

**PUBLIC HEARING**

before

**ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE**

on

**AR-30**

**ALLOCATION OF STATE AID FUNDS**

Held:  
February 16, 1984  
Room 348  
State House Annex  
Trenton, New Jersey

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman John A. Girgenti, Chairman  
Assemblyman Gerard S. Naples, Vice Chairman  
Assemblyman Thomas W. Long  
Assemblyman Guy F. Muziani

**ALSO PRESENT:**

David L. Sallach, Team Supervisor  
Office of Legislative Services  
Acting Committee Aide, Assembly  
Municipal Government Committee

**New Jersey State Library**

\*\*\*\*\*

## I N D E X

	<u>Page</u>
Barry Skokowski Director, Division of Local Government Services New Jersey Department of Community Affairs	3 & 1x
Assemblyman Joseph L. Bocchini, Jr. District 14	38
Assemblyman Stephen Adubato, Jr. District 30	44
Bert Kendall Township Manager Montclair, New Jersey	49
Isadore G. Padula, Jr. Treasurer Belleville, New Jersey	51
Nathan Honig Auditor Belleville, New Jersey	52
Assemblywoman Marlene Lynch Ford District 10	58
Kenneth Hicks Deputy Mayor Lakewood, New Jersey	62
Priscilla Anderson Mayor Willingboro, New Jersey	63
Dennis P. Collins Mayor Bayonne, New Jersey	68
Marvin A. Eger Business Administrator and Finance Director Bayonne, New Jersey	72

INDEX (continued)

	<u>Page</u>
John Butchko Administrative Aide	75
Ann Mullen Mayor Gloucester Township	85
John McPeak Administrator Gloucester Township	88
mjz: 1-41	
tdm: 42-83	
mjz: 84-93	

**ASSEMBLYMAN JOHN A. GIRGENTI (Chairman):** Good morning. I am Assemblyman John Girgenti, Chairman of the Assembly Municipal Government Committee. Before we begin this hearing, I would like to introduce the members of the Committee. To my extreme right is Assemblyman Thomas Long, and I have to apologize to him, because I understand his nameplate hasn't been made yet, although it is in the process of being made. Next to him, to my right, is Assemblyman Gerard Naples. On my left, is Committee Aide Dave Sallach, and to my far left, is Assemblyman Guy Muziani.

I want you to know that, on February 6, 1984, the General Assembly adopted Resolution 30, which directs this Committee to examine the methods and procedures utilized by the Director of the Division of Local Government Services in determining whether or not certain municipalities should be paid the moneys that they were allocated under the provisions of P.L. 1984, c. 451. The resolution also directs the Committee to report its findings, along with any recommendations it may have, to the General Assembly within thirty days.

On January 5, 1984, the Assembly passed, and on January 10, 1984, the Governor signed into law Assembly Bill 4129. The bill, of which I was a cosponsor, authorized a special supplemental appropriation of \$7,386,640.00 to provide additional State aid to assist certain municipalities to avoid layoffs of policemen and firemen, to employ additional policemen and firemen, and to increase police and fire services within the individual municipalities.

As introduced, the bill set forth two eligibility criteria: (1) the municipality had to meet the qualification requirements for Urban Aid and, (2) the municipality had to fall within certain population parameters.

To qualify for Urban Aid, as you are aware, a municipality must fulfill five requirements. It must have: (1) a population in excess of 15,000 (or a population density in excess of 10,000 per square mile); (2) more than 250 children enrolled in the "Aid to Families with Dependent Children" program (or have a population in excess of 20,000, with a population density exceeding 7,000 per square mile and an equalized valuation per capita which is \$4,500.00 or more

below the statewide average); (3) publicly-financed housing; (4) an equalized tax rate which exceeds the statewide equalized tax rate (or a population in excess of 25,000, and an equalized valuation per capita which is \$2,000.00 or more below the statewide average); and, (5) an equalized valuation per capita which is less than the State equalized valuation per capita (or an equalized tax rate which exceeds the statewide average by seventy-five cents or more).

There are fifty-one municipalities in the State which meet those Urban Aid requirements and, therefore, which qualified for supplemental aid under the bill's first eligibility criterion.

The bill's second criterion -- population -- reduced that number to twenty-eight. Under the provisions of the law, only those Urban Aid municipalities with populations in excess of 35,000 were deemed eligible for a portion of the supplemental assistance.

