force focused on the need to be relevant to the wide range of characteristics of local government: including diversity of size and complexity of those units of government; number of individuals who are elected and appointed as volunteers, the many different positions comprising local government staff (police, public works, administrative, part-time professional staff and positions in certified fields, etc), and, the concept of "community" that defines the work and public expectations of many local governments.

Discussion of Recommendations

In making its recommendations, the Task Force is guided by the commitment to provide those working in local governments with the opportunity to be guided by a law that holds them to the

highest ethical standards consistent with those now in effect at the state level in the executive, legislative and judicial branches. Many leaders in the public sector are first introduced to government service at the local level and deserve to have a Code of Ethics for guidance and training in the Code that provides the basis for ethical conduct.

Also, the public they serve has the right to know what standards they can expect will be met, how they can determine that public leaders are avoiding conflicts of interest and how compliance with those standards is conducted.

The Task Force offers the following recommendations for amending the current law, for enforcement of the law as well as for training and compliance.

1- Expand and Clarify the Code of Ethics.

The current law should be revised, reordered, and amended to include a clear and concise simplified Code of Ethics that is a statement local officials could embrace as their standard of conduct and by which they will be judged.

Specifically, the Code should include:

- no gift or anything beyond a trivial value shall be accepted by individuals covered by the Law and exclude reference in the current law to whether the gift “might directly or indirectly influence in the discharge of official duties.”

- employment, appointment and supervision of family members shall be a matter on which “no local government officer or employee shall act” in addition to those specified in the current Law. “Family” should be defined more broadly to be consistent with the State Conflict of Interest Law.

- formal recusal or abstention is required with no participation in discussion or vote to further define the statement in the current law that “no local government officer or employee shall act in his official capacity ...” that addresses the avoidance of a conflict of interest.

A Plain Language Guide especially designed for local government should be prepared in a manner similar to the Executive Branch guide which is “a clear and concise summary of the laws, regulations to promote ethical day-to-day decision making” The Guide, for example, should provide guidance on unsolicited gifts of trivial value.

2- Require Training.

All individuals covered by the Local Government Ethics Law should be required to engage in ethics training within 90 days of assuming office and regularly thereafter. Currently, ethics training is not required, but there are many ways that training does take place voluntarily and in connection with required training for certification and service in such positions as Planning

Board and Zoning Board membership.

Training should be available 1) on the Local Government Ethics web site to cover the key concepts in the Code of Ethics and 2) in person to provide a venue to discuss ethical issues. (See the attached report of sub-committee on training) All formal ethics training should have a common curriculum reviewed and approved by the Office of Local Government Ethics.

3- Improve Financial Disclosure.

The annual requirement to file a financial disclosure form should be modernized in its administration and linked to the Code of Ethics to emphasize disclosure as a vehicle for the public to access whether local government officials are exercising their official duties without a conflict of interest. Currently, approximately 35,000 individuals file disclosure statements annually.

The process for filing should be streamlined with a view to electronic administration. Initially, forms should be distributed to local governments electronically, not paper forms distributed by mail. As resources are available, completing and filing them should be done electronically.

The law should clarify the positions in local government that require filing the financial disclosure statement. These positions and the individuals who hold them would constitute a roster to be used for monitoring compliance, showing whether individuals have filed a form and the date on which it was filed.

Only the completed roster should be filed with the State's Local Government Ethics administration rather than a copy of each required financial disclosure statement. The public record of the completed roster and the financial disclosure statements should be maintained by the municipal/county clerk as a public record file.

In order to improve compliance, local government officials should be informed that willful failure to file a completed financial disclosure form would result in a per diem fine and ultimately forfeiture of office for employees and appointees.

A new disclosure practice is recommended to recognize that local governments receive gifts from individuals, organizations and businesses for public purposes. It is recommended that local governments maintain a public record easily available in which such gifts are posted when they are received and specifying the amount/value, purpose and the local government entity that utilized the gifts/contributions.

4- Upgrade Compliance and Enforcement.

Penalties for violation of the Local Government Ethics Law and its Code of Ethics should include a range from reprimand to fines.

The current fines should be revised to correspond to the upper limit of the State Conflict of Interest Law, specifically from not more than \$500 to not more than \$10,000.

The compliance jurisdiction should be moved from the Local Finance Board which has experienced increased responsibilities for review and approval of applications concerning the fiscal integrity of all local governments to a new Local Government Ethics Board.

