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# Committee Meeting

before

## ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE AND EMPLOYEE BENEFITS

"The Commissioner of Personnel, the Director of Pensions, and other representatives of the administration appeared to provide basic information concerning matters under their jurisdiction"

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LOCATION: Committee Room 4  
Legislative Office Building  
Trenton, New Jersey

DATE: March 23, 1992  
10:45 a.m.

### MEMBERS OF COMMITTEE PRESENT:

Assemblyman David C. Russo, Chairman  
Assemblyman Richard H. Bagger, Vice-Chairman  
Assemblyman Alex DeCroce  
Assemblyman George F. Geist  
Assemblywoman Harriet Derman



### ALSO PRESENT:

Pamela H. Espenshade  
Office of Legislative Services  
Aide, Assembly Select Committee on Civil  
Service and Employee Benefits

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DAVID C. RUSSO  
Chairman

New Jersey State Legislature  
ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE  
AND EMPLOYEE BENEFITS  
Legislative Office Building, CN 068  
TRENTON, NEW JERSEY 08625-0068  
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C O M M I T T E E   N O T I C E

TO: MEMBERS OF THE ASSEMBLY SELECT COMMITTEE ON  
CIVIL SERVICE AND EMPLOYEE BENEFITS

FROM: ASSEMBLYMAN DAVID C. RUSSO, CHAIRMAN

SUBJECT: COMMITTEE MEETING - March 23, 1992

*The public may address comments and questions to Pamela H. Espenshade, Committee Aide, or make bill status and scheduling inquiries to Leborah Del Vecchio, Secretary, at (609) 292-9106.*

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The Assembly Select Committee on Civil Service and Employee Benefits will meet on Monday, March 23, 1992 beginning at 10:00 A.M. and ending at 12:30 P.M. in Committee Room 4 of the Legislative Office Building, Trenton, New Jersey.

The Commissioner of Personnel, the Director of the Division of Pensions and other representatives of the Administration have been invited to appear and provide basic information concerning matters under their jurisdiction.

Issued 3/18/92



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ASSEMBLYMAN DAVID C. RUSSO (Chairman): Okay. Sorry I was a little late. It was unavoidable.

I'd like to open the first meeting today for the Select Committee on Civil Service and Employee Benefits. I think we'll just take one second to talk about what we'd like to do; how many meetings we plan to have; why we're doing this; and who's on the Committee. In fact, why don't we just start around. George, why don't you state your name and your district?

ASSEMBLYMAN GEIST: Good morning, Mr. Chairman. My name is George Geist. I'm the freshman Assemblyman representing District 4, Camden County and Gloucester County.

ASSEMBLYWOMAN DERMAN: Good morning. I'm Assemblywoman Harriet Derman from the 18th District in Middlesex County.

ASSEMBLYMAN BAGGER: My name is Rich Bagger. I am the Vice-Chair of the Committee, and represent the 22nd District in the Assembly, including Middlesex, Morris, Somerset, and Union Counties.

MR. KINGSTON: I'm John Kingston. I'm the Republican Aide to the Committee.

MS. ESPENSHADE: I'm Pamela Espenshade, OLS Aide to the Committee.

MS. BURLEY: Dana Burley, Democratic Aide to the Committee.

ASSEMBLYMAN RUSSO: I'm Dave Russo, District 40, northwest Bergen and Passaic Counties.

We should be having some Democratic members, I believe. This afternoon they will be appointed. That's my understanding.

MS. BURLEY: Right, for our next meeting.

ASSEMBLYMAN RUSSO: Okay, great.

As we're approaching the State budget this year -- and really for the succeeding years -- it looks like, hopefully,

this recession will end. But whether it does it sooner or later, we're going to have a situation where, probably, it's going to be a slow process and revenues may not be what we hope they will be. The reality of that is, it's going to be, you know, the question of one-shot deals in the budget -- which we had last year, and will have this year probably. They are just not going to be there. In this kind of an environment, I think we have to really take a look -- especially for the rest of the decade -- at revenues and at cutting spending, and while that is going to occur, it's easy to say that. On the other hand, there are contracts; there are thousands of State employees; there are pension benefits. I think we have to have an understanding -- and maybe this should have been done in the past -- of what is out there, so that if there are difficulties in the future, at least we will work as a partnership between the Legislature, the Governor, and those people who are State employees, so that we understand what the contracts are; we understand the benefits; we understand where there can be reform with regard to Civil Service, and maybe where there shouldn't be.

That's why we have asked individuals to come and testify today, really as an educational process. Not only that, I anticipate that we will have these hearings at least through a portion of May -- that's why we tried to start as soon as we could -- so that we can then come up with some solutions, or at least some suggestions, so that when people make statements with regard to cutting and spending, at least we'll understand what the parameters are.

Now, today we have invited Mr. Cimino, Commissioner Cimino, from the Department of Personnel; Margaret McMahon, who is the Director of the Division of Pensions; and Melvin Gelade, Director of Office on Employee Relations. Then I see many other individuals who I was hopeful would be able to attend, and we thank them.

Maybe we should start first with Commissioner Cimino.  
COMMISSIONER ANTHONY J. CIMINO:  
Thank you, Mr. Chairman. It's a pleasure to be here this morning. It's nice to see you again, Assemblymen. I had the opportunity to meet Assemblyman Bagger last week. I've not had the opportunity to meet Assemblyman Geist or Assemblywoman Derman. It's nice to see you all.

I would like to thank you, Mr. Chairman, for the opportunity to be called before the Committee and the opportunity to appear before the Assembly Select Committee on Civil Service and Employee Benefits.

I have a statement I'd like to read, if I could, sir?

ASSEMBLYMAN RUSSO: Sure.

COMMISSIONER CIMINO: Thank you very much.

I welcome this opportunity to explain the importance of the Department of Personnel to both public employees and to public managers. I am also here to explain our constitutional mandate, the creation of the merit system in a historical context, and how the merit system works.

I have found during my time in the Legislature, and even now as the Commissioner of Personnel, that the merit system and the Department of Personnel are not fully understood. We are an agency whose mission, whose responsibility, whose reason for being has direct bearing on the quality of life in the Garden State.

We influence the quality of life for all New Jerseyans. We are responsible for protecting individual rights and ensuring the safety and welfare of millions of people. We are an agency whose primary focus is on people. We directly affect 74,000 State workers and over 134,00 county and municipal workers.

If I may deviate for a moment, Mr. Chairman, that's one of the fallacies that is misunderstood, I think, and inherently misunderstood in the Legislature, because the

Legislature consistently talks about the merit system, Civil Service, and State employees. It is not a system solely for State employees and, indeed, the overwhelming majority of responsibility goes to county and municipal people.

You may be surprised to learn that more than half of the work force -- 53 percent, to be exact -- is made up of women, and a third -- and this is where New Jersey rates well in comparison to other states in the nation -- is comprised of minorities.

Since Governor Florio took office in 1990, he has overseen the most humane downsizing of the State work force in the history of the State. State employees reached an all-time high-- We did not bring it with us today, but I think we've passed out copies of the work force profile. In there you will see the exponential growth that occurred during the 1980s, in terms of the State employees, and it reached an all-time high of 80,300 in 1988, before falling to approximately 74,483.

These are the people who are cavalierly called "faceless bureaucrats." Let me tell you quite clearly, these people are not faceless to me or to the members of the Department of Personnel. They are my colleagues in the Department; they are my neighbors; and, indeed, in many instances, they are my friends.

The State workers that some are so quick to disparage are the people I see in the store. They are the mothers and father of the children who go to school, indeed, with my very own children.

I am concerned about the reckless rhetoric of some that is producing unnecessary fear and anxiety in workers and in their families. Remember, public employees have families to support, frequently with their husband or wife working, too. They are trying to put food on the table, meet the mortgage payments, and save money to send their children to college just like the rest of us.

State workers are much like us. They are working to see their children go one step further than they did. They don't want handouts or the easy way out. They want an opportunity. They want their slice of the American dream, and, indeed, I think that's what each and every one of us around the table seeks, to make our children's lives better than what ours have been.

To some, they may be numbers in a budget book. For me, State workers are real people, too. For you, and for the citizens and towns you represent, many of the policemen and women, and many of the fire fighters, have been certified as qualified to protect us and the towns we live in through our examination process. Simply put: These are real people doing real jobs ensuring our safety and preserving our quality of life. And, indeed, there has to be a great deal of respect for the people in public safety, particularly in the environment in which we live today. God knows, I have never wanted to be someone who moves into a fire. I mean, these are individuals-- If you saw the testing that they go through to be able to perform these entry level tests, let alone to move on to Fire Lieutenant or Battalion Chief, it's astounding.

The Department of Personnel is also here for public managers as well. The Department is a human resource agency for a major corporation, a major employer in the State, and, quite frankly, that employer is the State of New Jersey itself. We put the best people in the job. No other agency in government is able to ensure that potential employees are qualified to perform their jobs. No other government agency will safeguard their rights and provide them with the necessary support in times of crisis.

We protect government workers. We ensure that proper compensation matches the functions of thousands of jobs statewide. We promote equal employment opportunity and affirmative action programs, and we provide employees, through

the Merit System Board, with an avenue to have their grievances heard impartially. In broad terms, that is what this Department is all about: helping people, ensuring safety, and preserving our quality of life.

Now that you have some sense of who we are, let me try to answer your question of: How did we end up with the merit system?

The merit system was created in this State, and in many others -- and, indeed, there are merit systems and Civil Service systems throughout this nation -- to free public employees from political coercion. Merit systems were created to curb the excesses of that old saying, "To the victors belong the spoils."

The merit system is there to protect the average worker who is not necessarily concerned about who the Governor is or who controls the Legislature. And I've got to tell you, honestly, you know, we all think -- and I have been an Assemblyman, I've been a Freeholder, I've been President of a Board of Education, and now Service Commissioner of Personnel -- that the world just, you know, envisions that each and every one of us-- The average person really doesn't care. All they're concerned about is their job and what they have to do to perform their job.

The first successful attempt to enact Civil Service reform occurred when President Chester A. Arthur signed legislation that created the United States Civil Service Commission in January 1883. This was done only three months following the death of President James Garfield, who was assassinated by the infamous "Frustrated Office Seeker."

New Jersey's first step towards Civil Service reform was made in 1885, indeed over 100 years ago, when the State enacted a law permitting large cities to create bipartisan boards to deal with the police and fire departments. Police officers and fire fighters were to be removed only for good

cause. In 1905, a bill was signed into law allowing municipalities to create bipartisan Civil Service Commissions which were to administer examinations to police and fire fighter candidates.

These changes were part of a national progressive movement; the same movement that gave women the right to vote, and the same movement that provided for the direct election of Senators; a movement that has considerable strength in New Jersey. Although much of the reforms in this era are associated with Governor Woodrow Wilson, there were key Republicans in the Legislature who supported the passage of a comprehensive Civil Service Reform Bill. In fact, New Jersey's first Civil Service Act was signed into law prior to the administration of Woodrow Wilson.

Although the Civil Service Commission went through some changes and was battered on all sides by politicians reluctant to give up patronage, the Commission emerged 10 years later as "an adviser and copartner with every State Department in all problems relating to, or measures taken in, the interests of the State's personnel."

Let me pause here to say that I am indebted to Dan Campbell from our Department who was gracious enough to share his research with us for his master's thesis on the "Early Years of the New Jersey Civil Service System."

In 1947, the framers of our modern Constitution, indeed, the one you all have sworn to uphold, as I have, one that is considered a model throughout this country for state constitutions, thought so highly of the need for a public work force free from political coercion that they included that protection in the Constitution of our State.

Let me direct your attention to the Constitution of the State of New Jersey, Article VII, Paragraph 2, which states in pertinent part: "Appointments and promotions in the Civil Service of the State, and of such political subdivisions as may

be provided by law, shall be made according to merit and fitness to be ascertained, as far as practicable, by examination, which as far as practicable shall be competitive; except that preference in appointments by reason of active service in any branch of the military or naval forces of the United States in time of war may be provided by law."

Our framers of the existing Constitution found the outright, absolute necessity for pure, absolute, veteran's preference. And, indeed, the talk about reforming the system even more than what it has been reformed since 1986, is to go to the very heart of absolute veteran's preference; something that the framers of the '47 Constitution found to be essential when we talk about public employees, particularly in light of the service to the United States of America.

Let's now look at the modern era, specifically the Civil Service Reform Act of 1986. In the 20 years preceding the passage of the Reform Act, four governors, one Republican, that being Bill Cahill, and three Democrats -- Bob Meyner, Dick Hughes, and Brendan Byrne -- all supported the reform of the Civil Service system. Only with Governor Tom Kean, flush from his reelection victory in 1985, and with the support of a Republican Assembly and a Democratic Senate, did the Civil Service Reform Act become law. Coincidentally, A-2194, which became the vehicle for Civil Service reform, had all Republicans as the original sponsors of the Reform Act.

Then Commissioner Eugene McCaffrey stated that the legislation was not developed by political appointees or out of the Governor's Office, but by personnel professionals. Governor Kean's press assistant -- press secretary -- John Samerjan, stated that the administration was absolutely delighted that the Legislature had passed one of the top priorities of the Kean administration. Then Assemblyman, now Congressman, Richard Zimmer, predicted that, "As historians look back at the Kean administration, this will be right at

the top of the list of accomplishments." To now say that the Civil Service Reform Act of 1986 has failed, is to directly repudiate Tom Kean. To say that the Reform Act is somehow deficient, is to let myth belie reality.

For those of you who may not be familiar, the purposes of the Act are as follows:

- \* To make merit the only basis for hiring and promoting employees covered by its provisions.

- \* To provide officials with the authority to manage employees to carry out program responsibilities.

- \* To encourage and reward meritorious employee performance, and to retain or separate employees on the basis of performance.

- \* To ensure equal opportunity.

- \* To protect career employees from political coercion and ensure recognition of bargaining rights.

Of particular importance was the movement of administrative and regulatory functions from the unwieldy and confused line of authority under the former Department of Civil Service and the Civil Service Commissioner to the new Department of Personnel and the Commissioner of Personnel. This was not a mere change in names, but rather the Legislature's evident mandate that accountability for the constitutionally required merit system of public employment be clearly delineated for the Commissioner and the Merit System Board.

The 1986 Reform Act provides for a well reasoned organization whereby the Commissioner would chair the bipartisan Board -- and, indeed, it is bipartisan, Republican and Democrat alike -- and would also consist of four other members with staggered terms of office. The bipartisan nature of the Board is consistent with the original enabling legislation dating back to 1908.

The Board has significant responsibilities with, among other things, all rule-making powers, title designation

authority, layoff cases, and discipline appeals of State and local employees.

I must point out to you that the current Board, with the rise of appeals being brought to the Board from county and municipal employees, is very, very concerned about allegations of political coercion. Indeed, in my time in coming to this position not more than two months ago, there have been at least four cases that have come before the Merit System Board talking about Democrats moving in and having an impact; talking about Republicans moving in and having an impact; and dealing with political coercion. So, it still exists. If you can believe that -- and I have a hard time believing that-- I have always found us all to be rather rational and reasonable people. But in 1992, the fear of political coercion still exists among the work force of the State of New Jersey and its political subdivisions.

In short, since its inception, the Department of Personnel and the Merit System Board which were created by the Reform Act have worked in two administrations.

Now let me set the record straight on a few matters, if I may: If you recall, the Civil Service Reform Act of 1986 really had little to do with Civil Service titles, but actually streamlined the process for hiring and firing employees in Civil Service jurisdictions. Often referred to inaccurately as Byzantine, layoff rules were modified using a "last permanent, least senior" concept. This change directly resulted in making the bumping ratio for most layoffs less than 3 to 1. I can tell you that, categorically, with the round of perceived layoffs last year, it was not the 10 to 1 ratio that had existed prior to the 1986 Reform Act, but in point of fact, it was down to 3 to 1. We rounded it to-- If you want to get technical, it was more like 2.75 to 1 as the ratio. It has been narrowed dramatically.

Granted, many notices are issued for both employee and agency protection -- perhaps too many. We do notify people, but we do that for a number of reasons. We do that because we want to make sure that both employer and employee have the rights of protection, so that we don't end up in lawsuits because we have inadvertently dismissed people without just cause. But we must remember, the facts that the 1986 Reform Act and the rule changes made in 1990 -- and there was a whole body of public comment after the Reform Act went in that went on to establish the rules-- The rules, in and of themselves, were largely developed in the previous administration, during Governor Kean's time, and they did reduce the bumping ratio, again, from 10 to 1 to 3 to 1.

Additionally, those who are displaced do not fall into jobs with which they are now unfamiliar. Quite the contrary is true today. Most of the time, they return to jobs in which they have had previous experience.

Since being appointed as Commissioner of Personnel, I have come to realize how misunderstood these rules are to the rest of the executive departments and to local governments, to the Legislature, and to the citizens of this State. I will also tell you, the rules are framed with a particular title, and that particular title is called the, "Alternatives to Layoffs" -- the rules as alternatives to layoffs. They allow for workers-- I am sure you probably -- being people who are aware of what is going on -- recently read about our Voluntary Furlough Program; that, in point of fact, we are saving money under the Voluntary Furlough Program, as opposed to a single-day Intermittent Layoff Program. We are actually saving funds. These rules in place now allow for the voluntary participation of the work force. We ought to all be proud, and commend the 3500 New Jerseyans who work for the State, who, in point of fact, have chosen to use their time to take off to assist the State government in saving money. We have saved, as

of this morning, \$3.6 million. Even though we are two months behind getting the program off the ground, we are, in point of fact, on target in the level of savings we can anticipate.

I consider one of my most important goals to be to educate all those concerned about the benefits of a merit system of personnel. I welcome this opportunity to appear before your newly formed Committee. I believe we will be able to show that it is a system that is more flexible and rational than some may believe. In fact, it is a system which works well, and it should remain intact for the protection of the public employees and for the citizens these public employees serve.

Mr. Chairman, I thank you, and will be happy to entertain any questions. (applause)

ASSEMBLYMAN RUSSO: Thank you, Commissioner. Your statement was very good, also your presentation. I also want to commend your aide, Mr. Campbell -- and you mentioned this before -- for the research.

Members of the Committee, any questions?

ASSEMBLYMAN GEIST: Yes.

ASSEMBLYMAN RUSSO: George?

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman. It's nice meeting you, Commissioner.

COMMISSIONER CIMINO: Nice to meet you, Assemblyman.

ASSEMBLYMAN GEIST: Commissioner, I am going to raise a different topic, but consistent with your theme about safeguarding the rights of State employees and protecting government workers.

As I shared with you during my introduction, I am a freshman member of the Assembly. At the Governor's January address, he raised a very novel concept; a concept that has raised anxieties and concerns throughout our State employees' ranks -- throughout the ranks of all public employees -- the concept of pension reevaluation. It is obviously something

that needs to be examined very carefully. I hope that this Committee will carefully consider the ramifications of the reevaluation.

I would like to know more about the methodology by which the Governor came to make this judgment. I would like to know more about the reliance upon actuarial data that allows the Governor to be so confident in his recommendation. While I recognize it has been the recommendation of previous administrations, while I recognize that it has had bipartisan embrace, nevertheless I would like to know more about the validity of the assumptions on which he relies. When all is said and done, I would like this Committee to take a careful look at any actuarial data on which the administration is relying.