The population criterion was also utilized to determine the amount of the allocation for each qualified municipality. The only restriction was that no municipality, other than those which become eligible for Urban Aid during the 1983-1984 State fiscal year and which, therefore, did not receive a full entitlement, could receive an amount of supplemental aid which exceeds the amount of Urban Aid it received during the 1983 local budget year.

Prior to enactment, the bill was amended. The amendment obligated the Director of the Division of Local Government Services to determine whether or not each of the twenty-eight qualifying municipalities had "a substantial financial need" for additional aid. If, after review, the Director determined that a qualified municipality did not exhibit such "substantial need," he was to withhold payment of the allocation.

The criteria upon which the Director was to make his evaluation included: cash deficits, shortfalls in revenue, personnel reductions, tax collections, equalized valuation per capita, and the general fiscal well-being of the applying municipality.

In our hearing today, we shall examine the methods and procedures the Director utilized in making his evaluations and determinations.

One final point -- a procedural one -- before we begin. I am determined to conduct this examination, this inquiry, in a fair and equitable manner. I shall demand that each party be accorded respect and common courtesy. All questions shall be directed through me as the Chairman of this Committee, unless otherwise provided by the Chair. I shall tolerate no interruptions or interjections from the audience. I shall, if I deem it appropriate, request a party other than the person then appearing before the Committee to comment or respond to a question, or to provide supplemental information. I shall, if I deem it appropriate for the purposes of fulfilling the Committee's charge and responsibility, request a party to respond or make supplementary or concluding remarks. Thank you very much.

Now, I would like to invite Mr. Barry Skokowski, Director of the Division of Local Government Services, to come forward. I feel that Mr. Skokowski is really the focal point of what this resolution was originally intended for and, therefore, he should really be the first one to speak on this subject. So, Mr. Skokowski, will you please start?

**B A R R Y   S K O K O W S K I:** Good morning, Mr. Chairman and members of the Assembly Municipal Government Committee. I am pleased to have this opportunity to respond to your request for information pursuant to Assembly Resolution 30, and to answer any questions you may have regarding the administration of this emergency Urban Aid. I will be here throughout the entire proceeding, and will be at your call.

Let me begin first by indicating that aid to local government is utmost in the minds of local officials, legislators and Governor Kean. The allocation of State resources is one of the highest priorities of the State government, and your support for the various State programs is deeply appreciated.

As you know, the Division of Local Government Services has the primary responsibility of assuring the fiscal integrity of local governments in New Jersey. This essential task puts us in a position whereby we have a great deal of financial data on each municipal government. We approve their budgets, supervise the preparation of their audits, review their tax collections, and enforce a variety of

other fiscal procedures. We also have the obligation to calculate eligibility for the basic Urban Aid Program, which is the basis of the distribution of the funds under Chapter 451.

When the Legislature passed this bill, which sets forth the criteria for allocating \$7,386,640.00 in State Urban Aid funds to qualifying municipalities, it did so for the following purposes: (1) to help Urban Aid municipalities avert layoffs of police and fire personnel; (2) to help them employ additional police or firemen; and, (3) to help them increase police and fire services.

The bill, enacted as Chapter 451 of the Public Laws of 1983, gives the Director of the Division of Local Government Services in the Department of Community Affairs the authority to determine which of the twenty-two potentially eligible Urban Aid municipalities should receive emergency assistance. But, this authority is strictly based on guidelines set forth in the legislation, namely -- as you indicated, Mr. Chairman -- substantial financial need, considering case deficits, revenue shortfalls, personnel reductions, tax collections, the per capita equalized valuation, and the general fiscal well-being of the municipality.

Most of these areas of consideration are surely statistical in nature and are readily available to me. In the area of personnel reductions, the Division normally possesses no information pertaining to this, and hence had to rely on input from municipalities through their letters of application. In determining general fiscal well-being, a somewhat broad area of consideration, I looked at the profile of each municipal government prepared by the Division of Local Government Services, which contained a variety of demographic, economic and public financial information, including bond ratings and effective tax rates, as well as pertinent material included in letters of application. I also reviewed the rank of each community under the Urban Aid Program previously referred to.

Nine of twenty-two eligible communities did not meet the criteria you set. I'm sure that after due consideration, you will see that I did totally, completely, and honestly carry out the mandate that you assigned to the Division of Local Government Services. I am

prepared, on a town-by-town basis, to explain clearly why they do not meet the criteria in the law.

