

Philip D. Murphy, Governor
Sheila Y. Oliver, Lieutenant Governor
Diane Gutierrez-Scaccetti, Commissioner
Kevin S. Corbett, Executive Director

NJ TRANSIT
One Penn Plaza East
Newark, NJ 07105-2246
973-491-7000

August 15, 2018

Via Email (NJFirst@dol.nj.gov)

Employee Residency Review Committee
c/o Office of Legal and Regulatory Services
NJ Department of Labor and Workforce Development
PO Box 110
Trenton, NJ 08625-0110

RE: Exemption from NJ Residency Requirement for Certain NJ TRANSIT
Employees Pursuant to N.J.S.A. 52:14-7

Dear Chairman Ianni:

As the Executive Director of NJ TRANSIT, I am writing to request an exemption from the New Jersey residency requirement for individuals hired by NJ TRANSIT through December 31, 2019, so that I may recruit a significant number of new employees. I am specifically requesting an exemption for mission essential positions, categorized broadly as follows: bus operators, bus maintenance personnel, locomotive engineers, assistance conductors, conductors, rail electricians, and rail maintenance personnel.

NJ TRANSIT is New Jersey's public transportation corporation. With a service area spanning 5,325 square miles, we are the third largest provider of bus, rail, and light rail transportation in the nation, providing nearly 270 million passenger trips annually. NJ TRANSIT is a large, complex organization of over 11,000 employees, including approximately 10,000 represented under collective bargaining agreements. NJ TRANSIT's operating facilities and employees are based throughout the tristate area, with locations in New Jersey, New York, and Pennsylvania.

Over the last decade, NJ TRANSIT has seen a dramatic decrease in the number of personnel available to provide our daily rail, bus, and light rail service. We are facing significant hardships in providing effective and efficient transit services due to increasing difficulties in recruiting and retaining qualified operations employees who can comply with the residency statute. The war for talent has increased dramatically as unemployment numbers hover at historic lows. The U.S. Bureau of Labor Statistics projects employment growth for the rail industry through 2024 as negative 3 percent. This translates into fewer people overall being interested in a railroad career.

To further compound the situation, we are geographically located in a heavily rail oriented area of the country and therefore compete with several other railroads, including Amtrak, LIRR, MNR, PATH, and SEPTA, in a small pond for an even smaller number of qualified, interested candidates.

NJ TRANSIT employees with railroad experience are highly valued and sought after in the industry nationwide. The major divisions in Rail Operations include: Transportation; Maintenance of Equipment; Infrastructure Engineering; Maintenance of Way; Labor Relations; and Contract Administration. These highly skilled employees manage a complex rail system that delivers 84 million passenger trips across 2.2 billion passenger miles per year. Using their in-depth knowledge of the complex and distinct rules and regulations that govern railroads, they maintain industry standards and federal mandates for safety, transportation services, and infrastructure and rolling stock maintenance. When these individuals move to jobs at other railroads, NJ TRANSIT loses its human capital investments in training and career development.

Similarly, NJ TRANSIT's Bus Operations faces stiff competition from private bus carriers who are recruiting bus operators from the same pool. NJ TRANSIT operates bus services from 16 garages located in northern, central, and southern parts of New Jersey. Each garage is staffed with Transportation and Maintenance personnel, with Transportation personnel accounting for the vast majority of that workforce. Of the 16 garages, five garages border state lines: Newton Avenue, Fairview, Oradell, Meadowlands, and Greenville Garages.

Over the past decade, NJ TRANSIT has experienced significant difficulties in recruiting bus operators. Despite weekly training classes, NJ TRANSIT struggles to fill these seats, resulting in the frequent and costly use of overtime to meet daily scheduled service requirements. When the use of overtime is not feasible due to a lack of driver availability, scheduled bus trips are often delayed, overcrowded, or cancelled. NJ TRANSIT has taken aggressive steps to mitigate the recruitment and retention problem, but our experience shows the residency requirement to be a major disincentive for interested candidates, especially those that live within a reasonable commuting distance from our five garages near state lines. For NJ TRANSIT to recruit a sufficient number of qualified applicants, we must expand our potential labor pool by expanding the radius from our facilities to include candidates from New York and Pennsylvania without requiring that these individuals uproot their lives and families to accept the positions.

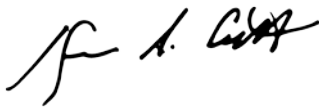
In both Bus and Rail, we are experiencing unusually high attrition. In recent years, many employees accelerated their retirements or resigned to accept new positions at our competitors, including members of our seasoned management team. Not only has this situation resulted in many hard-to-fill job vacancies in mission critical areas, but this represents the loss of institutional knowledge and valuable specialized skill sets at the mid and upper levels of the organization. As a result, NJ TRANSIT's ability to maintain quality transit services is at risk.

NJ TRANSIT last requested a similar exemption in 2012. The Committee's grant of that request (attached as Exhibit A) enabled us to recruit and hire additional Locomotive Engineer Trainees, Assistant Conductor Trainees, Train Dispatcher Trainees, and Signal Maintainer Trainees. Unfortunately, six years later, we find ourselves in a similar position, struggling to fill vacancies in additional classes of employees. We have over 500 vacancies across the organization, the vast majority of which are in Bus and Rail.

In recent years, NJ TRANSIT has been creative and aggressive in its efforts to recruit, working diligently in performing comprehensive outreach initiatives intended to identify and hire New Jersey residents who meet the desired job qualifications. We have gone well above and beyond just posting jobs. We have had numerous job fairs, hosted "speed hiring" events, and partnered with the military services to train and attract potential candidates. We have also partnered with the community colleges to retrain, reskill and reorient people who become unemployed due to various corporate factors. Notwithstanding these aggressive recruitment strategies, NJ TRANSIT is still having declining success in finding and hiring residents with the requisite skills and experience.

Due in part to the unique skill sets required for public transit operations and the keen competition NJ TRANSIT faces to retain competent and skilled employees within this transit-concentrated region, meeting the terms of the residency law has become an unintended impediment to providing New Jersey's residents with quality transit services. With a preemptive exemption, I expect that individuals living in neighboring states will be more interested in applying for these vacancies, which will immediately improve NJ TRANSIT's ability to fill all of our training sessions throughout the year. I appreciate your review of this matter and am available at your convenience to provide any additional information required by the Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin S. Corbett", with a stylized flourish at the end.

Kevin S. Corbett
Executive Director

C: Honorable Philip D. Murphy, Governor
 Pete Cammarano, Chief of Staff, Governor's Office
 Matt Platkin, Chief Counsel, Governor's Office
 Diane Gutierrez-Scaccetti, Chair, NJ TRANSIT Board of Directors
 Mary K. E. Maples, Deputy Chief Counsel, Governor's Authorities Unit