I have received communication contacts from both the NJEA and the CWA, in which they have suggested to me that they are conducting independent actuarial analyses, but they do not have the foundation data on which they can rely in their analyses. It is my understanding that the administration has not been forthright in providing the background factual data so that these independent actuarial analyses can be completed. I think the CWA, the NJEA, this Committee, and our Appropriations Committee deserve to know the foundations on which this concept is being proposed.

I would ask, in your capacity as the proponent of safeguarding employees' rights and protecting government workers, that you assist us in facilitating this exchange of information.

I know that was more than a question. It basically said-- Remember the commercial, "Where's the beef?" Well, where is the basis on which you are conducting this bench reevaluation? I am hopeful that that will be forthcoming.

Thank you, Mr. Chairman.

COMMISSIONER CIMINO: Through you, Mr. Chairman-- Assemblyman Geist, I appreciate your candor and your comments. I am going to leave the crux of the Pension Revaluation Proposal to Director McMahon. You will find her to be an extremely articulate, intelligent woman, who has done a world of good for State government since her coming into it.

I can only relate to you the impact that I have seen and what the Pension Revaluation Proposal does for county and municipal governments. It is simply this: Because of the shrinkage of overreliance on those dollars, it has now become, for county and municipal governments that are undergoing the same dramatic impact and loss of revenue that we are at the State level-- I have spoken to county officials who have now indicated to us -- and we get to see the broad picture because we are responsible for all the layoff plans that come in -- that they have actually been able, because of the Revaluation Proposal, to not anticipate layoffs now at the municipal and county levels that were previously being anticipated.

County managers have indicated to me that that reduction in cost is going to have a dramatic effect on their ability to keep people on the payroll. And effectively, what I think all of us collectively want in 1992, is to ensure that there are jobs and that there are jobs and that there are jobs. I don't think the majorities in the Legislature nor the administration want people out of work. That is an unproductive society, and ends up putting people on the unemployment line, which can lead to the welfare rolls, and ultimately may end up with some of them being dealt with in Bill Fauver's shop over there at Corrections, because of the level of frustration.

All I can speak to is that issue, but I think Director McMahon can speak to the broad context of the actuarial data and those kinds of things when she presents her testimony, and I am sure she will be happy to do that.

ASSEMBLYMAN GEIST: Are you personally confident about the foundation on which this principle is being espoused?

COMMISSIONER CIMINO: Having served -- and I can only give you my personal opinion -- as the Chairperson of, effectively, the Committee on Pensions -- the State Operations Committee in the Assembly last session -- I think this is a worthwhile proposal. I think it has value. I think that from the standpoint of seeking the NJEA's and the CWA's look at that, I think the administration welcomes that level of scrutiny. We have, for a long time, operated on book value, as opposed to market value. Market value is, indeed, something that we have.

To give you a little sidebar, Senator Inverso, who is the sponsor of this proposal in the Senate, and I, serve in various capacities for a health care system. As our finance officer in that health care system last year, he did exactly this in the private sector. So, I think there is a reason why Senator Inverso moved forward as a champion, because I think he understands the very real, direct ramifications of what this means in terms of value for our subdivisions at the county and local levels, as well as the State.

ASSEMBLYMAN GEIST: Thank you. Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Mr. Bagger?

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman. Just on the same subject, as you may know, Commissioner, tomorrow the Appropriations Committee will be having an all-day hearing on the Pension Revaluation Proposal, which, for discussion purposes, I introduced in the Assembly. So I know, Assemblyman Geist, that it will be receiving a lot of discussion. We expect the active assistance and cooperation of the administration. I hope to bring back some of that information from the Appropriations Committee to this Committee.

I thank you, Commissioner, for your comments. I think that one of the priorities of this Committee is to assure that the purposes of the 1986 Civil Service Reform Act -- which you mentioned so eloquently in your remarks -- are carried forth, and are being implemented completely. Your comments also about the fear that continues in this day and age with State employees of political coercion-- That is a real fear, one that should not exist in this Civil Service Reform Act.

In my short time in the Assembly -- only two months -- I have had several State employees -- participants in the Civil Service system -- come to meet with me confidentially to share their fears about political coercion from division directors and department heads. I think we have to join together to eliminate that from State government.

One area I would like to see this Committee look at closely is positions in State government that are not subject to the Civil Service system. I am wondering if you could describe for me what a project specialist is, in terms of the classification; what the purpose of that position is; how long it is supposed to exist; and why it is outside the Civil Service system?

COMMISSIONER CIMINO: I think that is an excellent question. Assemblyman Bagger, that is really, quite frankly, much to the point. I will tell you that we are concerned about-- We share your concern about project specialists. Governor Florio has shared your concern about project specialists. When Governor Florio entered office there were approximately 918 project specialists in this government. We are down to 318. It is an area in which this administration has moved purposely and directly. Without question, it did not flinch. It moved to eliminate the level of project specialists.

Now, we still have some. Out of an employment of roughly 74,000 people, or, if you go by the full-time paychecks of Treasury, 66,000 -- we count differently; you'll probably

find that out over a period of time -- there are still 318 who are designed to specifically work on specific tasks, and they should be in a short window of time. We have done all that we can. Indeed, we are moving, even today as we speak -- and we spoke at a meeting this morning at 9:00 prior to coming here -- toward bringing that to an even narrower base of people, to ensure that, in fact, there is only a specific number of project specialists.

We have moved dramatically to reduce-- The same thing with unclassifieds. When you get past the unclassifieds who rightfully should be in the investigative wing in the State Police, and that sort of thing, this administration has done a dramatic job of cleaning up the number of unclassifieds that used to exist in State government.

SES was a system, unfortunately, where people were in departments, and they were rolled into SES. They were rolled out of their titles and rolled into SES. They all didn't meet the criteria. There were 546 of them. Today we have 149 slots, and 128 people fill the 149 slots.

So again, in this two-year period of time, we have dramatically reduced SES, all for the same reason. We are now looking at SES in the way that it was originally envisioned: to be a mobile manager corps to deal with hot spots in departments. This is a professional corps of managers, which, quite frankly, ought to be there. I mean, the Richard Baggers of the world and the Skip Ciminis of the world are here for a period of time, but the professional manager corps stays here and systematically provides a sense of stewardship to a government which changes when times change at the top, whether it be Democrat or Republican.

ASSEMBLYMAN BAGGER: Through you, Mr. Chairman, one thing that I think would be very helpful to this Committee, would be to see some sort of written presentation of statistics and number of unclassified positions and project specialists,

say, over the last two years, and also what system is in place within the administration to limit the number of new positions outside the Civil Service system.

COMMISSIONER CIMINO: I would be happy to share that with you. We have already shared a lot of that data with the Senate State Government Committee. I think you will find, as well -- as Assemblyman Russo knows -- that that will become, ladies and gentlemen, a desk reference for State government. For the first time, in a comprehensive way, the Department of Personnel has put together who the work force is. Coincidentally, it is 53 percent female; 33 percent minority; but its average age is 41 years old. The average length of service to the State of New Jersey is nine years.

Now, some of those numbers changed a little bit because of the program that Director McMahon had with the early retirement. The fact of the matter is, we have to begin to rethink what it is we say about the work force, because it is relatively young. To all intents and purposes it is going to be with us for a long time, so we have to rethink what we talked about.

We have to rethink how we look at some of the other issues that are out there, too, and the implications of sick leave. Why sick leave? The fact that we have more single female heads of household, more two-income families, and, by virtue of that situation today, and that people are struggling to make it, they are not going to necessarily leave their child when that child is sick, because we don't necessarily have adequate child care.

So, those are some of the implications that need to be addressed by the Legislature in relationship to getting ready for the 21st century work force.

ASSEMBLYMAN BAGGER: Thank you, Commissioner.

COMMISSIONER CIMINO: Thanks very much.

ASSEMBLYMAN BAGGER: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Commissioner, I'm looking at the chart of employment history. You used some figures-- Right now, we have approximately 74,483.

COMMISSIONER CIMINO: That is correct.

ASSEMBLYMAN RUSSO: Okay. At the top, there were about 80,300.

COMMISSIONER CIMINO: Right.

ASSEMBLYMAN RUSSO: Okay. At, let's say, 1980 or '81-- You talked about that decade. It looks to me like there were about 60,000 State employees at the beginning of the decade. Is that about right? It is hard-- I am trying to look at the increases.

COMMISSIONER CIMINO: What chart are you on, Assemblyman?

ASSEMBLYMAN RUSSO: I am on page 9.

COMMISSIONER CIMINO: Yes. At the beginning of the decade, there were roughly about 65,680 State employees.

ASSEMBLYMAN RUSSO: What I am trying to look at also is-- Obviously, the increases per decade have been rather large.

COMMISSIONER CIMINO: Oh, yes. There have been-- The most amazing thing here, Assemblyman-- If I may just take you to the next page, as well, we can try to look at these together.

ASSEMBLYMAN GEIST: What page, Skip?

COMMISSIONER CIMINO: Page 10.

ASSEMBLYMAN GEIST: Thank you.

COMMISSIONER CIMINO: The most amazing thing is, we have tracked employment, as you can see, from 1917, in State government.

ASSEMBLYMAN RUSSO: Right.

COMMISSIONER CIMINO: If you absent the movement -- and, David, I think you and Alex will remember this -- to the College Governing Board of Trustees separating the autonomy -- the autonomy issue -- only two cataclysmic events in this

State's 20th century history provided a greater downsizing than what Jim Florio has done. Those were the Great Depression and World War II -- cataclysmic events that affected the entire nation. No other governor in this century has provided a more humane downsizing of the size of the work force than Jim Florio; no other governor. In point of fact, other than some plateaus, most governors added to the payroll. No other governor has provided that kind of downsizing but Jim Florio.

So, it has been a dramatic effect. It is probably one of the biggest downsizings of state government, in fact, in the country.

ASSEMBLYMAN RUSSO: During the '80s -- and, you know, the chart is interesting because-- I may be incorrect, but using the chart I had believed that during the '80s the size of government increased a tremendous amount, which it obviously did from an employee standpoint. Although when I am looking at the spread from approximately '50 to '60, and '60 to '70, there doesn't seem to be all that much difference, at least from 1960 onward.

Taking the last, let's say, 10 years, in your opinion -- and I know you were in the Legislature -- did we know-- We can see what the increase of employees was. Did the programs increase by about a third during the last 10 years?

COMMISSIONER CIMINO: I can't honestly answer that for you, Assemblyman, whether the programs did or not. All I know is that in terms of aggregate dollars, it took us to 1981 to spend \$5.1 billion, and we ended up spending, you know-- We went 135 percent, 140 percent of that within the next decade.

ASSEMBLYMAN RUSSO: Yes.

COMMISSIONER CIMINO: So, it took us 200 years to get to the \$5 billion, and then we went from \$5 billion to \$12 billion in 10 years. So I would assume that there were probably-- I am not suggesting that there weren't legitimate programs. There probably were legitimate programs, but in

understanding where it is that we got to, and what Governor Florio needed to address, there are two dramatic dichotomies here in terms of the exponential growth of the budget, as well as the size of the work force and what he has to deal with in terms of downsizing to keep us in a balanced, or at least in a very real attempt to keep us in a balanced environment in terms of the budget.

ASSEMBLYMAN RUSSO: I didn't go through this entire book yet, obviously. With regard to the 5000 people -- and I stress the word "people" -- who are no longer employed, do you have a profile on that, meaning women, minorities, age, experience, or is that not available -- or, is that in here? If it is, I'm--

COMMISSIONER CIMINO: That's not in here, is it, Tom? We haven't gotten that far at this point?

UNIDENTIFIED SPEAKER FROM AUDIENCE: No, sir, we haven't.

COMMISSIONER CIMINO: We have not gotten that far.

ASSEMBLYMAN RUSSO: I just thought it would be interesting, and also informational, to see who is not there. If you could get that for us, I think it would be good for everyone.

The other question-- You touched on layoff notices. I have read press releases, or whatever, and I am not exactly sure what's right. Maybe you could amplify on that a little bit, meaning, from a personal level. Of course, you have to follow the rules and regulations.

COMMISSIONER CIMINO: Absolutely.

ASSEMBLYMAN RUSSO: On the other hand, on a personal level, to have 5000 or 2000 people not having positions, and to have many times that getting layoff notices, is a questionable practice, from a morale standpoint and everything else. I just want to make sure that I understood that. Can you talk about that again?

COMMISSIONER CIMINO: Yes, I agree with you wholeheartedly. That is something I think we will look at, as it is in this budget which has been proposed by Governor Florio. I am not suggesting-- The Legislature has a willful and a rightful place to determine its act as the appropriating arm of government. But, as we look at this budget, we are not looking at substantial -- or any layoff kind of activity. It would be very minimal, if there is any.

What we went through in 1991, if you will, was a substantial exercise that had not been contemplated in this State in a long period of time. The second point is, it was the first opportunity to engage the rules and to engage the statute of 1986. When all the smoke cleared, the result was that the statute and the rules worked. We narrowed the bumping; we narrowed the interpretation of the bumping. For instance, there was an editorial last week that said that you could bump anywhere in the government; you could bump across departmental lines. You cannot do that. That doesn't exist any longer. You could do that prior to 1986, but you can't do it any longer.

So, we have narrowed the focus substantially. Then, within the rule-making authority under the statute, the Merit System Board, as well, took a very, almost -- I call it "a strict interpretation" of the rules, the application of the rules, and what have you. Out of that came the fact that we had a Layoff Task Force. The Layoff Task Force worked. We have put together now, effectively, a very substantial bible on how layoffs occur, and we actually narrowed the bumping from 10 to 1, so to speak, down to 3 to 1, almost underneath that. We rounded it up a little bit. It is about 2.75 to 1 as a ratio.

ASSEMBLYMAN RUSSO: Of the 5000 people approximately, how many of those -- if you don't know the figures, that's okay; you will get them I know -- would be early retirements? How many would be, in essence, layoffs or fired?

COMMISSIONER CIMINO: If I am not mistaken, I think Director McMahon will have the early retirement number. I think it was around 2500, or thereabouts -- early retirements -- which was a more humane way to have people leave the government. As you know, having been in the Legislature -- and Assemblyman DeCroce having been in the Legislature -- there was a hiring freeze. As you are aware -- I am sure you are aware -- we entertain, under normal circumstances, about a 6 percent to 8 percent attrition rate on 74,000 people. Now, I will tell you, that attrition rate will not be as high because, quite frankly, there are no jobs out there in the private sector. If you look at the want ads, there are no jobs. So, for somebody to leave-- You know, in good times, there is a reason for people to leave. In bad times, there is no reason to leave. This becomes a good job, a very good job, for a lot of people.

ASSEMBLYMAN RUSSO: From your expertise, and I know you have been in this position for less than a year, but I know you have years of--

COMMISSIONER CIMINO: Two months, Dave, come on.

ASSEMBLYMAN RUSSO: Oh, that is less than a year. Is it that long already? (laughter) With regard to layoff notices, etc., and other things you know of, or you will see, do you have any recommendations that you -- maybe not today -- would be willing, from your Department level, to suggest to the Legislature, things you think would simplify and streamline the process with regard to 1986?

COMMISSIONER CIMINO: Assemblyman, with all due respect -- and I know this Committee has a very, very serious and real purpose to it -- I think that what was done by Governor Kean and by the Assembly, led by Chuck Hardwick, in conjunction with John Russo, was the right thing to do. I think we have moved substantially. I think we have done the right thing with the evolvement of the SES, with the narrowing of the bumping rules. We have seen it work. It works. I am

not sure that there is anything more that needs to be done in terms of it.

ASSEMBLYMAN RUSSO: Okay. The reason I asked that is because you used, for example-- Obviously, perfection in the question before would have been a 1 to 1 ratio. When you have nearly a 3 to 1 ratio -- which is certainly better than a 10 to 1 ratio -- and, of course, if you are the individual receiving those notices-- From your perspective, if there were a better way to do it, I would be interested in hearing that from you, or from your Department.

Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: You haven't received any layoff notices yourself, have you? (laughter)

COMMISSIONER CIMINO: Not as of 10:00 this morning, Assemblyman.

ASSEMBLYMAN DeCROCE: I would just like to go back to the job freeze. We talk about a job freeze, but by the same token, not every department is affected by that job freeze, as I recall.

COMMISSIONER CIMINO: That's a fair assessment. That is correct.

ASSEMBLYMAN DeCROCE: I think, I am not sure, is it Corrections that continues to hire?

COMMISSIONER CIMINO: Corrections and Human Services have the ability to hire. Corrections and Human Services-- There are plans in the budget for them to hire, obviously with a good deal of specificity, because of the emergent nature that happens in some areas, as well as the populations we house in facilities. Commissioner Fauver and Commissioner Gibbs could speak in greater detail in this area, but there are areas in the budget which are emergent.

For instance, last year, in the spring of '91, there was a loss of an individual to teach algebra at the Marie Katzenbach School for the Deaf. We were in a hiring freeze.

We suspended the hiring freeze in that position to hire an individual to do the job, because it was for children in, obviously, a very sensitive environment, who needed education. So that is the kind of thing that we essentially look at.

ASSEMBLYMAN DeCROCE: The reduction in force, frankly, has really come about by way of attrition and, of course, the job freeze, wouldn't you say more so, than just carving, or cutting government in any way? I mean, we have cut government because of the freeze, more or less.

COMMISSIONER CIMINO: Assemblyman, we have cut government because of the attrition, because of the freeze, because of early retirement, and, indeed, because of layoffs, too. I must tell you, we did lay people off. We laid people off in the classified service. Quite frankly, we laid off almost at a 3 to 1 ratio in the unclassified service. We substantially shrunk the size of the unclassified service that Jim Florio found when he came into office. We have done the things that--

ASSEMBLYMAN DeCROCE: Lastly, in your area of responsibility-- Does it have anything to do with the unemployment dollars that are paid out on a daily basis?

COMMISSIONER CIMINO: We have nothing to do with the unemployment dollars whatsoever.

ASSEMBLYMAN DeCROCE: Okay, thank you. Thank you very much.

ASSEMBLYMAN GEIST: I just have a trivia question: I notice on the distribution of employees by work location that we have some situated in California, Illinois, and Texas.

COMMISSIONER CIMINO: They are important people. They collect money.

ASSEMBLYMAN GEIST: Is that right?

COMMISSIONER CIMINO: They collect money from people who think they have escaped the State of New Jersey in paying their taxes. They are placed regionally, you know, in

California, Illinois, and Texas, and they collect tax money. As a matter of fact, when I showed that to the press, one of them said that they would suggest, maybe, to their editor, that they should take a trip out there to find out what they do. It would make a great story.

But no, realistically, that is what they do. They collect moneys for us -- moneys owed to the State of New Jersey.

ASSEMBLYMAN GEIST: Thanks for the clarification.

ASSEMBLYMAN RUSSO: That top employee level, just for the purposes of my own edification-- When we hit the 80,300, was that in '90 or in '88?