Let's start with Hamilton Township. Hamilton Township ended 1983 with higher than anticipated tax collections; in fact, Hamilton collects more than the State average of 95%. They had a sizeable gain in investment income; they had an effective tax rate for 1983 of \$2.69 per \$100.00 of assessed value, one of the lowest for Urban Aid municipalities; and, also, they were a major recipient of franchise and gross receipts taxes. Hamilton is in exceptionally fine fiscal condition.

Both Montclair and West Orange have experienced eligibility problems with the basic Urban Aid Program in the past. West Orange lost eligibility in calendar year 1982, Fiscal Year 1983, and Montclair in calendar year 1983, Fiscal Year 1984. Both became eligible again due to P.L. 1983, C. 384, which revised the Urban Aid qualification standards to bring those towns back in.

Despite this recent change in the law, West Orange has again failed to qualify for Urban Aid in 1984, while Montclair ranks forty-fifth out of forty-nine qualified municipalities in their Urban Aid distribution factor for 1984. In addition, Montclair has the highest equalized valuation per capita index of any of the twenty-two municipalities, as well as a strong tax collection percentage. These circumstances were strong indicators of favorable fiscal well-being, and contributed to my decision to disapprove funding for both communities. I also note that Montclair's application was received late; however, they are appealing my decision to the Local Finance Board, which is called for in the statute that you enacted.

Bayonne is a fiscally well run urban municipality. Its letter of application emphatically stated that its tax collection percentage rate is among the best in the State, that there is no revenue shortfall, and that it enjoys fiscal stability. By its own admission, Bayonne is fiscally sound.

Bayonne advised that it would use the funds to purchase bulletproof vests for the police department, and to keep one fire company under continuous operation rather than continuing periodic

closings. While these are laudable goals, the overall fiscal strength of Bayonne, as acknowledged by the municipality, gave me no choice but to deny funding due to lack of emergent need. In addition, I note that the availability of increased Safe and Clean Neighborhoods' funds for 1984 should assist Bayonne and other municipalities in meeting their needs.

Gloucester Township has an Urban Aid ranking of twenty-nine; their percentage of tax collection was 92.60% in 1982; they project 93.24% for 1983; and, they had no cash deficit, no revenue shortfall, a good rateable base, and an effective tax rate of \$3.17. Hence, its fiscal condition is generally favorable, and not one of substantial financial need. In addition, the Township should again receive an increase in Safe and Clean Neighborhoods' funds for 1984 to carry on their ongoing program.

Lakewood, according to its application, is hiring ten additional patrolmen in the 1984 municipal budget, whether or not it gets this aid. The application indicates that the funds it seeks would merely replace municipal revenues, and would thus reduce a projected moderate local purpose tax rate increase in 1984. Lakewood's effective tax rate for 1983 was \$2.62, a five cent drop from 1982. It has the second lowest tax rate of any eligible municipality. No emergent need was evident; accordingly funding was disapproved.

The Township of Old Bridge is a growth community. It has admitted "cap" problems and fears that personnel cutbacks may be forthcoming. However, it has no cash deficit; it has a 96.59% tax collection percentage, and an effective tax rate of \$2.79, which is the fifth lowest of all the twenty-two eligible towns. It did not lay off police and fire personnel in 1983, nor as yet in 1984. No emergent need was apparent.

Willingboro has also failed to demonstrate substantial financial need. It has the sixth lowest tax rate of any eligible town and has higher than average tax collections. The effective tax rate in 1982 was \$3.28; in 1983, it was \$2.98. The application suggests that receipt of this aid may facilitate budgeting in 1984, without a tax rate increase and without significant layoffs. While it is the goal of

all communities to prevent tax increases, this was not directly relevant to the evaluation of substantial need I was required to make.

Belleville did not provide a letter of application and, therefore, was judged like others which did not respond to my January 17, 1984 letter on the pertinent data already in the Division's possession. It has no cash deficit, a 95.79% tax collection rate, stable rateables, a declining effective tax rate, and a solid financial profile.

The fact that several municipalities did not respond readily to my letter outlining how they could supplement the data we have available on their potential need for the funds offered under Chapter 451 was, among other factors, an indication that local governments do not have the same level of need as some of the other eligible local units.