The Commission made up of seven members, including its chair and vice chair, should be appointed by the Governor for four-year overlapping terms similar to the State Ethics Board. A majority of members should have experience in local government but no longer be actively serving and the initial Board should include former members of the Local Finance Board. A minority of members should have experience at other levels of government or in the private or non-profit sector.

Compliance with the Local Government Ethics Law should be furthered in two ways: 1) by creation of a local government ethics adviser at the State level available to individuals in local government with whom to raise questions, confer on ethical issues and receive advice, and 2) by the appointment of an ethics liaison in each local government unit to act as a resource in implementing the Local Government Ethics Law. The second position is similar to the Ethics Liaison Officer (ELO) in each of the departments of the Executive Branch or the ethics consultant in the Office of Legislative Services available to the members of the Legislature.

Compliance with the Local Government Ethics Law should be solely the responsibility of the Local Government Ethics Board in the interest of professional staff administering compliance issues and providing consistency in the handling of cases. Therefore, it is recommended that the current practice of providing municipal and county governments the option of establishing their own ethics boards should be phased out with the full implementation of a revised law.

5- Expand Public Accountability and Access.

Members of the public and more specifically, the constituents of the local governments deserve to have access to information on a web site about compliance with the Local Government Ethics Law including the Code of Ethics, the Plain Language Guide, information about the financial disclosure statement and how to access completed disclosure forms, how to file a complaint about an ethics violation, and general explanations of opinions rendered by the Local Government Ethics Board.

Currently, the Local Government Ethics Law web site is part of the Department of Community Affairs, Division of Local Government Services website. A general search of the State web site connects a person only to the State Ethics Commission if information about ethics is sought.

There is no toll-free number that can be called for information about local government ethics as there is for the State Ethics Commission and for the Joint Ethics Commission of the

Legislature.

Obviously, better communications in all ways and especially online can serve to build understanding and support for ethical standards and the administration that supports them. All aspects of information, counseling and website content should parallel that of the State Ethics Commission.

6- Enhance Implementation.

The members of the Task Force have made recommendations for initiatives and changes that address the Executive Order and reviewed how the administration of a reformed local government ethics law could achieve the recommendations in a relatively brief period of time and with reasonable resources.

The experiences and lessons in administering the ethics reforms of New Jersey's executive, legislative and judicial branches of government were considered. Neighboring states also provide models such as Connecticut, where local government ethics is administered in a separate State agency, or Pennsylvania and Massachusetts where local government ethics administration is integrated into a statewide ethics administration. This later approach was recommended in the Special Counsel's report in order to provide for a uniform, consistent approach to ethical practices by all public officials in the State. While a common code of ethics is provided in the State Conflict of Interest Law for the executive and legislative branches, implementation and compliance is separate for each.

In either case, whether a separate administration for local governments or an integrated approach, adequate staff and new materials and procedures will be required. In order to have a more effective and responsive local government ethics administration in New Jersey,

Maintaining the administration of the Local Government Ethics Law in the Department of Community Affairs, under the director of the Division of Local Government Services, would provide a staff with expertise and visibility in local government practices, one that is familiar to local government officials. The Division could draw on, as appropriate, the reformed State Ethics Commission and its experiences in developing and administering a plain language guide, training programs and an electronic financial disclosure process.

The integrated version of ethics administration would locate the Local Government Ethics Board and its responsibilities within the structure of the State Ethics Commission, requiring some additional staff specifically experienced with local government to implement ethics initiatives and adapt materials and practices in place for the executive branch to local governments. This initiative would provide one source of ethics administration and ease in public accessibility.

Most Task Force members recommend maintaining the local government ethics administration with the Department of Community Affairs while a smaller number recommend integration in the State Ethics Commission.

7- Consideration of Other Ethics Administration Issues.

In the spirit of consistency and clarity, the Task Force recommends that consideration be given to whether the current ethics laws and practices governing school boards and school administrators should be integrated with, and consistent with, the administration of the Local Government Ethics Law since many officials, volunteers and staff are working at a similar level of government and with similar constituencies.

The Task Force also recommends that the administration of ethics laws for county colleges be moved from the responsibility of the Local Government Ethics Office to the State Ethics Commission to be administered by its unit on state colleges and universities in order to improve consistency of ethics administration in higher education.