COMMISSIONER CIMINO: That was in '88, I believe -- roughly '88.

ASSEMBLYMAN RUSSO: Okay. The reason I ask you that, forgetting who gets credit or discredit, it doesn't make any difference--

COMMISSIONER CIMINO: Right.

ASSEMBLYMAN RUSSO: I am just wondering, from '88 you start to see a little downward -- not as much--

COMMISSIONER CIMINO: Eighty-nine.

ASSEMBLYMAN RUSSO: I am just wondering, would any of that -- because the economy was still fairly good at that time-- Would any of that maybe have to do with the '86 Act, or was that just some-- I see it just stopped right there.

COMMISSIONER CIMINO: Do you mean the '86 Act in terms of the Civil Service Reform Act?

ASSEMBLYMAN RUSSO: Yeah, would that have had the-- No.

COMMISSIONER CIMINO: No, no.

ASSEMBLYMAN RUSSO: Do you have any reasons for that? This is, let's say, '89, I guess, you would start to see--

COMMISSIONER CIMINO: I think that at that point, in all candor, probably the managers of the government began to understand that times were difficult; that the revenue

projections were beginning to fall off; and that we could not continue to grow with the rapidity that we were growing.

ASSEMBLYMAN RUSSO: Because I don't remember hearing that from the administration. I don't mean this administration, the administration at that time. So you may be right. That was a precursor at that time. I was just wondering, because it looks like 1990, you know-- This last chart ends in '90, so that seems to be a little before that.

Okay, thank you.

ASSEMBLYMAN GEIST: One closing question: It is my understanding that since the '86 Act much of this is now governed by regulation -- governed by statute. Is that correct?

COMMISSIONER CIMINO: Well, the statute provided for the Merit System Board -- the Merit System Board, of which the Commissioner of Personnel sits as the Chair, with an equal number of Republicans and Democrats-- They are responsible for the title making, the rule making. The rules fall under the Merit System Board. It was done that way so that the House of Personnel, administratively, as the central human resource agency for the government, as well as the Merit System Board, were moving concomitantly in the same direction. That was the purpose behind the Civil Service Reform Act.

ASSEMBLYMAN GEIST: Are many of those rules now subject to periodic mandate and review?

COMMISSIONER CIMINO: Those rules are up for mandate and review. Six of the 10 chapters of the rules are up for review this year.

ASSEMBLYMAN GEIST: Mr. Chairman, since six of the 10 chapters are up for review by mandate, I think it would be appropriate if we participated in evaluating those mandated reviews of six of the 10 chapters. Can you share with us, through the Chair, the six chapters that are subject to review?

COMMISSIONER CIMINO: We will be happy to let you see the six. We are moving-- We have to move within a specific

time frame. Assemblyman, I don't want to impede the progress of that. I will be happy to share them with you. If you can comment expeditiously to us, we would appreciate that, because we are on a schedule that requires us to get it done. If not, the rules are suspended, and then we could have a problem.

ASSEMBLYMAN RUSSO: Understood.

COMMISSIONER CIMINO: It is not just rules on layoffs. As a matter of fact, I am not even sure they are the ones that are up this year. They're next. These are rules that pertain to title classifications, and a number of other things. But we will share those with you -- those chapters.

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN RUSSO: Any further questions from any -- or from staff, as I said before? (no response) Okay.

Commissioner, I want to thank you very much.

COMMISSIONER CIMINO: I thank you. Nice to see you this morning. Have a good day.

ASSEMBLYMAN RUSSO: Next, Director McMahon.

M A R G A R E T M. M c M A H O N: Good morning, Mr. Chairman, Committee members. I am very happy to be here this morning to tell you a little bit about the Division of Pensions and the benefits we administer, and to answer any questions you might have. And, Assemblyman Geist, I can make a few comments on pension (indiscernible)--

ASSEMBLYMAN GEIST: Thank you.

MS. McMAHON: --to answer your questions also.

The Division of Pensions was established in 1955. Its initial mission was to provide administrative staff for the State-administered retirement systems. These systems have grown to include over 450,000 active members and 125,000 retirees, or approximately one out of 14 residents of the State is an active member or a retiree of one of the State systems.

As of June 30, 1991, pension plan assets were valued at over \$29.2 billion. As such, New Jersey State systems

represent the sixth largest pension fund among public funds, and the ninth largest among both public and private.

The retirement plans include: the Public Employees Retirement System, the Teachers Pension and Annuity Fund, the Police and Firemens Retirement System, the State Police Retirement System, the Judicial Retirement System, the Consolidated Police and Firemens Pension Fund, the Prison Officers Pension Fund, the Central Pension Fund, and the Alternate Benefit Program for certain employees in higher education.

Of the total number of participants in State plans, approximately 20 percent are employed by the State, and 80 percent by local government entities and school boards. In agreeing with Commissioner Cimino, you will see when I state some of these numbers, that our largest responsibility is to local government entities. There are over 1700 local employers, and more than 2700 reporting entities. These local employers range in size from one employee, at a Sussex County agency, to over 8000 at Rutgers University.

In 1964, a major expansion of the Division's mission and responsibilities occurred with the establishment of the State Health Benefits Program. While the Program was initially established for State employees, it was soon opened to employees of local governments. Today the plan is the largest health benefits plan in New Jersey, and the third largest among public plans in the nation. The plan provides coverage for approximately one million employees and their dependents, or one out of every seven residents of the State.

The State Health Benefits Program has grown from a Program offering one plan to one that currently offers 17 different plans to its membership: a traditional plan administered by Blue Cross/Blue Shield and Prudential; the Preferred Provider Organization, or PPO, as it is called, a

managed care option which is administered by the Prudential; and 15 different Health Maintenance Organizations, or HMOs.

Of the approximately 315,000 members in the State Health Benefits Program, 35 percent are State employees, and 65 percent are employed by local government entities and school boards. There are approximately 1000 local employers who participate in the Program. In addition to the State Health Benefits Program, State employees are eligible to participate in a prescription drug program, a dental program, and a vision care program.

I have available with me today copies of the 1990 Annual Report of the Division. The 1991 report will be available next month. The Annual Report will give you an idea of the breadth and scope of our responsibilities and some of the benefits we administer

I will be happy to answer any questions you might have for me today, and to provide you with any additional materials you may request.

ASSEMBLYMAN RUSSO: Before I forget, you could do me a favor. I don't know if you have sufficient copies today, but just for some of the technical things you mentioned -- which were very interesting on the figures-- If you could give us a copy of your statement, we will make the additional copies. I think that would save some questions.

Assemblyman Geist?

ASSEMBLYMAN GEIST: The Pension Reval process-- Did the Governor conduct an independent actuarial analysis before he made the judgment to recommend this revaluation? Or, is he merely relying upon that of previous administrations? Has that actual analysis been updated to provide reassurance to all that the foundation for this principle remains the same?

MS. McMAHON: Yes, I will be happy to answer that question. I think I can give you some assurance as to the soundness of this proposal.

First of all, the proposal-- I think one of you mentioned that there were recommendations made over the last eight years to go from book to market value. The pension plan auditors, for five years straight, have recommended it. A number of Governor's commissions have recommended it. But the comprehensive study that was done in 1989 was the study on which this current revaluation is based.

The study that took place in '89-- There were two actuaries involved: Buck Consulting, who continues to be the actuary for--

ASSEMBLYMAN GEIST: Who?

MS. McMAHON: Buck -- B-U-C-K -- and ASA, Actuarial Sciences Associates. Both of these firms looked at the Public Employees Retirement System, and they were to come up with recommendations for funding.

As an aside, I would mention that ASA was the independent actuary involved in the 1989 study, and is now the actuary for the NJEA. When I look back at the '89 study, I see that some of the ASA recommendations in the '89 study were more liberal than the ones we have adopted. Also, the actuary for CWA -- whom I have not spoken to-- I have spoken to CWA people and I have made our actuaries available to them for information. To the best of my understanding, there is no information that has been requested that has been withheld. We have met with the NJEA and a couple of their actuaries at a very large meeting. The initial report-- If you don't have that original proposal from the Division of Pensions, I will be glad to provide you with it. After there were a few hearings, there was a request for a more substantial report, which we have had each of the actuaries prepare. Those are available. We have maybe five pounds of reports, so we do have comprehensive documentation.

Now, when you talk about independent actuaries-- All right, the '89 study was the comprehensive one. The Pension

Reval is based on that. Buck was involved in that, and the ASA. Now, we have new actuaries for the police and fire system and the State Police system. They were not involved in the 1989 study. They have only been on board for about a year. They looked at that study, and they have endorsed the Pension Revaluation, even though they were not part of that '89 study.

I think it is important to remember -- and I certainly--

ASSEMBLYMAN GEIST: Do you have their name?

MS. McMAHON: Yes. Milliman and Robertson. I would be glad to provide all of you with their comprehensive report.

ASSEMBLYMAN GEIST: Thank you.

MS. McMAHON: I think it is important to remember when looking at this Pension Revaluation that private sector pension plans must use market value when they value their pension plans. What the State is suggesting is, we are not going strictly to market value, because it may be too volatile. We are doing a five-year average, which is a conservative approach.

Most states use market-related value. When concerns have been raised, and I think they are legitimate concerns: What happens if the market goes down? What happens if people start to live to be 120? Those are very legitimate concerns. They will be addressed no differently after revaluation than they are addressed right now.

As part of the contract we have with our actuaries, every year they value the plans. They do a valuation. They look very carefully to see if the assumptions on salary increases, on interest assumption -- if they are measuring up to reality. Every three years, there is a comprehensive study made, and as a result of that comprehensive study, if things are changing, they will make recommendations to us, and we will change our assumptions. So none of this is carved in stone. Clearly there has been a very comprehensive study done, and the changes we are suggesting make good sense because we are-- At

the current time, the current taxpayer is paying more than he or she should pay for the pension plans. So, under the revaluation, each generation of taxpayers will basically pay their fair share.

I don't know if that answers your question, but I think the materials will.

ASSEMBLYMAN GEIST: Thank you, and thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Just to follow up very briefly: The term-- You didn't use it, but the term you hear is that the employee pension fund is overfunded, which, you know, is an interesting term, provided it is not your pension, I guess. I am not sure it could be technically overfunded, unless, you know, everyone was going to pass away.

If it is overfunded -- if you use that term -- whose money is that?

MS. McMAHON: All right. First of all, Mr. Chairman--

ASSEMBLYMAN RUSSO: If it is overfunded?

MS. McMAHON: First of all, let me speak to overfunding. The pension plan is not overfunded now, nor will it be under pension revaluation. Typically, public pension funds in the United States are funded at an 82 percent level. The goal of all pension funds is to be 100 percent funded. Under revaluation, the pension plans will be funded at about a 92 percent level, with a goal over the next 20 years to reach 100 percent funding. But clearly--

ASSEMBLYMAN RUSSO: Right now, they are what percent -- 100, or more?

MS. McMAHON: No. The benchmark-- When the government association that sets up these ratios -- and then there is a Federal model also-- When they are saying whether you are funded at a 100 percent or a 90 percent level, they are using whatever funding mechanism and method you use. When we were using a book value, we had to be measured by that. Under

that measurement, we were in the range of 75 percent. Under pension revaluation, because we are recognizing the market value of our assets, it is a much truer picture. We are funded at 90 percent. Most public funds are funded using a market-related value.

ASSEMBLYMAN RUSSO: Okay. If you were to have savings from a revaluation -- whether it is overfunded or it is not overfunded -- whose money is that? I want to make sure that I understand. I am not trying to confuse you. I mean, whose money--

If there is a savings to be gleaned from that, whose money is that -- the State's? I mean, is that a State contribution, or is that employee contributions? And, I am not trying to confuse you in a hostile way. This is just for my edification.

MS. McMAHON: First, let me step back and explain a little bit about the two major types of pension plans there are. Basically in our State system we have two models. Most of the State's retirement systems are defined benefit plans. That means that there is a formula and your benefit is defined. The amount of money your employer puts in is not defined. We promise you a benefit at age 60 based upon years of service over 60. That is the benefit that is promised. The employee contribution is set by age when you come into the system.

ASSEMBLYMAN RUSSO: The employee, okay.

MS. McMAHON: The employer contribution isn't set because, under a defined benefit plan, the employer pays whatever it takes. If Roland Machold hadn't done such a good job with investment, the employer would have to come up with more money. It is the fundamental basis of these plans. The employer has all the risk. So, when times are good, they share in the good times, but when times are poor, the employer has to come up with the money.

Now, let's move over to a defined contribution plan, which is the kind of plan that is available to faculty in State colleges. Under that plan, the employee puts in a set amount and the employer puts in a set amount. Right now it is about 8 percent. The retirement benefit you get under a defined contribution plan -- where just the contribution is defined -- is whatever it is, and the individual has some choice as to how those investments are made. So clearly, under a defined benefit plan, any savings as a result of good investment would always accrue to the employer, just as poor investments-- We would never turn around and say to the employee, "Oh, you have to come up with extra money to fund it." So you are talking about the fundamentals of pension plans.

ASSEMBLYMAN RUSSO: Okay. So that is sort of like a silent partner kind of-- Yes. That is what you're saying, meaning that you can't share, you know -- the theory being that you don't share in the benefits.

MS. McMAHON: Right. The benefit is defined.

ASSEMBLYMAN RUSSO: You don't share in the losses, but you-- You wouldn't share in the losses as an employee--

MS. McMAHON: Yes, there are two sides to it.

ASSEMBLYMAN RUSSO: --but you would share-- The reason I ask you that is because I am not on the Appropriations Committee and I won't be there, but one of the questions I have is: Let's say that actuarially -- I am not going to say you, but these groups you are talking about, etc. -- they are correct, that maybe there should be a revaluation. What I have to understand for myself -- and it is very intrinsic here, it is integral here, because when we are studying possible layoffs, difficulties in that area, it may not be necessary, in essence, if there are new funds with regard to this revaluation-- If there is no revaluation, it is a different story. It makes it very difficult.

I am just wondering -- this is just my view -- if you had, even in private industry, a pension plan that, let's say, is either overfunded or revalued, and you know you have, for example, life expectancies, looking, let's say, at the Social Security system as an idea there-- I can see a revaluation possibly, but the problem I have is the earnings, or the basis of what you are gaining from doing the reval. I could understand using either increased possible benefits or protecting against-- This may make no sense, because it may not be-- I just don't see a problem with an overfunded system, with life expectancy being what it is and State government being -- even though there is no growth now and we are talking here about what I consider painful downsizing to individuals, especially to those individuals who are being downsized.

But on the other hand, possibly to forgo that, jeopardizing long-term pension benefits-- I know you said, "It is not in stone," but I just don't understand. If you understand the concept of why those savings go, in essence, to the employer -- to the State-- If I understood your figures, which are very interesting, something like 1 in 14-- Is that 1 in 14 residents of the State -- one way or another -- in this pension system?

MS. McMAHON: Right.

ASSEMBLYMAN RUSSO: In one of the forms -- 1 in 14 -- whether it is schoolteachers or--

MS. McMAHON: Right. There are over 500,000, and the population of New Jersey is, what, around seven million, eight million?

ASSEMBLYMAN RUSSO: Yes, seven million or eight million people. So they are 1 in 14 in the system. If I understood you correctly, I thought you said, "1 in 7 get the State health plan benefits."

MS. McMAHON: If I count spouses and children, it is around a million people.

ASSEMBLYMAN RUSSO: Sure, sure. Now, does the reval-- How does that impact on the State-- Obviously, twice as many people are in the State health plan as in the pension plan.

MS. McMAHON: No. I'm sorry, that was a misleading statistic. In other words, when we talk about the health coverage--

ASSEMBLYMAN RUSSO: Right?

MS. McMAHON: --spouses and children of State employees, directly, are covered by it. Where when I am talking about the pension--

ASSEMBLYMAN RUSSO: Indirect.

MS. McMAHON: --it is indirect.

ASSEMBLYMAN RUSSO: So they are not members, but indirect--

MS. McMAHON: It is really -- to be clear about the numbers-- There are about 500,000 in pensions -- individuals -- and there are about 315,000 local and State employees in the State health benefits.

ASSEMBLYMAN RUSSO: Does the reval of the pension system-- How does that impact on the health benefits, or does it have no impact?

MS. McMAHON: It does not impact on the health benefits. No, it does not.

ASSEMBLYMAN RUSSO: Was it ever discussed where these reval savings would be used, because of actuarial issues -- where there may be, at some point, a bigger State government? There may be more State employees; they may be living longer, just as in private industry, when business grows sometimes, for good reasons.

Again, we all understand the hard times now, looking inward, but was that considered, or you don't know -- meaning the savings from the reval, instead of going to the General Treasury or to Education?

MS. McMAHON: I was not part of that discussion.

ASSEMBLYMAN RUSSO: Okay. Richard?

ASSEMBLYMAN BAGGER: Staying on the pension revaluation, I take it from what you said before that the State pension plan is a defined benefit plan?

MS. McMAHON: That's right.

ASSEMBLYMAN BAGGER: Am I correct in the notion I have that, while there are protections built into the proposal to go to market value, it still would protect us less from a downturn in the stock market, than under book value? That is really the risk we are buying by reducing the cost of the contributions into the pension.

MS. McMAHON: First of all, there are three parts to the pension reval: It is going from book to market-related value. It is also going from a 7 percent assumed rate of return, which is your book rate of return--

ASSEMBLYMAN RUSSO: Right.

MS. McMAHON: --to an 8 3/4 percent market rate of return. And then changing the actuarial method from one that recognizes the long-term liabilities of the pension plan.

Clearly, I think perhaps what you may be referring to, and what most people tie into, is, is the 8 3/4 percent interest assumption risky in any way? I think what we have to come back to-- When you are talking about economic assumptions in the pension plan, clearly on the one hand we are moving the interest assumption to 8 3/4 percent. But on the other hand -- on the more conservative side -- we are increasing the salary increase scale and the cost-of-living adjustment. So there is a balancing act that takes place.

You could perhaps find another state that has a rate of return, maybe, at 8.5, but their salary scale perhaps is lower, or their COLA is lower. I don't really think that the risk that most people are concerned about-- I really don't think it is there, because long before anything that would cause a significant drop in the value of the pension assets

occurs-- It is being watched from year to year. For example, in 1987, the market dropped, but it recovered shortly thereafter. We are going to be on a five-year average, so any volatility is smoothed out.

So I think it is basically a conservative approach. I mean, there are many states which are doing wild and crazy things. From the actuaries we have talked to, in many cases-- If a state wants to take an interest assumption that is outside the realm of reality, you won't have an actuary sign off on it. They will bail out on you. We have statements from our actuaries that talk about what is going on in other states and how this is a very conservative, prudent approach, in keeping with the principles that are mandated, really, in the private sector.

ASSEMBLYMAN BAGGER: There is another aspect to that. As I understand it, the assets of the pension plan are invested approximately half in equities and about half in what you call "commercial paper notes"--

MS. McMAHON: That's right.

ASSEMBLYMAN BAGGER: --and treasuries and things like that. And the State's contribution -- because this is a defined benefit plan -- to the plan on an annual basis is determined, in part, by the value of those assets and the interest earned on them.