I would like to point out too, Mr. Chairman, that I did extend the deadline beyond February 1 by two days, in case someone's letter was in the mail. I wanted to be very fair and give everyone an opportunity to apply to my office.

The above discussion highlights the reasons for denial of funding to nine of the municipalities. The financial situation of these towns contrasts with those which were allowed funding. While I will not discuss each municipality whose funding was approved at this particular point, I thought it would be helpful if I discussed some of the municipalities in order to provide some perspective and contrast for the Committee's benefit. Of course, I am prepared to discuss in detail anything the Committee would so direct.

For example, using the criteria set forth in the legislation, Passaic City had an increase in its tax rate from \$3.85 in 1982 to \$4.93 in 1983. In addition, Passaic's rateable index decreased, and it had a cash deficit in 1981 and 1982 of greater than 16%. We could have taken over the administration of the City of Passaic had we chosen to do so. However, we chose to work with the Mayor. We worked everything out, fortunately, and they are getting back on their feet. But, obviously, Passaic's eligibility is quite clear.

Likewise, Kearny had a \$792,000 cash deficit in 1982. It also sustained the loss of the Western Electric Plant, losing rateables for the local government and jobs for its citizens in the process. Kearny's hardship speaks for itself.

New Brunswick experienced a cash deficit of \$921,000 in 1982, and suffered a revenue shortfall from the "In Lieu of Tax Payments on State-owned Property Program" last year. In the same way, Perth Amboy had cash deficits of over \$800,000 in 1982 and 1983. These two Middlesex County communities clearly demonstrate a substantial need.

Finally, as a way of making my point, East Orange has the lowest tax collection percentage and the lowest property tax valuation of any of the eligible communities.

Of the nine municipalities which were not deemed eligible for these emergency funds, only three as of yesterday, and now four as of this morning -- Montclair, West Orange, Bayonne, and Belleville -- have contacted the Local Finance Board and myself in order to appeal my decision. This right of appeal, as provided for in the statute, was included in my letters of ineligibility to all nine municipalities. By the way, the law requires that an appeal of my decision be filed with the Board within ten days of receipt of my letter. I waived that, in order to allow any municipality to appeal the decision to the Local Finance Board. I don't want to get hung up on any technicality of that nature.

If I may be permitted a moment of personal privilege, I want to assure you that the decisions I arrived at were not made arbitrarily. Using the criteria, I correctly denied those municipalities which did not have a substantial financial need.

More importantly, Governor Kean has allocated an approximate 20% increase in the Safe and Clean Neighborhoods' Program, which makes these same municipalities eligible for additional funding for police and fire services in amounts that approximate the needs outlined in many of the requests I have received. This increase had not been planned on by any of the twenty-two municipalities, as this law preceded the Governor's Budget Message.

In conclusion, I will respond to your concerns fully, but realize that laws are passed by the Legislature and must be fairly and impartially administered by the Executive Branch. Governor Kean has made it a hallmark of his Administration that honesty and integrity come before any other consideration. With that in mind, please be advised -- believe it or not -- that the first municipality I disapproved was my hometown, Hamilton Township; the second was West Orange, Commissioner Renna's hometown; and, I also disapproved the hometown of Assemblywoman Kalik, who is the Cochairman of the Assembly Revenue, Finance and Appropriations Committee. I'm sure you will see that my task was carried out with diligence and impartiality and, believe me, it was no fun.

Mr. Chairman, I have supplied you with a great deal of data on all of the towns, and I will be glad to respond to any questions you or the other members may have.

ASSEMBLYMAN GIRGENTI: All right, Barry. Just for the record, I do not believe anyone here is questioning your honesty and integrity, and I want you to know that this is not a witch hunt. What we want to do is-- A resolution was passed by the Assembly to look into what criteria was weighed in the decisions. The other fact is, we have a program here which seems to have become a permanent fixture in the budget -- or at least it is in for next year -- and we want to analyze it to see if maybe we can take away the arbitrariness -- if that's what it is -- and maybe set more specific criteria into the piece of legislation coming up in the future.

Basically, we are here to discuss why some of the decisions were made, but we are also talking about the future of the program. We are going to look into the fact that maybe a lot of the legislators, or some of the legislators, are not happy with the way this program went into effect. They may have believed otherwise at the time they voted on this particular piece of legislation. So now, the onus is on us to show, number one, if we feel this was done in a fair way with the criteria which was used across the board and, number two, we want to see, because of the permanence of the program at least into next year, what we want to do with it in the future, whether we want to set up

specific criteria, as opposed to just handing it over and saying, "Make a decision on it."