Conclusion

The members of the Governor's Local Government Ethics Task Force respectfully submit the results of its study and its recommendations in fulfillment of the Executive Order creating the Task Force. We do so with appreciation for the opportunity to contribute to the important goal of restoring public trust and confidence in the governments of New Jersey and providing individuals in all parts of the state and all parts of local government with shared high ethical standards for public service and the support and guidance to achieve those standards.

While our work is complete with this report, we are most willing to continue to be of service in achieving the initiatives we have advocated.

Ingrid W. Reed, chair. Virginia Betteridge, Herbert S. Friend, Robert S. Garrison.
William J. Kearns, Jr., Esq., Collen Mahr, Patricia Parkin McNamara, Richard J. Sheola,
Stuart A. Tucker (through Nov.2009), Richard F. Turner. Matthew U. Watkins.

Attachments:

Executive Order #119

Task Force Members Brief Biographical Information

Report of Sub-committee on Training

Members of the Governor's Local Government Ethics Task Force

Virginia Betteridge,
Mayor, Borough of Runnemede; President, Camden County Mayors' Association

Herbert S. Friend
Retired Superior Court Judge; former vice-chair of Joint Legislative Committee on Ethical Standards; Special Ethics Master by Appointment of N.J. Supreme Court

Robert S. Garrison
Director of the Laborers Eastern Region Political Education Fund and Administrator of the N.J. State Laborer's Political Action Committee; Of Counsel with Florio Perrucci Steinhardt & Fader; member, Union County Planning Board.

William J. Kearns, Jr., Esq.
General Counsel, N.J. League of Municipalities; former Councilman and Mayor; frequent lecturer on local government ethics

Collen Mahr
Mayor of Borough of Fanwood; Past President of the New Jersey Conference of Mayors

Patricia Parkin McNamara
Executive Secretary, Local Finance Board; Manager, Local Government Ethics Unit, N.J. Department of Community Affairs

Ingrid W. Reed
Recently retired director of the New Jersey Project, Eagleton Institute of Politics, Rutgers University.

Richard J. Sheola
Township Administrator, Chief Financial Officer and Purchasing Agent for the Township of Long Hill; former adjunct faculty in Public Administration and Finance at several N.J. colleges and universities.

Stuart A. Tucker (through Nov.2009)
Partner, Szaferman, Lakind, Blumstein & Blader, P.C.; member, N.J. Supreme Court District VII Ethics Committee.

Richard F. Turner
Mayor, Township of Weehawken; Commissioner/Vice Chairman of N.J. Local Finance Board for ten years; Chairman of the North Hudson Regional Fire & Rescue Board.

Matthew U. Watkins
Township Manager, Township of South Brunswick; Commissioner N.J. Public Employment Relations Commission

**TASK FORCE ON LOCAL GOVERNMENT ETHICS
REPORT
FROM THE SUBCOMMITTEE ON TRAINING**

The Task Force Sub-Committee on Training (Sub-Committee) outlines the following recommendation for mandatory ethics training of municipal elected, appointed officials and certain employees in order to improve overall local government ethics requirements.

Training Requirements:

Ethics training should be mandatory for all local government officers as defined in NJSA 40A:9-22.3(g). This includes elected officials, appointed officials and government officials/officers who are defined as supervisory according to civil service. These officials required to receive training every other year as defined below:

The Sub-Committee recommends that all public employees be encouraged to receive training in ethics every two years.

Mandatory Training Deadlines:

Mandatory training is required of newly elected or appointed officials within 180 days of their election or appointment. Please note that this is not from the date of their taking office but from the time of their appointment. This would allow for elected officials to take advantage of the New Jersey State League of Municipality programs in November.

For government officers, they shall mandatory training within 90 days of their appointment. Any government officer who has received training within the previous calendar year shall have met their requirements herein.

Mandatory training at the start of the term shall be done in a live seminar format and not electronically.

Electronic On-Line Training:

A streaming media presentation should be made available to all local government in order to fulfill the requirements of mandatory training. Streaming media can be annually updated and free of charge (Suggest a video recording the League of Municipalities annual Ethics training given at the annual convention).

The State should establish an online presentation with a verification component. The programming for verification is readily available and should be utilized in this opportunity in order to verify that a public official has received training via streaming media.

Mandatory Training Update:

Those government officials who are mandated to receive training shall do so within the guidelines stated above. Further, those effected municipal officials shall be mandated to receive training every two years. This can be accomplished through the various seminar programs or online training.

Live seminar training is required once every term of office, or every four years which ever is less.