If, for example, the total market value of the State's investments were to drop 10 percent next year, there would be some corresponding increase in that fiscal year's appropriation out of the State budget, and for the municipalities out of their budgets, to the pension plans.

MS. McMAHON: Okay, let me get into one part of this change that also decreases any volatility which could occur, and let me comment, too, on when you said, "If it drops 10 percent"-- Remember, we are going to a five-year average, so you would only feel one-fifth of that 10 percent.

ASSEMBLYMAN BAGGER: You're insulating--

MS. McMAHON: We're insulating that. But the actuarial change -- method change that we are adopting-- From year to year, the pension contribution changes. It is not real volatile, but it does change because there are actuarial losses or gains or investments or people live longer, all of these kinds of things.

Well, the way that this under-evaluation-- We have, for the unfunded accrued liability-- There is going to be a 30-year funding period. That is how it is going to be set up initially. If there is an actuarial gain, instead of reducing the contribution, the period is going to be reduced to less than 30 years. If there is an actuarial loss, the period will be extended, maybe to 30 1/2 years.

However, if that funding period ever gets up to 40 years, it will stop and the rate will be adjusted. Now, we don't expect that to happen in the near -- even in the distant future, because what has happened-- As we projected even into the second year, the funding period was set at 30, but as a result of the recognition of the assets, it has dropped down to, I think, about 15 years now. So we have that leeway between 50 and 40 years. There is going to be great stability in the rate, which, as I explained earlier, you know -- most of our responsibilities in pensions and health benefits with our local employers, and certainly from a budgeting perspective to be able to know from year to year what your contribution rate is going to be-- I think this will make life a little bit easier for people trying to balance their budgets. But, that is another offsetting mechanism to stabilize volatility.

ASSEMBLYMAN BAGGER: Thank you, Director McMahon. Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN DeCROCE: I have no questions.

ASSEMBLYMAN GEIST: Just a quickie: On the five-year benefit plan, you said the employer has all the risk. That seems to suggest, i.e. by inference, that the employee has none. Even though we are talking about reval, you are suggesting to me that because we are in a defined benefit plan, the employees here should have no concern because the employers have all the risk.

MS. McMAHON: I am not saying that employees should have no concerns -- certainly they have raised some concerns -- because until they know everything they need to know about this pension reval-- I am an employee, too. Yes, I would question it, but the reality is, the employer does have all the risk. I think, as a practical matter, employees can feel more assured of their benefits than they could in the past, because clearly there is an article in the paper every day about the costs of pensions and health benefits. And if we can bring those costs under control so that this generation of taxpayers isn't paying more than their share, I think it further enhances the benefit level and benefit security of employees.

So, I don't think they have any risk at all. I think they can be very well assured that this is a sound proposal. It assures their security now and in the future, that the benefit will be there for them.

ASSEMBLYMAN GEIST: Thank you, Director. Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Anybody else? (no response) As you are handing those out, Pam (speaking to Committee aide who is distributing materials), I don't know if we are going to have any more questions today. This has been very helpful, and we appreciate the fact that you came. We may not be meeting for another week or so. If we have a situation where we would like you to come back, either on health benefits or on something else, would that be possible?

MS. McMAHON: I would be happy to.

ASSEMBLYMAN RUSSO: Okay, thank you.

Mr. Gelade?

M E L V I N J. G E L A D E, ESQ.: Good morning, Mr. Chairman, members of the Committee. I appreciate your asking me to come in here today. I am not sure how many of you are aware of exactly what our office does, so I will give you just a brief overview, if I may.

The Office of Employee Relations is responsible for negotiating on behalf of the Governor the collective negotiations agreements with all of the unions which represent State employees. This year, the three-year contracts with those unions -- which represent approximately 55,000 State employees -- expire as of June 30, and we are currently in the process of negotiating -- renegotiating those agreements.

Our Office also administers those agreements to the extend of involvement in grievances, arbitration processes, and related matters pertaining to the administration of those agreements.

We have a very confidential role in these negotiations, which are, naturally, not conducted in public. In fact, collective negotiations are exempted from the Open Public Meetings Act just for that purpose. Therefore, it would be inappropriate for me to give any details as to negotiation strategy or specific items that are under negotiation, although I am certainly prepared to discuss the process and how it works.

I will say that we have open collective negotiations which are conducted under the PERC law, and have been conducted for the past approximately 20 years with several of the unions. We have one this afternoon, and another one on Thursday. We will be conducting ongoing sessions with all of the unions throughout the period between now and June 30, hopefully not beyond.

I can say that to date, the labor organizations with which we deal have acted very responsibly. The items that have

been placed into negotiation at this time by the various unions have been designed to protect the benefits of their members and to take into account their concerns. At the same time, they have been cognizant of the realities of the fiscal situation we are in. I would only say that they are very responsible. They have items that we may be able to agree on, and other items that we may not. But nevertheless, on the whole, it is a very prudent and professional set of negotiation demands that I have seen so far.

Now, if any of you would like to ask me questions, fire away.

ASSEMBLYMAN RUSSO: Assemblyman Bagger?

ASSEMBLYMAN BAGGER: What is the procedure for State collective bargaining units in the event of some sort of an impasse? I am very familiar with experiences of municipal procedures and municipal collective bargaining agreements, but I am new to State government.

MR. GELADE: Well, it's similar. The PERC statute has under its purview, really, two functions: There are the unfair practice functions, which involve violations of rights by both employers and unions, and then there is the mediation and conciliation function, which is a mechanism which helps to resolve difficulties in negotiations.

If we reach an impasse, or even before we reach an impasse in negotiations, we can avail ourselves of mediation through PERC. We have a mediator assigned. If an impasse occurs, then the next step would be to go to fact-finding, which is a nonbinding process. After fact-finding, the next step -- to my thinking, the next step is to reach agreement. If you are unable to reach agreement, there is a procedure by which the public employer can unilaterally implement its last demands. That is a procedure which I, personally, think is a failure in negotiations. I don't think it is in the public interest. It is not something I contemplate. I would

contemplate that we could reach agreement with our unions and sign off on a voluntarily reached, mutually binding document.

ASSEMBLYMAN BAGGER: There is no procedure for State collective bargaining units analogous to interest arbitration for police and fire units at the municipal level?

MR. GELADE: Yes. In the law enforcement sector there is binding interest arbitration. It is the same police and fire interest arbitration statute. In fact, I should have mentioned that. We have approximately 8000 police law enforcement personnel involved in these negotiations. We have not yet commenced negotiations with them because the largest union just had a change in leadership. Its President was promoted. So, that practice is subject to interest arbitration. If we do not reach agreement, the interest arbitration procedure and statute would take place.

ASSEMBLYMAN BAGGER: Thank you very much, Mr. Gelade.

ASSEMBLYMAN RUSSO: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: How many people in your area of responsibility, just your--

MR. GELADE: On our staff?

ASSEMBLYMAN DeCROCE: Yes.

MR. GELADE: We have a total of three clericals and 11 professionals. I'm sorry, three clericals and eight professionals, a total of 11 people, including myself.

ASSEMBLYMAN DeCROCE: The eight professionals, including yourself, I assume--

MR. GELADE: Yes?

ASSEMBLYMAN DeCROCE: --are the negotiators for the State?

MR. GELADE: Yes. All of us are actively involved in the negotiations and in preparing for negotiations.

ASSEMBLYMAN DeCROCE: Do you work with outside professional staff as well?

MR. GELADE: No. We work with the departments and with State personnel. We have, from time to time -- and I have only been in this position for four months-- I know that from time to time we have gone outside and retained professionals. In fact, in this round of negotiations, it may or may not be prudent to retain health care professionals to guide us in that area. But essentially, it is done by our staff. What we do is meet in preparation for negotiations with labor relations staff and other staff in the various departments. We get their input as to any problems they feel they have with the union contract; anything they would like to put on the table, and then we come up with a set of our own proposals to give to the unions and make our concerns public to them.

ASSEMBLYMAN DeCROCE: Thank you.

ASSEMBLYMAN RUSSO: Assemblyman Geist?

ASSEMBLYMAN GEIST: Mr. Gelade, your quotation of "no money" is based upon the Governor's budgetary address where he made no monetary appropriation recommendations, or salary increases for State employees?

MR. GELADE: My quotation-- Of course, when you are asked by the press for quotes, you sometimes give statements which are not routed in facts and figures. But, generally speaking, it was meant to denote that the Governor's budget message does indicate that it is a very lean budget and, absent some unanticipated source of revenue, it will be very difficult to come up with a general wage increase.

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN BAGGER: One more question?

ASSEMBLYMAN RUSSO: Sure.

ASSEMBLYMAN BAGGER: I am just curious, because I am new to the State House, how does your office relate to the PERC Commission? Do you appear before it, or--

MR. GELADE: Yes, we do appear before it. We are involved in the preparation of cases, both representation cases

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and unfair practice cases which go before PERC. We are, of course, part of the Governor's Office, and we represent that Office in the State before PERC. We are a litigant, in most cases, before PERC.

ASSEMBLYMAN BAGGER: Thank you.

ASSEMBLYMAN RUSSO: Thank you very much.

MR. GELADE: Thank you very much.

ASSEMBLYMAN RUSSO: Again, would it be possible, if we ask you back again, or ask you for additional information--

MR. GELADE: I would be very happy to be here. I am right behind you in my--

ASSEMBLYMAN BAGGER: You can come back and brief us after all the contracts are settled.

ASSEMBLYMAN RUSSO: It is nice to know somebody is behind us, yes. Thank you.

We have no further witnesses today. We wanted to close by about 12:30, which is actually about right. We don't have all the members here. Obviously, the Democratic members are not here yet. What I was going to say was this: Next Monday is a Committee day. That is why we sort of pushed this meeting today. I wanted to get this started, because I think it is good. We are looking at either Thursday-- I believe, from Mr. Kingston, that there are no committees next Thursday, or Tuesday. I am just sort of looking around. I know that Mr. Trivelli would be one of the witnesses at that point. I am asking him for sure, and probably Mr. Forrester maybe? (no response)

So first for Mr. Trivelli and the Committee next Thursday, early, April 2, or March 31, which would be next Tuesday. The reason I say that is, supposedly Monday is Committee day. There isn't a session next week, supposedly. Thursday would be an off day. Does anyone have a major problem with that? Mr. Trivelli?

V I N C E N T   T R I V E L L I: (speaking from audience) The second would be better for us.

ASSEMBLYMAN RUSSO: The second would be better? That's a Thursday. Any problems?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I'm not sure, but I think Personnel appears before Appropriations that day. For the Commissioner that may be a problem.

ASSEMBLYMAN RUSSO: Okay.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I'm not sure.

ASSEMBLYMAN RUSSO: What time would that be, do you know?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I think about 10:00 a.m. I can get back to you on that.

ASSEMBLYMAN RUSSO: I think what we are going to do is probably have Mr. Trivelli first. Maybe we could coordinate with you. How's that, okay?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Okay.

ASSEMBLYMAN RUSSO: How about if we make it 10:00 on the second of April? We will start, hopefully, with Mr. Trivelli. Okay?

UNIDENTIFIED SPEAKER FROM AUDIENCE: All right.

ASSEMBLYMAN RUSSO: Thank you.

ASSEMBLYMAN GEIST: Thank you, Mr. Chairman.

ASSEMBLYMAN RUSSO: Thank you.

**(MEETING CONCLUDED)**



## APPENDIX



PREPARED REMARKS OF ANTHONY J. CIMINO  
COMMISSIONER OF PERSONNEL  
ASSEMBLY SELECT COMMITTEE  
ON CIVIL SERVICE AND EMPLOYEE BENEFITS  
MONDAY, MARCH 23, 1992

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THE NEW ASSEMBLY SELECT COMMITTEE ON CIVIL SERVICE AND EMPLOYEE BENEFITS.

I WELCOME THIS OPPORTUNITY TO EXPLAIN THE IMPORTANCE OF THE DEPARTMENT OF PERSONNEL TO BOTH PUBLIC EMPLOYEES AND TO PUBLIC MANAGERS. I AM ALSO HERE TO EXPLAIN OUR CONSTITUTIONAL MANDATE, THE CREATION OF THE MERIT SYSTEM IN A HISTORICAL CONTEXT, AND HOW THE MERIT SYSTEM WORKS.

I HAVE FOUND DURING MY TIME IN THE LEGISLATURE AND EVEN NOW AS THE COMMISSIONER OF PERSONNEL, THE MERIT SYSTEM AND THE DEPARTMENT OF PERSONNEL ARE NOT FULLY UNDERSTOOD.

WE ARE AN AGENCY WHOSE MISSION, WHOSE RESPONSIBILITY, WHOSE REASON FOR BEING HAS DIRECT BEARING ON THE QUALITY OF LIFE IN THE GARDEN STATE.

WE INFLUENCE THE QUALITY OF LIFE FOR ALL NEW JERSEYANS: WE ARE RESPONSIBLE FOR PROTECTING INDIVIDUAL RIGHTS AND INSURING THE SAFETY AND WELFARE OF MILLIONS OF PEOPLE.

WE ARE AN AGENCY WHOSE PRIMARY FOCUS IS ON PEOPLE.

WE DIRECTLY AFFECT 74,000 STATE WORKERS AND OVER 134,000 COUNTY AND MUNICIPAL WORKERS.

YOU MAY BE SURPRISED TO LEARN THAT MORE THAN HALF OF THE WORKFORCE (53 PERCENT) IS MADE UP OF WOMEN, AND A THIRD IS COMPRISED OF MINORITIES.

SINCE GOVERNOR FLORIO TOOK OFFICE IN 1990, HE HAS OVERSEEN THE MOST HUMANE DOWNSIZING OF THE STATE WORKFORCE IN THE HISTORY OF THE STATE. STATE EMPLOYEES REACHED AN ALL TIME HIGH AT 80,300 IN 1988 BEFORE FALLING TO THE CURRENT LEVEL OF 74,483.

THESE ARE THE PEOPLE WHO ARE CAVALIERLY CALLED "FACELESS BUREAUCRATS". LET ME TELL YOU QUITE CLEARLY, THESE PEOPLE ARE NOT FACELESS TO ME. THEY ARE MY COLLEAGUES IN THE DEPARTMENT OF PERSONNEL; THEY ARE MY NEIGHBORS; AND, THEY ARE MY FRIENDS.

THE "STATE WORKERS" THAT SOME ARE SO QUICK TO DISPARAGE ARE THE PEOPLE I SEE IN THE STORE, THEY ARE THE MOTHERS AND FATHERS OF THE CHILDREN WHO GO TO SCHOOL WITH MY VERY OWN CHILDREN.

I AM CONCERNED ABOUT THE RECKLESS RHETORIC OF SOME THAT IS PRODUCING UNNECESSARY FEAR AND ANXIETY IN WORKERS AND IN THEIR FAMILIES. REMEMBER, PUBLIC EMPLOYEES HAVE FAMILIES TO SUPPORT, FREQUENTLY WITH THEIR HUSBAND OR WIFE WORKING, TOO. THEY ARE TRYING TO PUT FOOD ON THE TABLE, MEET THE MORTGAGE PAYMENT, SAVING MONEY TO SEND THEIR KIDS TO COLLEGE.

STATE WORKERS ARE MUCH LIKE US - THEY ARE WORKING TO SEE THEIR CHILDREN GO ONE STEP FURTHER THAN THEY DID. THEY DON'T WANT HANDOUTS OR THE EASY WAY OUT. THEY WANT OPPORTUNITY. THEY WANT THEIR SLICE OF THE AMERICAN DREAM.

TO SOME, THEY MAY BE NUMBERS IN A BUDGET BOOK. FOR ME, STATE WORKERS ARE REAL PEOPLE, TOO.

FOR YOU, AND FOR THE CITIZENS AND TOWNS YOU REPRESENT, MANY OF THE POLICE MEN AND WOMEN AND MANY OF THE FIREFIGHTERS HAVE BEEN CERTIFIED AS QUALIFIED TO PROTECT US AND THE TOWNS WE LIVE IN THROUGH OUR EXAMINATION PROCESS. SIMPLY PUT: THESE ARE REAL PEOPLE DOING REAL JOBS - INSURING OUR SAFETY AND PRESERVING OUR QUALITY OF LIFE.

THE DEPARTMENT OF PERSONNEL IS ALSO HERE FOR PUBLIC MANAGERS AS WELL. THE DEPARTMENT IS A HUMAN RESOURCE AGENCY FOR A MAJOR CORPORATION - A MAJOR EMPLOYER IN THE STATE - THE STATE OF NEW JERSEY.

WE PUT THE BEST PEOPLE IN THE JOB. NO OTHER AGENCY IN GOVERNMENT IS ABLE TO INSURE THAT POTENTIAL EMPLOYEES ARE QUALIFIED TO PERFORM THEIR JOBS. NO OTHER GOVERNMENT AGENCY WILL SAFEGUARD THEIR RIGHTS AND PROVIDE THEM WITH THE NECESSARY SUPPORT IN TIMES OF CRISIS.

WE PROTECT GOVERNMENT WORKERS. WE INSURE THAT PROPER COMPENSATION MATCHES THE FUNCTIONS OF THOUSANDS OF JOBS STATEWIDE. WE PROMOTE EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION PROGRAMS AND WE PROVIDE EMPLOYEES, THROUGH THE MERIT SYSTEM BOARD, WITH AN AVENUE TO HAVE THEIR GRIEVANCES HEARD IMPARTIALLY.

IN BROAD TERMS THAT IS WHAT THIS DEPARTMENT IS ALL ABOUT - HELPING PEOPLE, INSURING SAFETY AND PRESERVING OUR QUALITY OF LIFE.

NOW THAT YOU HAVE SOME SENSE OF WHO WE ARE, LET ME TRY TO ANSWER YOUR QUESTION OF: HOW DID WE END UP WITH A MERIT SYSTEM?

THE MERIT SYSTEM WAS CREATED IN THIS STATE, AND IN MANY OTHERS, TO FREE PUBLIC EMPLOYEES FROM POLITICAL COERCION. MERIT SYSTEMS WERE CREATED TO CURB THE EXCESSES OF THAT OLD SAYING "TO THE VICTORS BELONG THE SPOILS."

THE MERIT SYSTEM IS THERE TO PROTECT THE AVERAGE WORKER WHO IS NOT NECESSARILY CONCERNED ABOUT WHO THE GOVERNOR IS OR WHO CONTROLS THE LEGISLATURE, BUT RATHER IS CONCERNED ABOUT DOING THEIR JOB AND PROVIDING FOR THEIR FAMILY.

THE FIRST SUCCESSFUL ATTEMPT TO ENACT CIVIL SERVICE REFORM OCCURRED WHEN PRESIDENT CHESTER A. ARTHUR SIGNED LEGISLATION THAT CREATED THE UNITED STATES CIVIL SERVICE COMMISSION IN JANUARY, 1883. THIS WAS DONE ONLY THREE MONTHS FOLLOWING THE DEATH OF PRESIDENT JAMES GARFIELD, WHO WAS ASSASSINATED BY THE INFAMOUS "FRUSTRATED OFFICE SEEKER."

