



Home

Newsroom

Media

Administration

NJ's Priorities

Contact Us

Press Releases

Public Addresses

Executive Orders

Press Kit

Reports

Home > Newsroom > Press Releases > 2011 > Governor Chris Christie Signs Legislation Ensuring Proper Oversight and Accountability for Transitional Assistance to Localities

# Governor Chris Christie Signs Legislation Ensuring Proper Oversight and Accountability for Transitional Assistance to Localities

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Revised Bill Meets Long Standing Governor's Call for Strong Oversight of Transitional Aid Municipalities to Ensure Real Fiscal Management

**Trenton, NJ** – Acting on his commitment to strengthen New Jersey's urban cities and distressed municipalities through fiscal oversight, guidance and accountability, Governor Christie today signed into law S-3118/A-4373, legislation to restore Transitional Aid funding that includes much needed oversight measures in the program. The legislation meets the Governor's long standing call for transitional aid and accountability to go hand in hand in order to prevent abuse and politicization of the program. At last this legislation makes permanent the Christie Administration's already ongoing rigorous accountability and oversight of the program through the Department of Community Affairs' (DCA) Division of Local Government Services. The legislation provides for \$139 million of aid funding in the program, bringing total Transitional Aid funding in the Fiscal Year 2012 Budget to \$149 million. The legislation also provides a \$1.49 million appropriation to Local Government Services, representing one percent of the program's cost, for the administration, oversight and enforcement of the fiscal reforms that are a condition of municipalities receiving aid.

The Division of Local Government Services (DLGS) today issued its first annual Transitional Aid Report demonstrating the progress being made to ensure that Transitional Aid is indeed temporary and supported by oversight to implement fiscal and management reforms.

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“Together, working in a bipartisan manner, we have come to agreement that state aid for distressed municipalities must go hand in hand with commonsense and permanent oversight – something the taxpayers of New Jersey demand and deserve,” said Governor Christie. “With this legislation now law, we have permanently codified that crucial requirement of accountability in the spending of all transitional aid, now and in future years. I want to thank the Legislature for working with us to get this done so that this vitally important aid is delivered to our cities that need it most.”

Proper levels of oversight and accountability are critical to ensuring that Transitional Aid is a temporary form of assistance that municipalities ultimately move away from as the State government works with recipient municipalities to implement needed reforms and efficiencies. By putting this oversight permanently in statute, accountability of the program will be ongoing and no longer dependent on the whims of the annual budget debate and appropriations act, ensuring that lax and questionable practices of past special state aid programs do not recur.

Under Governor Christie, the DLGS has worked aggressively to ensure municipalities receiving Transitional Aid are adhering to responsible fiscal and management practices and to move to correct waste and mismanagement. Examples of DLGS’ work in promoting responsible practices in local government include:

- In Paterson, DLGS moved to require the city to comply with the collection of nonunion employees’ contributions to their health benefits, 1.5% of their pay, which had previously gone uncollected by the city. DLGS also required city officials to pay back overtime payments given to managers and stop all future overtime payments to managers;
- In Harrison, DLGS required the city to stop providing health benefits for 9 elected officials at an annual cost to taxpayers of \$200,000;
- In Camden, DLGS worked with the city to secure concessions from the police union, including a more efficient and cost effective 12 hour shift and resultant 30% increase in patrol division staffing.

“The continued success of the Transitional Aid program requires the Administration to maintain a high and aggressive level of oversight of transitional funds, along with the resources to work cooperatively with municipalities in order to guide the proper use of taxpayer dollars. The expenditure of state taxpayer dollars in the program will now forever go hand in hand with proper accountability for the use of those funds,” continued Governor Christie.

Upon taking office, Governor Christie has acted on a commitment to aggressively work as a partner with distressed municipalities and to implement responsible management practices, increase accountability and transition toward self-reliance and away from an ongoing need for additional taxpayer funds.

The Christie Administration has aggressively overseen the Transitional Aid to Localities Program through efforts such as:

- Setting and enforcing conditions for the receipt of aid through Memorandums of Understanding;
- Designating state fiscal oversight officers to improve municipal management and fiscal practices;
- Implementing a meaningful, rigorous application process for aid awards where none existed before;

- Requiring regular oversight meetings with DCA and municipal officials to monitor the use of funds and efforts to control costs;
- Utilizing staff to consult with municipalities and assist with professional reviews of municipal operations;
- Advising and consulting with municipal cost-saving initiatives, including police and fire department restructuring to reduce overhead and ensure public safety programs are both efficient and effective;
- Requiring DCA approval for employee hiring;
- Denying non-essential hires, raises, contracts and expenditures and unnecessary travel.

For 25 years, the State's distressed municipalities received ever-increasing levels of state taxpayer support, above and beyond that provided through regular municipal aid. These programs were provided with little to no State oversight, accountability or guidance. The general result was that distressed municipalities came to rely on these funds in their budgets as an annual appropriation and had no incentive to improve their fiscal management or regain their financial footing.

Previous abuses of the program that were finally identified and brought to an end under Governor Christie included: the lack of an application for special and extraordinary aid programs until four years ago; a State Auditor report that found the aid awards to be nonsensical; oversight of the program that was at best superficial, with only a few employees spending part of their time overseeing the program; and a weak or total absence of Memorandums of Understanding to enforce proper use of funds and management practices.

Legislative sponsors of S-3118/A-4373 include Senators Donald Norcross (D-Camden, Gloucester) and Paul Sarlo (D-Bergen, Essex, Passaic) and Assemblymembers Vincent Prieto (D-Hudson) and Sheila Oliver (D-Essex).

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Press Contact:

Michael Drewniak  
Kevin Roberts  
609-777-2600



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Office of the Governor  
PO Box 001  
Trenton, NJ 08625  
609-292-6000