Training Resources:

Training may be made available from a number of sources including Rutgers University, New Jersey League of Municipalities, the New Jersey Association of Counties, the New Jersey Municipal Clerks Association or other associations as approved by the DLGS.

Minimum Topics for Training:

At a minimum, a presentation must cover these four topics.

1. Review of the Local Governments Ethics Law (NJSA 40A:9-22)
2. Criminal Statutes on Ethics violations
3. Practical Application and Group Discussion of Ethics Violations or Practical Application
4. Discussion & Presentation of Financial Disclosure Form and how to complete it.

Costs:

Given the availability of seminars and on-line training capabilities, the cost of this mandated training should be minimal and not subject to the state mandate/state pay requirements.

State of New Jersey
Executive Order #119
Governor Jon S. Corzine

WHEREAS, it is a priority of this administration to restore public trust and confidence in government; and

WHEREAS, it is imperative that public officials at all levels of government earn and maintain the confidence of the people they represent; and

WHEREAS, those serving in State, county, municipal, and other local government units hold positions of public trust that require adherence to the highest ethical standards of honesty and integrity; and

WHEREAS, public officials should not engage in any conduct that violates the public trust or creates an appearance of impropriety; and

WHEREAS, the current local government ethics laws were first adopted in 1991, and since that time there has not been a thorough review of the efficacy of those laws, nor any comprehensive study of the need for amendments thereto; and

WHEREAS, to the extent appropriate, ethical standards should be applied consistently to similarly situated officials in order to promote respect for those standards and provide for their enforcement; and

WHEREAS, persons serving in government should have the benefit of clear and consistent standards, ample training opportunities, and an effective compliance program to assist in guiding their conduct; and

WHEREAS, it is appropriate to create a body with experience and expertise in local governance, local government ethics, and the procurement of goods and services by local units to study the experience of local units under the local government ethics laws and make recommendations regarding amendments to those laws, including whether enforcement responsibility should be shifted from the Local Finance Board to a different body solely focused on government ethics;

NOW, THEREFORE, I, JON S. CORZINE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1 There is hereby established the Governor's Local Government Ethics Task Force ("Task Force").

2 The Task Force shall be composed of 11 individuals with expertise in local governance, local government ethics, and the procurement of goods and services by local units. Members will be appointed by and serve at the pleasure of the Governor. The Task Force membership shall include one individual who shall be appointed by the Governor upon the recommendation of the President of the Senate, one individual who shall be appointed by the Governor upon the recommendation of the Senate Minority Leader, one individual who shall be appointed by the Governor upon the recommendation of the Speaker of the Assembly, and one individual who shall be appointed by the Governor upon the recommendation of the Assembly Minority Leader. The Governor shall select from among all of the members the chairperson of the Task Force. The members shall serve without compensation.

3 The Task Force shall organize as soon as practicable after the appointment of a majority of its members.

4 The Task Force is charged with studying and making recommendations regarding the need for amendments to the local government ethics laws and whether enforcement responsibility should be shifted from the Local Finance Board to a different body that is solely focused on government ethics. The Task Force also shall consider and make recommendations concerning how to implement a training and compliance program for local government ethics.

5 The Task Force shall be authorized to call upon any department, office, division, or agency of this State to supply it with any information or other assistance available as the Task Force deems necessary to discharge its duties under this Order. Each department, office, division, or agency of this State is hereby required, to the extent not inconsistent with law, to cooperate fully with the Task Force within the limits of its statutory authority and to furnish the Task Force with such assistance on as timely a basis as is necessary to accomplish the purposes of this Order. The Task Force may consult with experts or other knowledgeable individuals in the public or private sector on any aspect of its mission.

6 The Task Force may report to the Governor from time to time and shall issue a final report to the Governor no later than 10 months from the date of the first organizational meeting. The final report shall include the Task Force's recommendations. The Task Force shall expire upon the issuance of its final report.

7 Any reports of the Task Force shall be provided to the Legislature and shall be made available to the public.

8 This Order shall take effect immediately.

GIVEN, under my hand and seal this 24th day of September, Two Thousand and Eight, and of the Independence of the United States, the Two Hundred and Thirty-Third.

/s/ Jon S. Corzine

Governor

[seal]

Attest:

/s/ Edward J. McBride, Jr.

Chief Counsel to the Governor



<http://www.nj.gov> **State of New Jersey**
Executive Order #119