NEW JERSEY'S FIRST STEP TOWARDS CIVIL SERVICE REFORM WAS MADE IN 1885, WHEN THE STATE ENACTED A LAW PERMITTING LARGE CITIES TO CREATE BIPARTISAN BOARDS TO DEAL WITH THE POLICE AND FIRE DEPARTMENTS. POLICE OFFICERS AND FIREFIGHTERS WERE TO BE REMOVED ONLY FOR GOOD CAUSE. IN 1905, A BILL WAS SIGNED INTO LAW ALLOWING MUNICIPALITIES TO CREATE BIPARTISAN CIVIL SERVICE COMMISSIONS WHICH WERE TO ADMINISTER EXAMINATIONS TO POLICE AND FIREFIGHTER CANDIDATES.

THESE CHANGES WERE PART OF A NATIONAL PROGRESSIVE MOVEMENT THAT HAS CONSIDERABLE STRENGTH IN NEW JERSEY. ALTHOUGH MUCH OF THE REFORMS IN THIS ERA ARE ASSOCIATED WITH GOVERNOR WOODROW WILSON, THERE WERE KEY REPUBLICANS IN THE LEGISLATURE WHO SUPPORTED THE PASSAGE OF A COMPREHENSIVE CIVIL SERVICE REFORM BILL. IN FACT, NEW JERSEY'S FIRST CIVIL SERVICE ACT WAS SIGNED INTO LAW PRIOR TO THE ADMINISTRATION OF GOVERNOR WILSON.

ALTHOUGH THE CIVIL SERVICE COMMISSION WENT THROUGH SOME CHANGES AND WAS BATTERED ON ALL SIDES BY POLITICIANS RELUCTANT TO GIVE UP PATRONAGE, THE COMMISSION EMERGED, TEN YEARS LATER, AS "... AN ADVISER AND CO-PARTNER WITH EVERY STATE DEPARTMENT IN ALL PROBLEMS RELATING TO, OR MEASURES TAKEN IN, THE INTERESTS OF THE STATE'S PERSONNEL."

LET ME PAUSE HERE TO SAY THAT I AM INDEBTED TO DAN CAMPBELL WHO WORKS IN THE DEPARTMENT AND WAS GRACIOUS ENOUGH TO SHARE WITH ME HIS RESEARCH FOR HIS MASTER'S THESIS ON THE EARLY YEARS OF THE NEW JERSEY CIVIL SERVICE SYSTEM.

IN 1947, THE FRAMERS OF OUR MODERN CONSTITUTION, ONE THAT IS CONSIDERED A MODEL FOR OTHER STATE CONSTITUTIONS, THOUGHT SO HIGHLY OF THE NEED FOR A PUBLIC WORKFORCE FREE FROM POLITICAL COERCION THAT THEY INCLUDED THAT PROTECTION IN THE CONSTITUTION OF OUR STATE.

LET ME DIRECT YOUR ATTENTION TO THE CONSTITUTION OF NEW JERSEY (Article VII, Paragraph 2) WHICH STATES:

"Appointments and promotions in the civil service of the State, and of such political subdivisions as may be provided by law, shall be made according to merit and fitness to be ascertained, as far as practicable, by examination, which as far as practicable shall be competitive; except that preference in appointments by reason of active service in any branch of the military or naval forces of the United States in time of war may be provided by law."

LET'S NOW LOOK AT THE MODERN ERA - SPECIFICALLY THE CIVIL SERVICE REFORM ACT OF 1986. IN THE 20 YEARS PRECEDING THE PASSAGE OF THE REFORM ACT, FOUR GOVERNORS - ONE REPUBLICAN - GOVERNOR CAHILL, AND THREE DEMOCRATS, GOVERNORS MEYNER, HUGHES AND BYRNE ALL SUPPORTED THE REFORM OF THE CIVIL SERVICE SYSTEM. ONLY WITH GOVERNOR KEAN, FLUSH FROM HIS RE-ELECTION VICTORY, AND WITH THE SUPPORT OF A REPUBLICAN ASSEMBLY AND A DEMOCRATIC SENATE, DID THE CIVIL SERVICE REFORM ACT BECOME LAW.

COINCIDENTALLY, A-2194, WHICH BECAME THE VEHICLE FOR CIVIL SERVICE REFORM, HAD ALL REPUBLICANS AS THE ORIGINAL SPONSORS OF THE BILL. THEN COMMISSIONER EUGENE MC CAFFREY STATED THE LEGISLATION WAS NOT DEVELOPED BY POLITICAL APPOINTEES BUT BY PERSONNEL PROFESSIONALS.

GOVERNOR KEAN'S PRESS ASSISTANT PRESS SECRETARY STATED THAT THE ADMINISTRATION WAS "ABSOLUTELY DELIGHTED" THAT THE LEGISLATURE HAS PASSED "ONE OF THE TOP PRIORITIES OF THE KEAN ADMINISTRATION."

THEN ASSEMBLYMAN, NOW CONGRESSMAN, RICHARD ZIMMER PREDICTED THAT "AS HISTORIANS LOOK BACK AT THE KEAN ADMINISTRATION, THIS WILL BE RIGHT AT THE TOP OF THE LIST OF ACCOMPLISHMENTS."

TO NOW SAY THAT THE CIVIL SERVICE REFORM ACT OF 1986 HAS FAILED IS TO DIRECTLY REPUDIATE TOM KEAN.

TO SAY THAT THE REFORM ACT IS SOMEHOW DEFICIENT IS TO LET MYTH BELIE REALITY.

FOR THOSE OF YOU WHO MAY NOT BE FAMILAR, THE PURPOSES OF THE ACT ARE:

- \* TO MAKE MERIT THE ONLY BASIS FOR HIRING AND PROMOTING EMPLOYEES COVERED BY ITS PROVISIONS;

- \* TO PROVIDE OFFICIALS WITH THE AUTHORITY TO MANAGE EMPLOYEES TO CARRY OUT PROGRAM RESPONSIBILITIES;

- \* TO ENCOURAGE AND REWARD MERITORIOUS EMPLOYEE PERFORMANCE AND TO RETAIN OR SEPARATE EMPLOYEES ON THE BASIS OF PERFORMANCE;

- \* TO ENSURE EQUAL OPPORTUNITY; AND,

- \* TO PROTECT CAREER EMPLOYEES FROM POLITICAL COERCION AND ENSURE RECOGNITION OF BARGAINING RIGHTS.

OF PARTICULAR IMPORTANCE WAS THE MOVEMENT OF ADMINISTRATIVE AND REGULATORY FUNCTIONS FROM THE UNWIELDY AND CONFUSED LINE OF AUTHORITY UNDER THE FORMER DEPARTMENT OF CIVIL SERVICE AND THE CIVIL SERVICE COMMISSIONER TO THE NEW DEPARTMENT OF PERSONNEL AND THE COMMISSIONER OF PERSONNEL. THIS WAS NOT A MERE CHANGE IN NAMES, BUT RATHER THE LEGISLATURE'S EVIDENT MANDATE THAT ACCOUNTABILITY FOR THE CONSTITUTIONALLY REQUIRED MERIT SYSTEM OF PUBLIC EMPLOYMENT BE CLEARLY DELINEATED FOR THE COMMISSIONER AND THE MERIT SYSTEM BOARD.

THE 1986 REFORM ACT PROVIDES FOR A WELL-REASONED ORGANIZATION WHEREBY THE COMMISSIONER WOULD CHAIR THE BIPARTISAN BOARD WOULD ALSO CONSIST OF FOUR OTHER MEMBERS WITH STAGGERED TERMS OF OFFICE. THE BIPARTISAN NATURE OF THE BOARD IS CONSISTENT WITH THE ORIGINAL ENABLING LEGISLATION IN 1908.

THE BOARD HAS SIGNIFICANT RESPONSIBILITIES WITH, AMONG OTHER THINGS, ALL RULE MAKING POWERS, TITLE DESIGNATION AUTHORITY, LAYOFF CASES AND DISCIPLINE APPEALS OF STATE AND LOCAL EMPLOYEES.

I MUST POINT OUT TO YOU THAT THE CURRENT BOARD WITH THE RISE OF APPEALS BEING BROUGHT TO THE BOARD FROM COUNTY AND MUNICIPAL EMPLOYEES ALLEGING POLITICAL COERCION.

IN SHORT, SINCE ITS INCEPTION, THE DEPARTMENT OF PERSONNEL AND THE MERIT SYSTEM BOARD WHICH WERE CREATED BY THE REFORM ACT, HAVE WORKED IN TWO ADMINISTRATIONS.

NOW LET ME SET THE RECORD STRAIGHT ON A FEW MATTERS. IF YOU RECALL, THE CIVIL SERVICE REFORM ACT OF 1986 REALLY HAD LITTLE TO DO WITH CIVIL SERVICE TITLES BUT ACTUALLY STREAMLINED THE PROCESS FOR HIRING AND FIRING EMPLOYEES IN CIVIL SERVICE JURISDICTIONS. OFTEN REFERRED TO INACCURATELY AS BYZANTINE, LAYOFF RULES WERE MODIFIED USING A "LAST PERMANENT, LEAST SENIOR" CONCEPT. THIS CHANGE DIRECTLY RESULTED IN MAKING THE BUMPING RATIO FOR MOST LAYOFFS LESS THAN 3 TO 1. GRANTED, MANY NOTICES ARE ISSUED FOR BOTH EMPLOYEE AND AGENCY PROTECTION - PERHAPS TOO MANY. BUT WE MUST REMEMBER THE FACTS THAT THE 1986 REFORM ACT AND THE RULE CHANGES MADE IN 1990, LARGELY DEVELOPED IN THE PREVIOUS ADMINISTRATION, REDUCED THE BUMPING RATIO FROM 10 TO 1 TO 3 TO 1.

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ADDITIONALLY, THOSE WHO ARE DISPLACED DO NOT FALL INTO JOBS WITH WHICH THEY ARE UNFAMILIAR. QUITE THE CONTRARY IS TRUE. MOST OF THE TIME, THEY RETURN TO JOBS IN WHICH THEY HAVE HAD PREVIOUS EXPERIENCE.

SINCE BEING APPOINTED AS COMMISSIONER OF PERSONNEL, I HAVE COME TO REALIZE HOW MISUNDERSTOOD THESE RULES ARE TO THE REST OF THE EXECUTIVE DEPARTMENTS AND TO LOCAL GOVERNMENTS, TO THE LEGISLATURE AND TO THE CITIZENS OF THIS STATE.

I CONSIDER ONE OF MY MOST IMPORTANT GOALS IS TO EDUCATE ALL THOSE CONCERNED ABOUT THE BENEFITS OF A MERIT SYSTEM OF PERSONNEL. I WELCOME THIS OPPORTUNITY TO APPEAR BEFORE YOUR NEWLY FORMED COMMITTEE. I BELIEVE WE WILL BE ABLE TO SHOW THAT IT IS A SYSTEM THAT IS MORE FLEXIBLE AND RATIONAL THAN SOME MAY ~~BE~~ BELIEVE. IN FACT, IT IS A SYSTEM WHICH WORKS WELL AND SHOULD REMAIN IN TACT FOR THE PROTECTION OF THE PUBLIC EMPLOYEES AND FOR THE CITIZENS THESE PUBLIC EMPLOYEES SERVE.

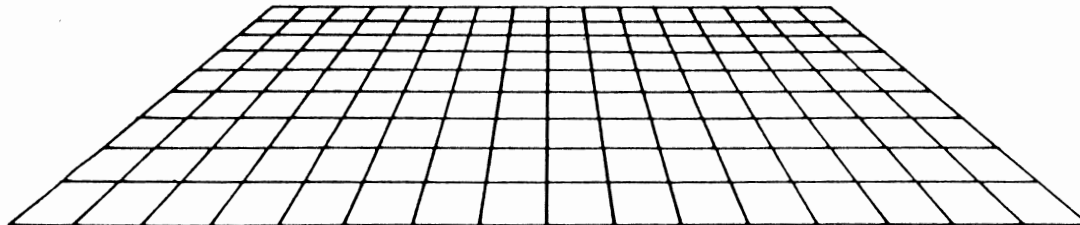
THE CONSTITUTION OF THE STATE OF NEW JERSEY  
(Article VII, Paragraph 2)

"Appointments and promotions in the civil service of the State, and of such political subdivisions as may be provided by law, shall be made according to merit and fitness to be ascertained, as far as practicable, by examination, which as far as practicable shall be competitive; except that preference in appointments by reason of active service in any branch of the military or naval forces of the United States in time of war may be provided by law."

STATE OF NEW JERSEY



WORKFORCE



P · R · O · F · I · L · E

DEPARTMENT OF PERSONNEL

Jim Florio, GOVERNOR

Anthony J. Cimino, COMMISSIONER

x8



STATE OF NEW JERSEY  
DEPARTMENT OF PERSONNEL

ANTHONY J. CIMINO  
COMMISSIONER  
CN 317  
TRENTON, N.J. 08625

Dear Reader,

This is the first issue of a state publication called **Workforce Profile**. It is designed to provide comprehensive information about New Jersey's workforce.

We hope you will be able to use this handbook as an easy reference guide. Since it is our first attempt to present information of this kind, we would appreciate your comments and suggestions.

The **Workforce Profile** is another step we've taken in providing information about our employees. The Department of Personnel is committed to delivering programs and services to the citizens of the Garden State.

Sincerely,

A handwritten signature in cursive script, reading "Anthony J. Cimino".

Anthony J. Cimino  
Commissioner

## **PREFACE**

The information in this report was compiled from data in the Department of Personnel's Personnel Management Information Systems, Affirmative Action reports generated by the Division of Equal Employment Opportunity/Affirmative Action, and special reports prepared by the former Division of Classification and Compensation.

It is important to note that any extrapolation of this data should reference the fact that certain classes of employees, described in foot notes in the Appendix are not part of these employee counts.

The Department of Personnel welcomes comments and suggestions about the data contained in the report. It is our hope that it will provide a factual basis for better understanding of the diversity of the State workforce.

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STATE OF NEW JERSEY  
**WORKFORCE OVERVIEW**

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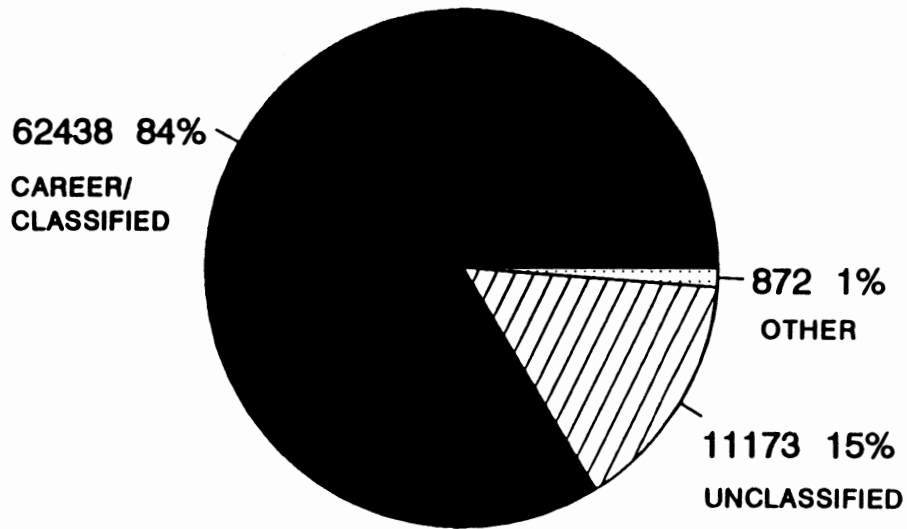
**January 8, 1992**

Total Employees	74,483
Average Age	41 Years
Average Length of Service	9 Years
Average Annual Salary	\$ 34,320*
Percent Female	53%
Percent Minority	33%
Percent Represented by Unions	85%

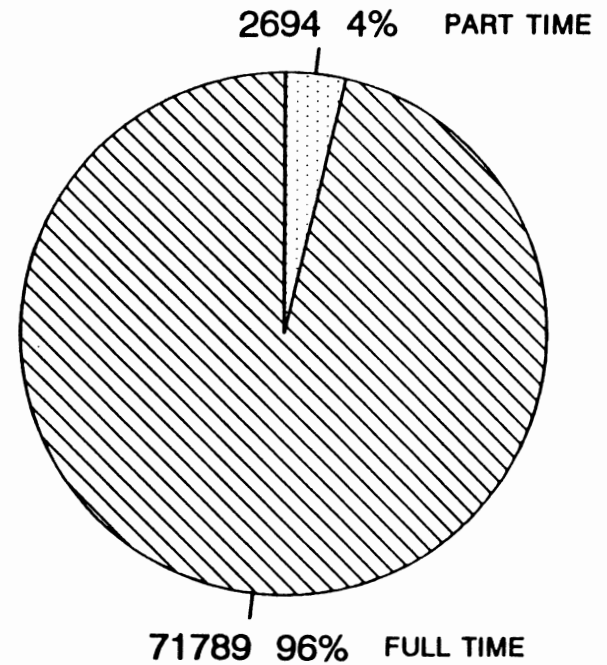
\*FULL TIME EMPLOYEES ONLY

STATE OF NEW JERSEY  
**EMPLOYEE WORKFORCE**  
JANUARY 8, 1992

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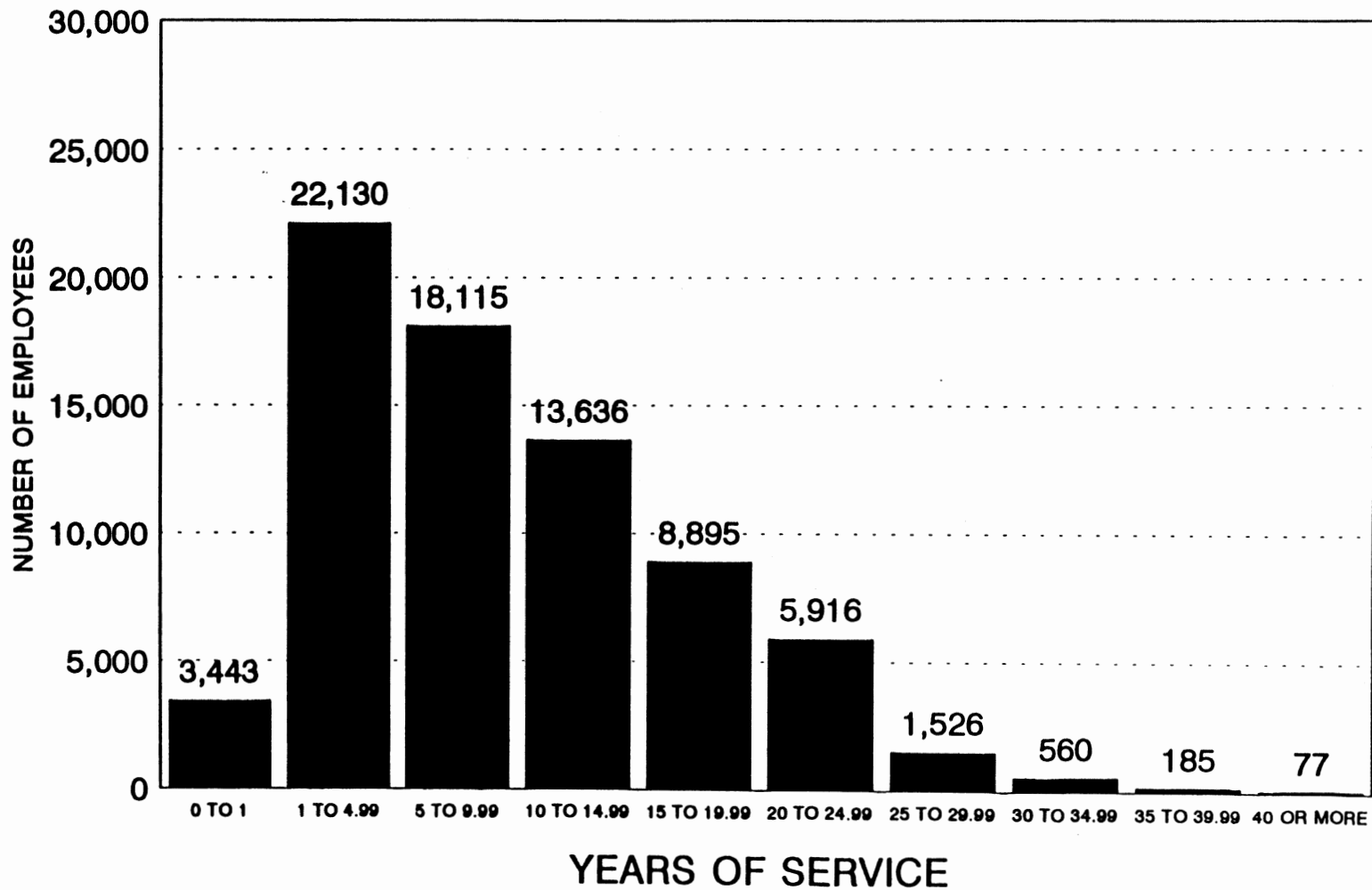
**CLASSIFICATION**



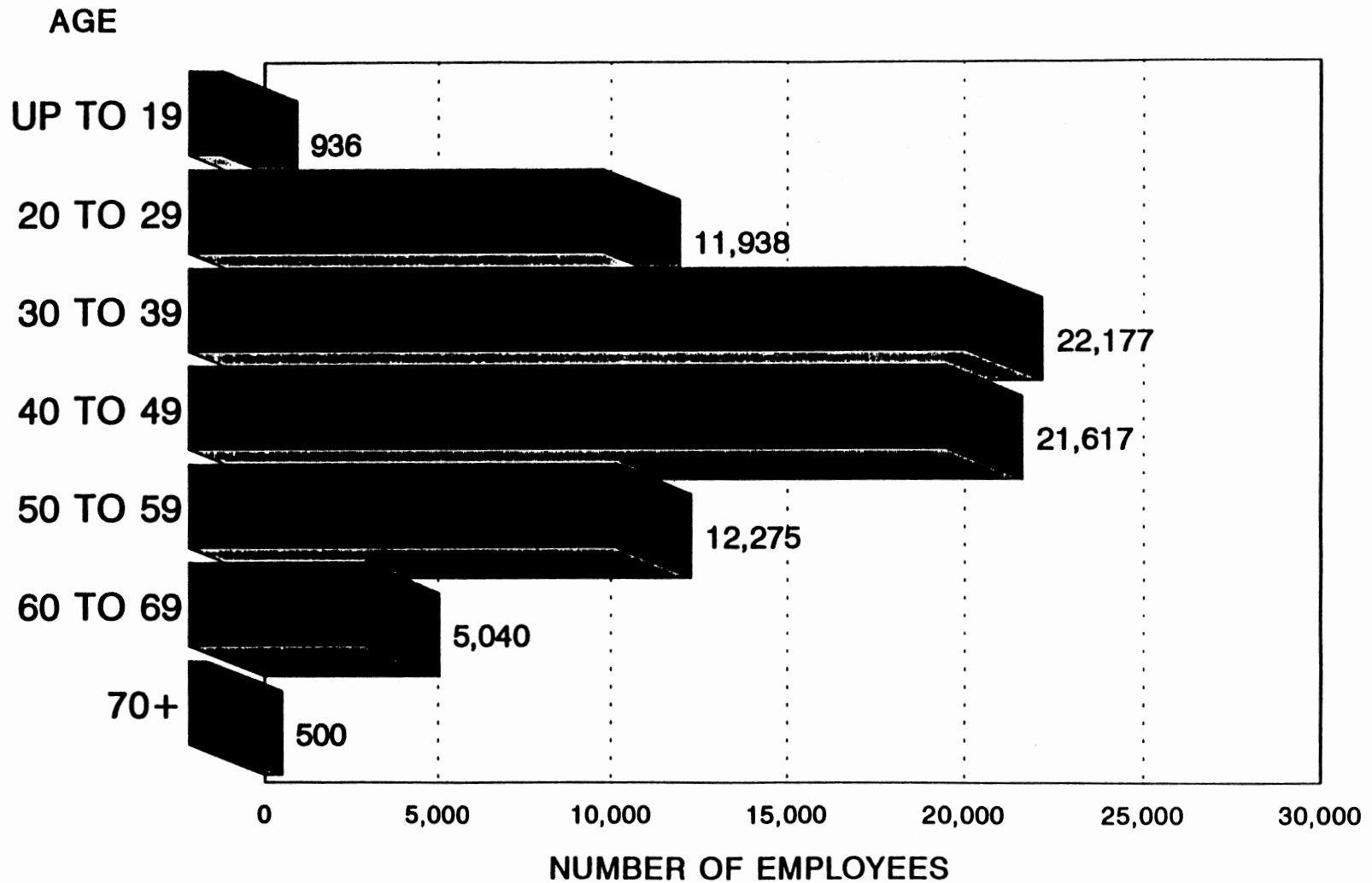
**FULL/PART TIME**

STATE OF NEW JERSEY  
**DISTRIBUTION BY YEARS OF SERVICE**  
JANUARY 8, 1992

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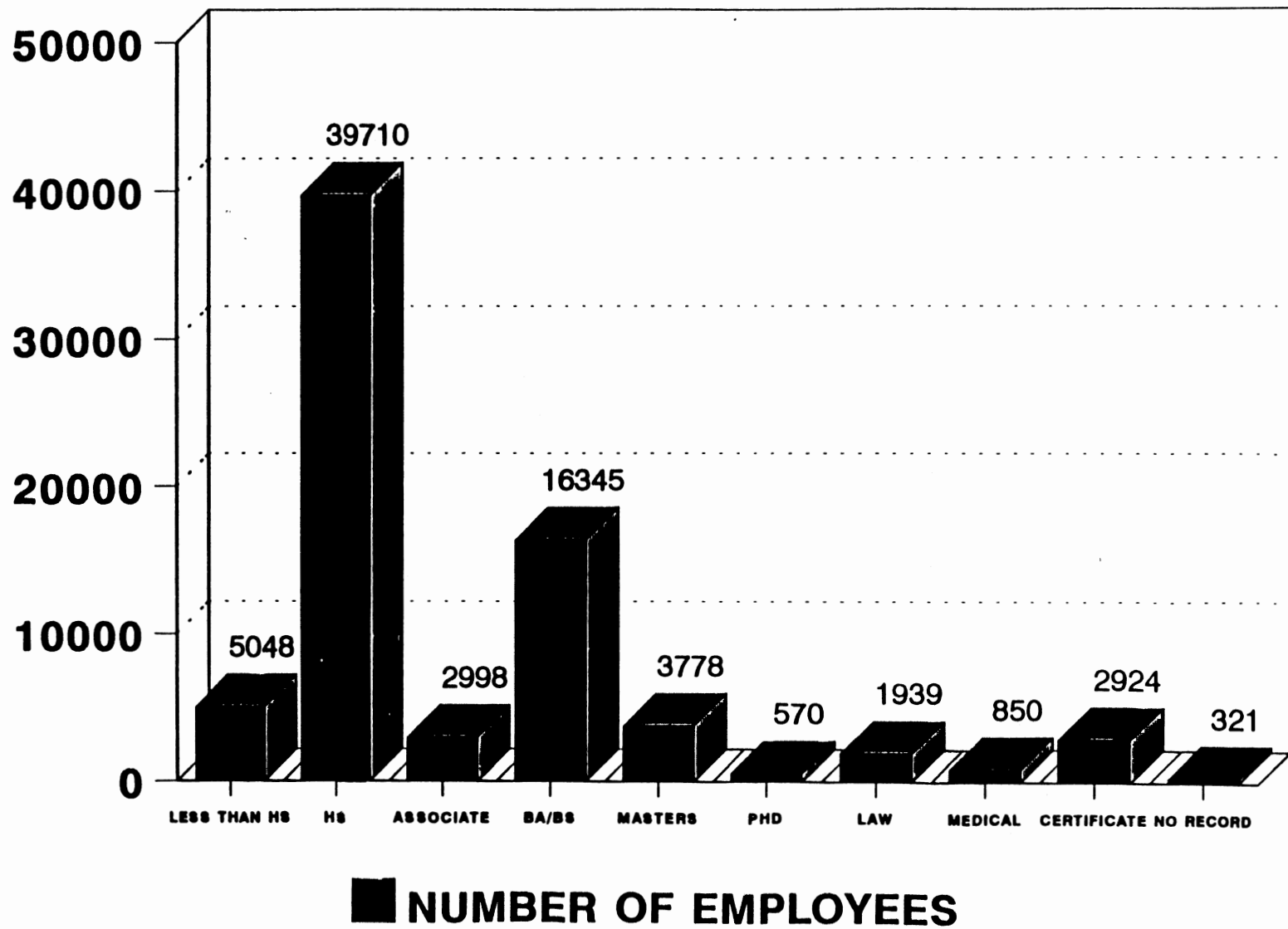


STATE OF NEW JERSEY  
**DISTRIBUTION BY AGE**  
JANUARY 8, 1992



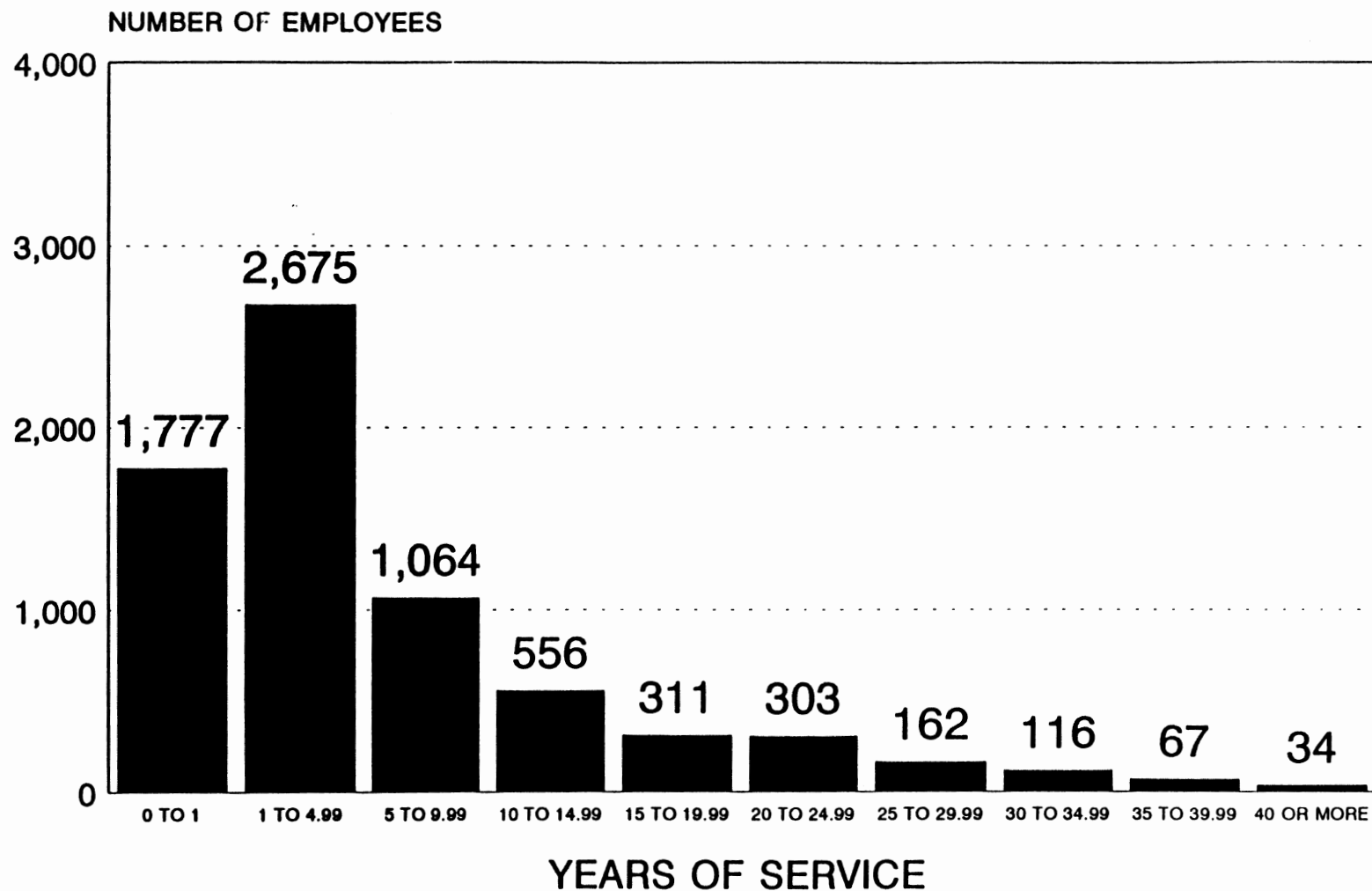
STATE OF NEW JERSEY  
**DISTRIBUTION BY LEVEL OF EDUCATION**  
JANUARY 8, 1992

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STATE OF NEW JERSEY  
**SEPARATIONS BY YEARS OF SERVICE FOR FY 1991**  
JANUARY 8, 1992

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**STATE OF NEW JERSEY**  
**DISTRIBUTION OF EMPLOYEES BY WORK LOCATION**  
**JANUARY 8, 1992**

COUNTY	Number of State Employees	Percent of Total
ATLANTIC	1,914	2.57%
BERGEN	1,219	1.64%
BURLINGTON	3,467	4.65%
CAMDEN	2,829	3.80%
CAPE MAY	1,471	1.97%
CUMBERLAND	4,132	5.55%
ESSEX	5,261	7.06%
GLOUCESTER	966	1.30%
HUDSON	1,260	1.69%
HUNTERDON	2,906	3.90%
MERCER	30,552	41.02%
MIDDLESEX	4,101	5.51%
MONMOUTH	2,943	3.95%
MORRIS	1,836	2.46%
OCEAN	849	1.14%
PASSAIC	2,567	3.45%
SALEM	113	0.15%
SOMERSET	1,600	2.15%
SUSSEX	260	0.35%
UNION	1,138	1.53%
WARREN	254	0.34%
REGIONAL OR STATE WIDE	2,805	3.77%
<b>OUT OF STATE</b>		
CALIFORNIA	4	0.01%
MASSACHUSETTS	1	0.00%
ILLINOIS	8	0.01%
TEXAS	7	0.01%
NEW YORK	13	0.02%
WASHINGTON DC	7	0.01%
<b>TOTAL</b>	<b>74,483</b>	<b>100.00%</b>

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STATE OF NEW JERSEY  
**A PROFILE OF THE AVERAGE STATE EMPLOYEE**  
**BY STATE AGENCY**  
 JANUARY 8, 1992

STATE AGENCY	AGE	SALARY	LENGTH OF SERVICE
AGRICULTURE	44	\$36,969	12
BANKING	42	41,942	10
CASINO CONTROL	40	37,262	7
COMMERCE	45	45,178	10
COMMISSION OF INVESTIGATION	43	50,046	10
COMMUNITY AFFAIRS	43	37,248	8
CORRECTIONS	38	36,697	7
EDUCATION	44	39,823	9
ENVIRONMENTAL PROTECTION	38	38,556	8
GOVERNORS OFFICE	35	40,898	3
HEALTH	42	38,554	9
HIGHER EDUCATION <sup>1</sup>	44	25,290	7
HUMAN SERVICES	41	30,109	9
INSURANCE	39	37,046	7
JUDICIARY	43	53,656	7
LABOR	44	33,727	11
LAW AND PUBLIC SAFETY	39	34,590	9
LEGISLATURE	39	44,111	7
MILITARY AND VETERANS AFFAIRS	43	27,223	7
OFFICE OF ADMINISTRATIVE LAW	43	44,092	10
PERSONNEL	42	38,587	12
PUBLIC ADVOCATE	40	43,100	8
PUBLIC BROADCASTING	38	42,450	9
STATE	41	31,375	10
PAROLE BOARD	36	40,299	8
TRANSPORTATION	40	34,745	12
TREASURY	41	36,818	9

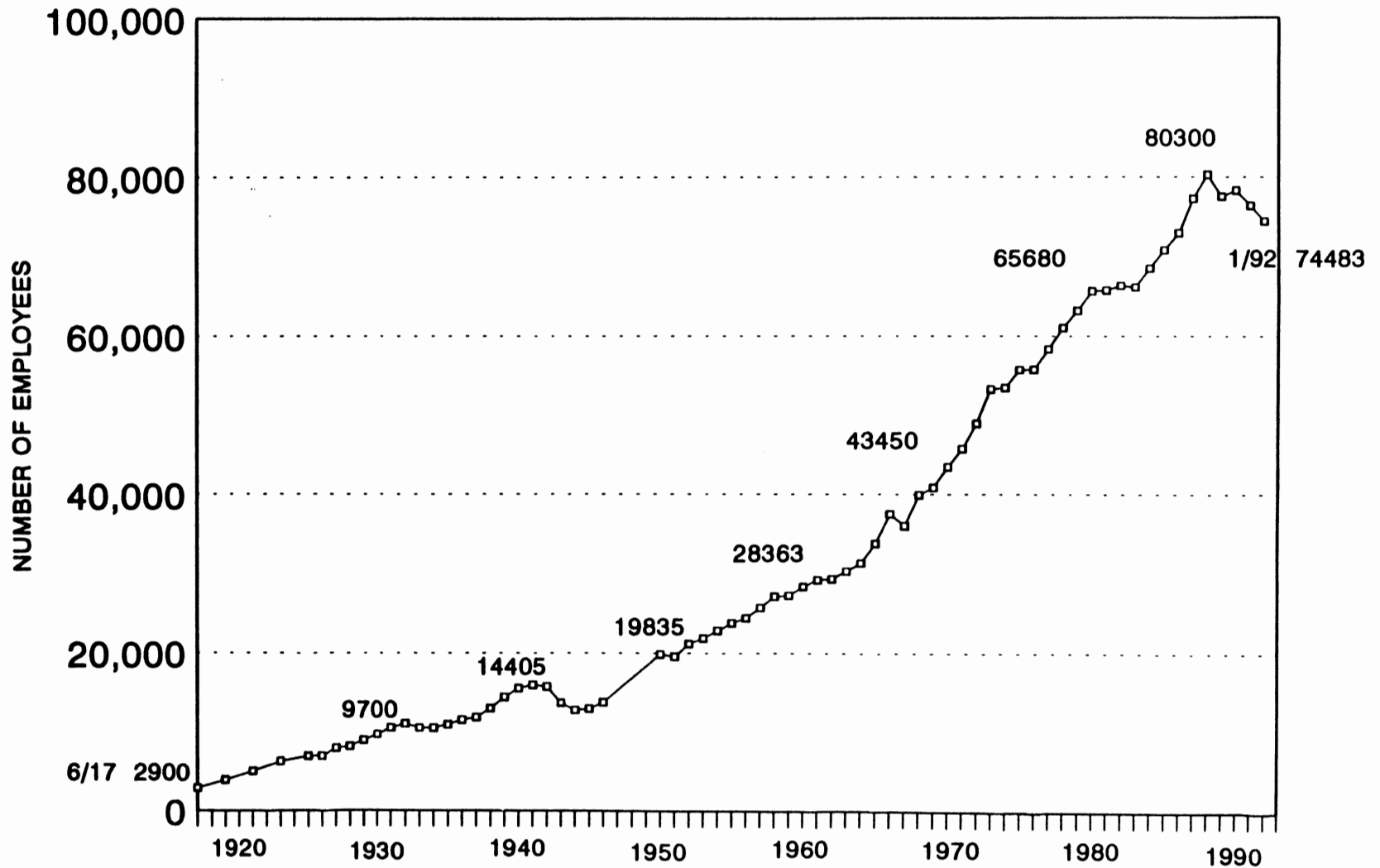
★ See Note One

<sup>1</sup> Does not include unclassified employees at the state colleges

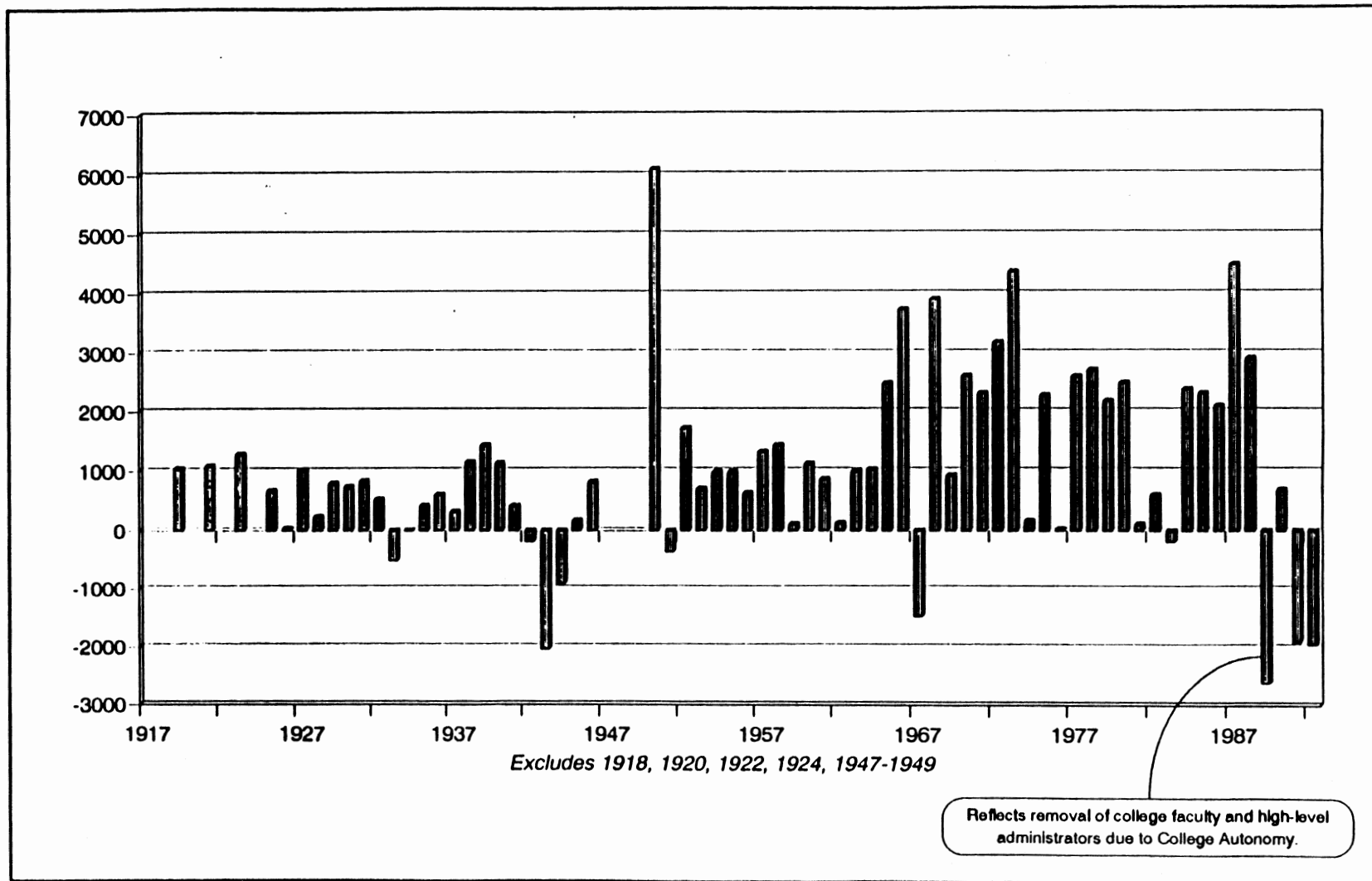
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# STATE OF NEW JERSEY

## EMPLOYMENT HISTORY JUNE 1917 - JANUARY 1992



STATE OF NEW JERSEY  
**NET CHANGE IN NUMBER OF EMPLOYEES**  
 Fiscal Years 1917 - 1991  
 (Includes 1st 6 months of FY 1992)



# STATE OF NEW JERSEY EMPLOYMENT HISTORY

1960 through 1969

STATE AGENCY	June-60	June-61	June-62	June-63	June-64	June-65	June-66	June-67	June-68	June-69
AGRICULTURE	225	229	230	200	217	208	230	244	259	269
BANKING & INSURANCE	261	276	280	280	277	287	288	274	283	268
CIVIL SERVICE/PERSONNEL	203	209	210	221	222	242	251	250	285	300
CONSERVATION/ECON. DEVELOPMENT	1,270	1,292	1,329	1,341	1,303	1,299	1,458	1,382	1,409	1,044
COMMUNITY AFFAIRS								358	399	367
ECONOMIC OPPORTUNITY							160			
EDUCATION	1,753	2,001	2,056	2,374	2,533	2,860	3,778	980	1,077	1,108
EXECUTIVE/GOVERNOR	25	23	24	23	26	27	37	36	36	53
HEALTH	540	582	560	610	679	754	760	793	882	941
HIGHER EDUCATION								2,609	2,969	3,541
HUMAN SERVICES	11,416	11,392	11,277	11,581	11,829	12,868	14,675	13,385	15,103	15,456
JUDICIARY	234	246	257	262	276	313	346	355	506	530
LABOR	2,972	3,308	3,375	3,398	3,555	3,797	4,003	3,655	4,299	4,281
LAW AND PUBLIC SAFETY	3,382	3,384	3,417	3,435	3,648	3,946	3,773	3,903	4,176	4,463
LEGISLATURE	48	50	48	83	49	47	51	46	94	45
MILITARY AND VETERANS AFFAIRS/DEFENSE	278	284	293	297	299	306	300	303	308	308
PUBLIC UTILITIES (ENERGY)	121	116	120	120	116	117	117	131	133	141
STATE	70	72	74	85	88	98	195	91	96	113
HIGHWAY/TRANSPORTATION	3,380	3,953	4,010	4,200	4,324	4,556	4,922	4,937	5,146	5,141
TREASURY	1,568	1,628	1,628	1,668	1,717	1,784	2,091	2,134	2,334	2,416
VARIOUS COMMISSIONS AND BOARDS	167	170	154	141	176	292	183	177	145	68
<b>TOTALS</b>	<b>28,363</b>	<b>29,215</b>	<b>29,342</b>	<b>30,319</b>	<b>31,334</b>	<b>33,801</b>	<b>37,528</b>	<b>36,043</b>	<b>39,939</b>	<b>40,853</b>

1 Reflects the creation of Department of Higher Education from Department of Education.

★ See Note Two

**STATE OF NEW JERSEY**  
**EMPLOYMENT HISTORY**  
*1970 through 1979*

STATE AGENCY	June-70	June-71	June-72	June-73	June-74	June-75	June-76	June-77	June-78	June-79
AGRICULTURE	291	301	343	326	322	322	262	261	268	256
BANKING	275	118	119	121	121	136	143	143	163	150
CIVIL SERVICE/PERSONNEL	304	323	325	405	407	433	455	495	506	543
COMMUNITY AFFAIRS	398	397	443	471	484	507	487	494	527	551
CORRECTIONS									4,084 <sup>1</sup>	4024
EDUCATION	1,241	1,250	1,346	1,415	1,437	1,552	1,504	1,535	1,650	1,598
ENVIRONMENTAL PROTECTION	1,027	1,219	1,383	1,427	1,477	1,546	1,646	1,779	1,926	2,033
EXECUTIVE/GOVERNORS OFFICE	55	53	67	156	168	39	35	43	53	67
HEALTH	1,004	794	1,094	1,118	1,147	1,249	1,200	1,266	1,354	1,483
HIGHER EDUCATION	4,235	4,460	5,117	6,472	6,482	6,723	6,481	6,769	6,989	6,470
HUMAN SERVICES	16,449	17,377	18,263	20,227	20,195	20,393	20,769	21,532	18,805 <sup>1</sup>	20,711
INSURANCE		191	186	198	193	209	217	219	221	225
JUDICIARY	539	574	622	758	775	827	809	857	928	1,148
LABOR	4,308	4,745	5,116	5,086	5,016	5,339	5,488	5,623	5,636	5,394
LAW AND PUBLIC SAFETY	4,750	4,955	5,396	5,715	5,755	6,060	5,908	6,299	6,720	6,854
LEGISLATURE	132	47	93	140	169	266	262	281	279	293
MILITARY AND VETERANS AFFAIRS	302	305	340	340	349	325	304	272	274	327
PUBLIC ADVOCATE						634	647	687	616	711
PUBLIC BROADCASTING						114	109	128	174	178
PUBLIC UTILITIES (ENERGY)	164	244	255	291	297	211	223	263	319	301
STATE	107	117	127	97	101	114	113	121	123	218
TRANSPORTATION	5,283	5,344	5,207	5,304	5,343	5,424	5,346	5,549	5,618	5,724
TREASURY	2,446	2,695	2,843	3,048	3,025	3,122	3,160	3,551	3,632	3,782
VARIOUS COMMISSIONS AND BOARDS	140	241	235	165	190	168	172	163	167	159
<b>TOTALS</b>	<b>43,450</b>	<b>45,750</b>	<b>48,920</b>	<b>53,280</b>	<b>53,453</b>	<b>55,713</b>	<b>55,740</b>	<b>58,330</b>	<b>61,032</b>	<b>63,200</b>

<sup>1</sup> Reflects creation of Department of Corrections from Human Services (Institutions and Agencies).

★ See Note Two

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# STATE OF NEW JERSEY EMPLOYMENT HISTORY

1980 through 1991

STATE AGENCY	June-80	June-81	June-82	June-83	June-84	June-85	June-86	June-87	June-88	June-89	June-90	June-91
AGRICULTURE	266	271	271	244	244	256	256	263	275	258	241	211
BANKING	152	156	153	137	127	128	133	143	144	144	148	147
CIVIL SERVICE/PERSONNEL	567	560	524	504	499	493	496	503	560	559	523	479
COMMERCE/ECON. DEV.			81	89	97	110	118	195	276	269	181	158
COMMUNITY AFFAIRS	643	608	719	702	710	758	845	940	1,018	1,010	1,048	1034
CORRECTIONS	4,219	4,266	4,656	5,663	6,443	6,846	7,251	7,830	8,670	9,063	10,089	10,024
EDUCATION	1,646	1,616	1,726	1,557	1,437	1,435	1,385	1,397	1,404	1,402	1,318	1,256
ENVIRONMENTAL PROTECTION	2,104	2,100	2,311	2,124	2,226	2,486	2,704	3,062	3,401	3,537	3,801	3,677
EXECUTIVE/GOVERNOR	63	60	69	83	113	126	133	151	156	197	202	195
HEALTH	1,512	1,489	1,504	1,418	1,438	13,26	1,448	1,521	1,610	1,710	1,707	1,695
HIGHER EDUCATION	7,034	6,913	7,003	6,739	6,760	6,895	6,851	7,070	7,377	3,619 <sup>1</sup>	3,859	3,697
HUMAN SERVICES	21,243	21,636	21,487	21,766	22,212	22,401	23,002	24,087	24,067	23,879	23,493	22,715
INSURANCE	242	243	235	231	242	264	302	325	358	413	438	494
JUDICIARY	1,172	1,178	1,241	1,195	1,319	1,454	1,527	1,593	1,602	1,691	1,686	1,663
LABOR	5,768	5,592	4,793	4,527	4,528	4,790	4,645	4,483	4,175	3,955	4,274	4,407
LAW AND PUBLIC SAFETY	7,181	7,000	7,274	7,083	7,372	7,460	7,692	8,609	9,594	9,798	9,486	9,366
LEGISLATURE	297	306	348	393	409	433	475	502	565	530	532	524
MILITARY AND VETERANS AFFAIRS	299	296	302	318	335	338	335	362	366	1,412 <sup>2</sup>	1,474	1,415
PUBLIC ADVOCATE	731	770	778	762	856	904	928	948	992	1,019	1,058	1,063
PUBLIC BROADCASTING	167	170	169	162	169	170	175	193	241	228	212	194
PUBLIC UTILITIES (ENERGY)	320	328	328	329	418	457	479	413	376	361	392	354
STATE	251	272	263	352	486	488	494	515	537	518	501	470
TRANSPORTATION	5,682	5,634	5,597	5,322	5,380	5,242	5,463	5,629	5,646	5,536	5,462	5,213
TREASURY	3,964	4,189	4,451	4,392	4,636	5,491	5,700	6,579	6,788	6,464	6,133	5,889
VARIOUS COMMISSIONS AND BOARDS	157	136	101	95	95	98	96	97	102	104	104	104
<b>TOTALS</b>	<b>65,680</b>	<b>65,789</b>	<b>66,384</b>	<b>66,187</b>	<b>68,551</b>	<b>70,849</b>	<b>72,933</b>	<b>77,410</b>	<b>80,300</b>	<b>77,676</b>	<b>78,362</b>	<b>76,444</b>

1. College Autonomy - Removal of college unclassified employees from Personnel files.

2. Reflects addition of Veteran hospitals from Human Services.

+ See Note Two

**STATE OF NEW JERSEY**  
**SEPARATIONS FROM STATE SERVICE FY60 — FY91**

VOLUNTARY SEPARATIONS						INVOLUNTARY SEPARATIONS					GRAND TOTALS		
Fiscal Year	Resigned In Good Standing	Resigned Not In Good Standing	Retired	Total Voluntary	Percent Voluntary	Terminated	Died	Laid Off	Total Involuntary	Percent Involuntary	Total Separations	Total Employees	Separation Rate
60	3,963		327	4,290	84%	681	136	24	841	16%	5,131	28,363	18%
61	3,876	256	251	4,383	85%	586	147	43	776	15%	5,159	29,215	18%
62	3,473	228	243	3,944	83%	599	160	64	823	17%	4,767	29,342	16%
63	2,790	190	299	3,270	81%	555	198	9	762	19%	4,041	30,319	13%
64	2,525	258	187	2,970	80%	562	171	3	736	20%	3,706	31,334	12%
65	2,700	206	704	3,610	83%	590	169	2	761	17%	4,371	33,801	13%
66	3,918	339	144	4,401	85%	612	171	1	784	15%	5,185	37,528	14%
67	5,004	396	376	5,776	88%	604	187	3	794	12%	6,570	36,043	18%
68	4,577	540	453	5,570	88%	588	184	0	772	12%	6,342	39,939	16%
69	5,464	735	431	6,630	89%	572	203	11	786	11%	7,416	40,853	18%
70	6,099	741	496	7,336	90%	576	221	26	823	10%	8,159	43,450	19%
71	5,083	616	642	6,341	89%	592	202	27	821	11%	7,162	45,750	16%
72	3,937	673	769	5,379	86%	620	246	6	872	14%	6,251	48,920	13%
73	5,134	746	825	6,705	89%	647	194	11	852	11%	7,557	53,280	14%
74	4,804	679	1,005	6,488	88%	685	190	22	897	12%	7,385	53,453	14%
75	4,105	542	908	5,555	85%	687	181	142	1,010	15%	6,565	55,713	12%
76	4,103	541	917	5,561	83%	798	182	129	1,109	17%	6,670	55,740	12%
77	3,637	524	910	5,071	80%	852	180	199	1,231	20%	6,302	58,330	11%
78	3,495	639	1,018	5,152	83%	860	176	1	1,037	17%	6,189	61,032	10%
79	3,877	906	869	5,652	84%	879	156	30	1,065	16%	6,717	63,200	11%
80	3,809	881	809	5,499	85%	844	145	8	997	15%	6,496	65,680	10%
81	4,706	857	1,109	6,672	85%	979	183	16	1,178	15%	7,850	65,789	12%
82	4,853	740	1,063	6,656	83%	1,058	175	122	1,355	17%	8,011	66,384	12%
83	3,371	535	1,254	5,160	77%	1,022	197	292	1,511	23%	6,671	66,187	10%
84	3,550	482	1,220	5,252	82%	909	189	24	1,122	18%	6,374	68,551	9%
85	4,129	495	1,180	5,804	82%	899	191	214	1,304	18%	7,108	70,849	10%
86	4,694	511	1,205	6,410	85%	914	190	32	1,136	15%	7,546	72,933	10%
87												77,410	
88												80,300	
89												77,676	
90	4,121	490	1,122	5,733	68%	2,506	205	14	2,725	32%	8,458	78,362	11%
91	2,743	367	1,246	4,356	62%	2,229	241	239	2,709	38%	7,065	76,444	9%

STATE OF NEW JERSEY  
**OTHER GOVERNMENT EMPLOYMENT**  
APRIL 1991

	FULL TIME	PART TIME	TOTAL	SOURCE OF FUNDS
ATLANTIC CITY CONVENTION CENTER AUTHORITY	81		81	LUXURY TAX
CASINO REINVESTMENT AUTHORITY	14	7	21	CASINO REVENUE
DELAWARE RIVER BASIN COMMISSION <sup>1</sup>	22	5	27	FOUR STATES (NJ,NY,PA,DE) AND FEDERAL FUNDS
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION <sup>1</sup>	156	19	175	TOLLS
DELAWARE RIVER PORT AUTHORITY <sup>1</sup>	732		732	TOLLS & FARES
DELAWARE RIVER & BAY AUTHORITY <sup>1</sup>	184	32	216	TOLLS
EDUCATIONAL FACILITIES AUTHORITY	6		6	BOND REVENUES
HACKENSACK MEADOWLANDS DEVELOPMENT COMM.	93	8	101	STATE APPROPRIATION
HIGHER EDUCATION UNCLASSIFIED	3,500	125	3,625	STATE APPROPRIATION, TUITION, FEDERAL GRANTS
HOUSING MORTGAGE AND FINANCE AGENCY	217	2	219	BOND REVENUES
INTERSTATE SANITATION COMMISSION <sup>1</sup>	13		13	THREE STATES (NJ,NY,CT) AND FEDERAL FUNDS
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY	58	2	60	SELF FUNDED VIA REVENUE BONDS
NEW JERSEY EXPRESSWAY AUTHORITY	211	67	278	TOLLS
NEW JERSEY HIGHWAY AUTHORITY	1,295		1,295	TOLLS
NEW JERSEY INSTITUTE OF TECHNOLOGY	1,224	943	2,167	STATE & FEDERAL GRANTS/AID AND TUITION
NEW JERSEY PORT CORPORATION	127		127	IMPORT EXPORT FEES
NEW JERSEY SPORTS & EXPOSITION AUTHORITY	1,200	2,500	3,700	SELF FUNDED
NEW JERSEY TURNPIKE AUTHORITY	1,914		1,914	TOLLS
NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	28		28	FEES
NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION	149	1	150	WATER SALE REVENUES
PALISADES INTERSTATE PARK COMMISSION (NJ SECTION)	91	10	101	STATE APPROPRIATIONS AND PARK REVENUES
PASSAIC VALLEY SEWERAGE COMMISSION	623		623	SEWAGE FEES
PASSAIC VALLEY WATER COMMISSION	280		280	SALE OF WATER
PINELANDS COMMISSION	47	4	51	STATE APPROPRIATION
PORT AUTHORITY OF NEW YORK AND NEW JERSEY <sup>1</sup>	9,305	54	9,359	FEES, TOLLS, & RENTALS
RAHWAY VALLEY SEWERAGE COMMISSION	62		62	SEWAGE FEES
RUTGERS	7,435	299	7,734	STATE APPROPRIATION, TUITION, FEDERAL GRANTS
UNIVERSITY OF MEDICINE AND DENTISTRY	8,161	1,693	9,854	STATE APPROPRIATION, GRANTS
WATER SUPPLY AUTHORITY	122		122	WATER SALES
WATERFRONT COMMISSION OF NEW YORK HARBOR <sup>1</sup>	106	2	108	ASSESSMENT ON SHIPPING INDUSTRY
<b>TOTAL</b>	<b>37,456</b>	<b>5,773</b>	<b>43,229</b>	

<sup>1</sup> Multi State Authorities

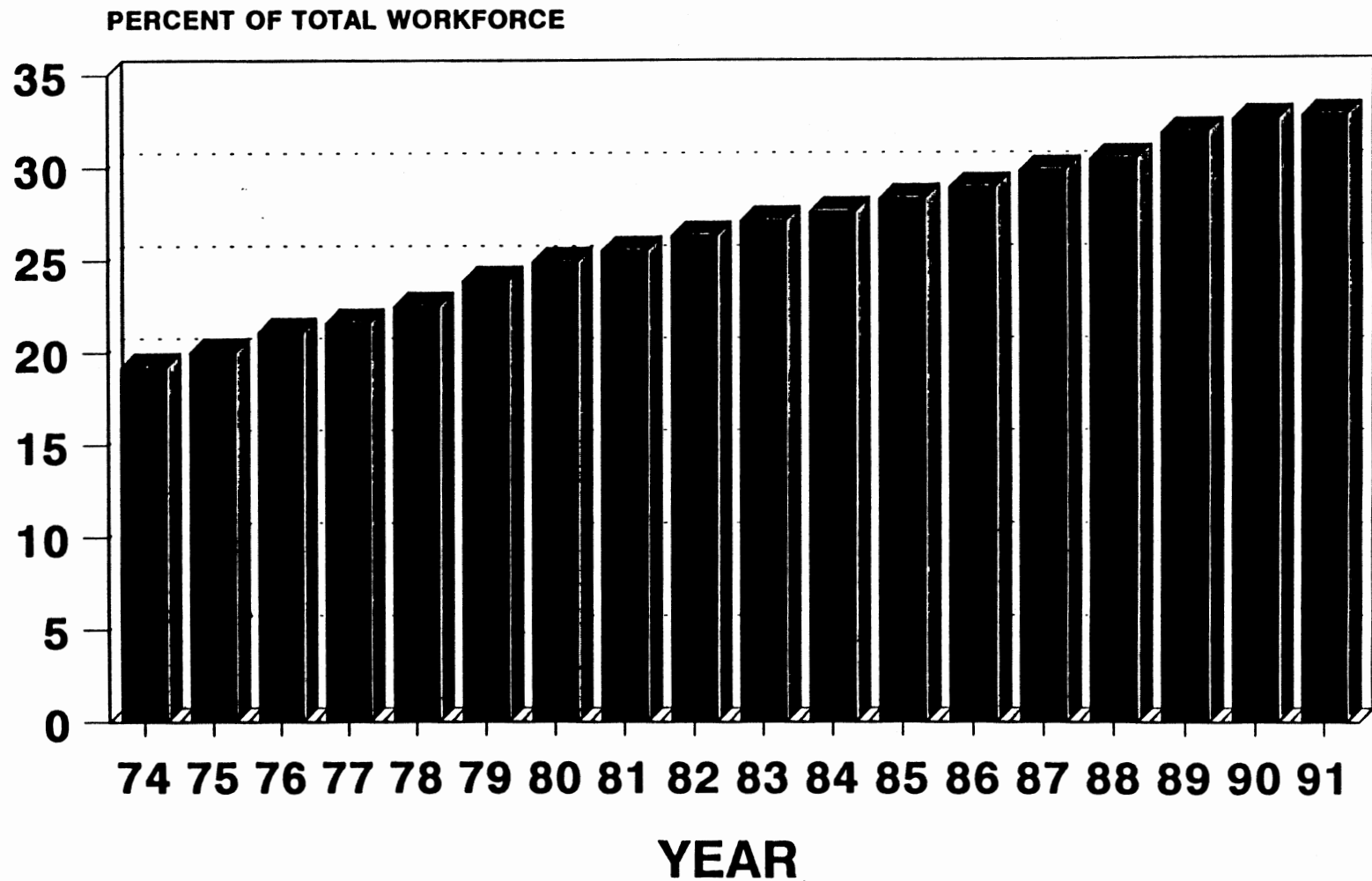
★ See Note Three

**STATE OF NEW JERSEY**  
**ETHNIC AND GENDER DISTRIBUTION BY STATE AGENCY**  
**JANUARY 8, 1992**

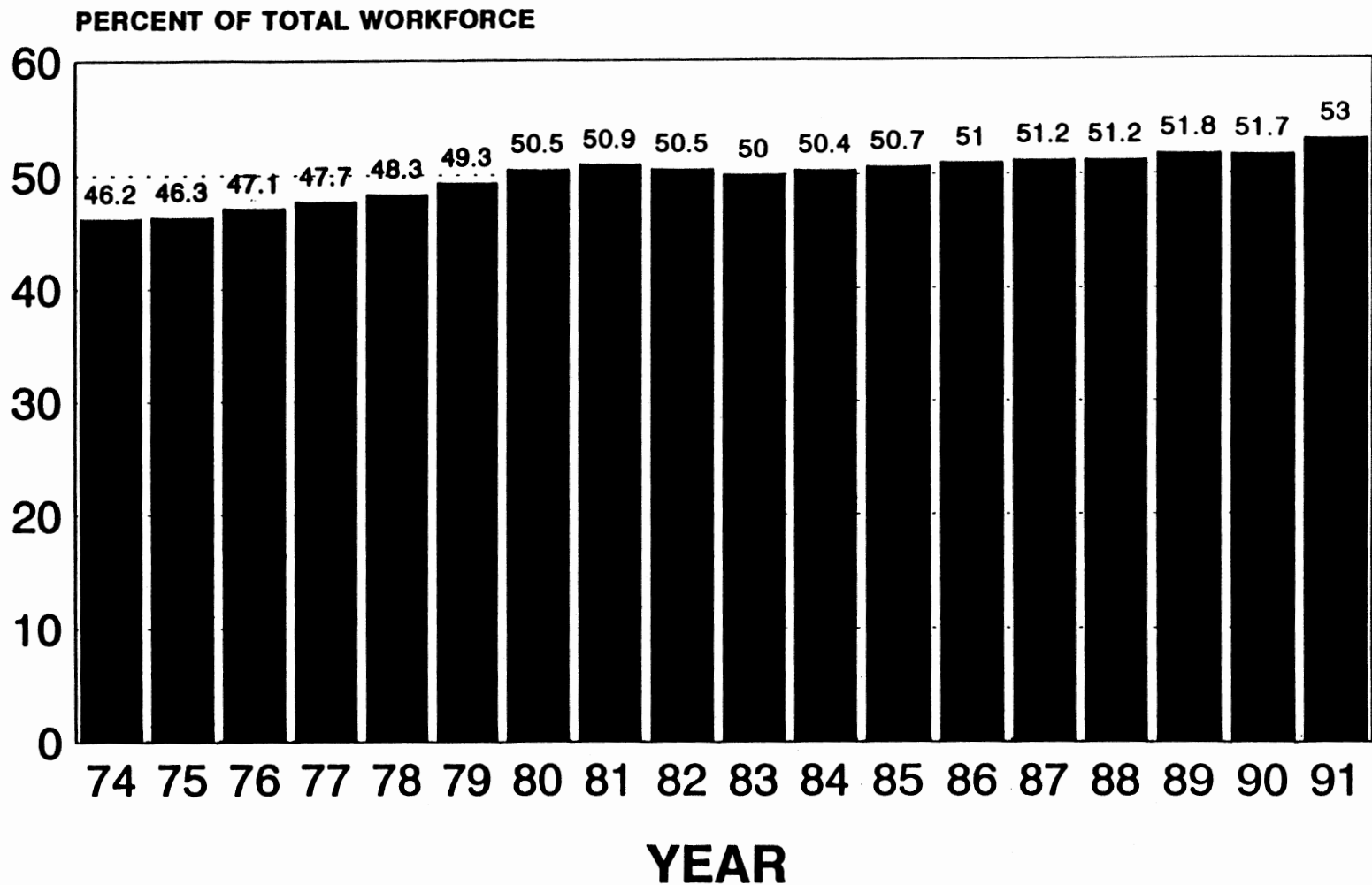
STATE AGENCY	FEMALE						MALE						GRAND TOTAL
	American Indian	Asian	Black	Hispanic	White	Total	American Indian	Asian	Black	Hispanic	White	Total	
AGRICULTURE	0	3	11	1	72	87	1	4	10	0	92	107	194
BANKING	0	3	9	1	43	56	0	1	7	1	69	78	134
CASINO CONTROL	0	3	59	4	151	217	0	2	37	3	149	191	408
COMMERCE	0	0	15	5	76	96	0	0	3	3	46	52	148
COMMISSION OF INVESTIGATION	0	0	2	0	19	21	0	0	2	0	21	23	44
COMMUNITY AFFAIRS	1	5	163	28	359	556	0	11	41	19	359	430	986
CORRECTIONS	3	24	983	111	1,461	2,582	12	37	2,303	365	4,530	7,247	9,829
EDUCATION	0	8	146	15	538	707	0	6	57	11	267	341	1,048
ENVIRONMENTAL PROTECTION	12	42	283	51	1,249	1,637	9	123	104	24	2,071	2,331	3,968
GOVERNORS OFFICE	0	0	24	2	119	145	0	0	3	2	58	63	208
HEALTH	0	24	244	36	764	1,068	1	23	73	11	441	549	1,617
HIGHER EDUCATION	8	43	438	118	1,622	2,229	5	31	343	111	934	1,424	3,653
HUMAN SERVICES	10	320	7,039	711	7,525	15,605	9	159	2,419	366	3,470	6,423	22,028
INSURANCE	0	2	73	12	162	249	0	9	27	2	208	246	495
JUDICIARY	3	7	183	21	677	891	0	7	58	11	690	766	1,657
LABOR	1	26	911	229	1,767	2,934	1	32	231	58	1,177	1,499	4,433
LAW AND PUBLIC SAFETY	3	42	904	156	2,720	3,825	13	52	513	167	4,413	5,158	8,983
LEGISLATURE	0	1	32	9	183	225	0	3	12	2	217	234	459
MILITARY AND VETERANS AFFAIRS	3	39	348	78	437	905	2	12	102	66	367	549	1,454
OFFICE OF ADMINISTRATIVE LAW	2	2	32	2	65	103	0	1	2	0	51	54	157
PERSONNEL	0	5	149	12	293	459	0	2	33	8	155	198	657
PUBLIC ADVOCATE	1	2	175	67	340	585	0	4	72	27	348	451	1,036
PUBLIC BROADCASTING	0	1	11	0	53	65	1	0	12	4	95	112	177
STATE	0	2	65	3	119	189	0	0	21	4	70	95	284
STATE PAROLE BOARD	0	0	15	5	51	71	0	0	12	6	47	65	136
TRANSPORTATION	0	19	147	10	693	869	7	243	394	76	3,215	3,935	4,804
TREASURY	5	107	656	80	2,134	2,982	3	51	246	37	2,167	2,504	5,486
<b>TOTAL</b>	<b>52</b>	<b>730</b>	<b>13,117</b>	<b>1,767</b>	<b>23,692</b>	<b>39,358</b>	<b>64</b>	<b>813</b>	<b>7,137</b>	<b>1,384</b>	<b>25,727</b>	<b>35,125</b>	<b>74,483</b>

STATE OF NEW JERSEY  
**MINORITIES IN THE WORKFORCE 1974 - 1991**

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STATE OF NEW JERSEY  
**WOMEN IN THE STATE WORKFORCE 1974 - 1991**



**STATE OF NEW JERSEY**  
**UNION MEMBERSHIP**  
**JANUARY 17, 1992**

Department	Communications Workers of America	American Federation of State, County & Municipal Emp	Patrolmans Benevolent Association	International Federation of Professional & Tech. Engineers	State Troopers Fraternal Association	State Police Non-commissioned Officers Association	Total
AGRICULTURE	105	0	0	34	0	0	139
BANKING	98	0	0	0	0	0	98
CASINO CONTROL	0	0	0	0	0	0	0
COMMERCE	80	0	0	0	0	0	80
COMMISSION OF INVESTIGATION	0	0	0	0	0	0	0
COMMUNITY AFFAIRS	738	0	0	76	0	0	814
CORRECTIONS	2,415	533	5,866	181	0	0	8,995
EDUCATION	786	46	0	55	0	0	887
ENVIRONMENTAL PROTECTION	2,851	0	143	285	0	0	3,279
GOVERNORS OFFICE	0	0	0	0	0	0	0
HEALTH	1,303	2	0	25	0	0	1,330
HIGHER EDUCATION*	177	0	0	0	0	0	177
HUMAN SERVICES	9,896	8,051	86	1,585	0	0	19,618
INSURANCE	368	0	0	15	0	0	383
JUDICIARY	47	0	0	0	0	0	47
LABOR	3,238	26	0	46	0	0	3,310
LAW AND PUBLIC SAFETY	3,090	2	232	1,133	1,650	558	6,665
LEGISLATURE	0	0	0	0	0	0	0
MILITARY AND VETERANS AFFAIRS	473	554	0	214	0	0	1,241
OFFICE OF ADMINISTRATIVE LAW	89	0	0	3	0	0	92
PERSONNEL	174	1	0	0	0	0	175
PUBLIC ADVOCATE	490	0	0	8	0	0	498
PUBLIC BROADCASTING	96	0	0	42	0	0	138
PUBLIC UTILITIES	0	0	0	0	0	0	0
STATE	215	0	0	4	0	0	219
PAROLE BOARD	123	0	0	0	0	0	123
TRANSPORTATION	2,572	0	3	1,806	0	0	4,381
TREASURY	3,489	2	9	302	0	0	3,802
<b>TOTAL</b>	<b>32,913</b>	<b>9,217</b>	<b>6,339</b>	<b>5,814</b>	<b>1,650</b>	<b>558</b>	<b>56,491</b>

\* Includes only Chancellor's Office.

Totals exclude employees on leave.

★ See Note Five

**STATE OF NEW JERSEY**  
**DISTRIBUTION OF UNION MEMBERSHIP BY SALARY**  
**JANUARY 17, 1992**

Salary Groups	Communications Workers or America	American Federation of State, County & Municipal Emp.	Patrolmans Benevolent Association	International Federation of Professional & Tech.	State Troopers Fraternal Association	State Police Non-commissioned Officers Association	TOTAL
0 - 9,999	2	2	0	0	0	0	4
10,000-14,999	60	28	1	28	0	0	117
15,000-19,999	3,341	2,697	0	1,101	0	0	7,139
20,000-24,999	5,023	2,847	1	2,226	0	0	10,097
25,000-29,999	6,196	3,388	200	1,485	0	0	11,269
30,000-34,999	4,352	207	2,571	862	569	0	8,561
35,000-39,999	4,786	48	1,276	65	445	0	6,620
40,000-44,999	3,277	0	1,497	42	636	1	5,453
45,000-49,999	2,378	0	432	4	0	436	3,250
50,000-54,999	1,717	0	105	1	0	121	1,944
55,000-59,999	1,254	0	190	0	0	0	1,444
60,000-64,999	209	0	66	0	0	0	275
65,000-69,999	16	0	0	0	0	0	16
70,000-74,999	14	0	0	0	0	0	14
75,000-79,999	24	0	0	0	0	0	24
80,000-84,999	18	0	0	0	0	0	18
85,000-89,999	45	0	0	0	0	0	45
90,000-94,999	86	0	0	0	0	0	86
95,000-99,999	115	0	0	0	0	0	115
<b>TOTAL</b>	<b>32,913</b>	<b>9,217</b>	<b>6,339</b>	<b>5,814</b>	<b>1,650</b>	<b>558</b>	<b>56,491</b>

# **APPENDIX**

## **Notes**

**NOTE 1:** The employee counts include all State employees; full-time, part-time, and those on leave. It includes employees in the Executive, Judicial and Legislative branches. It does not include temporary service or contract employees, nor does it include unclassified administrators and faculty in the State college system, legislators and their staff, or employees of Rutgers, NJIT, the University of Medicine and Dentistry and any independent authorities.

**NOTE 2:** Data provided by the Department of Personnel from annual reports (1917-1959), separation reports (1960-1987), and automated personnel files (1987-1992).

**NOTE 3:** Data provided by the Department of Personnel from a telephone survey of independent authorities conducted April, 1991.

**NOTE 4:** Data provided by the Department of Personnel from reports generated via automated personnel files for the Division of EEO/AA (1974-1991). These reports do not include part-time employees.

**NOTE 5:** Data provided from Central Payroll files. Included are full-time employees, who pay full union dues. Excluded are those employees paying a negotiation fee and those who are on leave.