So, you know, I just wanted to say that. I didn't make that remark in my opening statement, but I want to make that clear. As I say, I feel very strongly that this is not a witch hunt; we are not here to prosecute anyone. We are here just to get the information; we are here to find out. Some people feel they are deserving of this assistance. They were originally in the Urban Aid package, and now they have been eliminated. So, we are here to find answers to these questions.

Barry, basically, let me just start by saying, how do you define substantial financial need? I know you have talked about it, but it is kind of a general phrase, and maybe you can give me a definition. Is it all of these criteria combined?

MR. SKOKOWSKI: Substantial financial need is something that would encompass all the criteria in the statute and, basically, is an analysis of the financial profile. In your packets, Mr. Chairman and members of the Committee, we have given you a financial profile that the Division prepares for investors on Wall Street, involving many of the towns which were considered in this legislation. We look at the trends in the towns and we look at their fiscal well-being. It is a variety of things -- all the data that we have on hand. Certainly, there are other things we have to consider, such as the closing of a big plant in one community, a very high unemployment rate in others, and the influx of a certain type of population in the towns -- all demographic data beyond just the fiscal information. It involves a review of everything, and there is no one particular thing I point to more than any other, except to say that some things just cry out to you when you see giant cash deficits, as Passaic had, or problems like New Brunswick, Perth Amboy and East Orange had. I mean, they hit me so hard, that it definitely made my job quite easy.

Not to evade your question, but we try to find out everything we can about a town, and that is why the applications are so important to us.

ASSEMBLYMAN GIRGENTI: What procedure was used in terms of notifying the municipalities? You said that a letter was sent out.

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN GIRGENTI: I believe we have it in the packet -- a letter was sent out on January 17.

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN GIRGENTI: Then, did everyone apply? Did they have to go through an application procedure?

MR. SKOKOWSKI: What I did, because of the time frame of the legislation which said the money should be distributed by February 1, was write that letter quickly. I said, "Look, if you know what I know about your town," and I told the mayors I had various data about their particular communities, "and, if you have anything else you wish to provide to me, you may write me a letter." I did not want to make it a cumbersome application form; I don't think you wanted that either. Some people had letters hand delivered in a day; others have not applied yet. But, that is what we did. We thought the timing was critical, because I felt the legislation said, "This is emergent need; get the money out fast," so we had to do that.

ASSEMBLYMAN GIRGENTI: All right. But, in the letter, you didn't actually put the date they had to apply by, did you? I don't see it as I glance through the letter. Was there a date they were told to get back to you by?

MR. SKOKOWSKI: No, there was not. However, I would think that when they received a letter offering them emergent funds, they would respond in due course and, certainly, the press coverage was very great. I know in certain instances the legislators themselves sent copies of the bill to their various communities, so I do not think that is a real big issue. Certainly, I will agree there was no date in that letter.

ASSEMBLYMAN GIRGENTI: According to the law, did they have to apply by a certain date -- the way we set it up?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN GIRGENTI: And, did every one of these municipalities apply?

MR. SKOKOWSKI: No.

ASSEMBLYMAN GIRGENTI: Maybe we should go into that. Which ones did not apply?

MR. SKOKOWSKI: Irvington, New Brunswick, Belleville, and Hamilton did not apply; that's it.

ASSEMBLYMAN GIRGENTI: If they did not apply, were they automatically granted--

MR. SKOKOWSKI: (interrupting) No, they were reviewed on data that was available in the statute, as indicated in my statement. Okay? They did not give me any supplemental data, but I used the data I had on file.

ASSEMBLYMAN GIRGENTI: Now, was there anyone rejected who did not apply? I mean, was there anyone who did not apply who was just not even considered?

MR. SKOKOWSKI: Everyone was considered the same way, but Belleville did not supply any further data than I had available, and neither did Hamilton Township.

ASSEMBLYMAN GIRGENTI: Okay, so Belleville was really the only one which did not supply any additional information to you?

MR. SKOKOWSKI: Well, neither did Hamilton Township.

ASSEMBLYMAN GIRGENTI: Hamilton Township, okay. Again, as I say, we are thinking about this for the future too. We want to see what we want to do with this. You may have suggestions along these lines too, in terms of something we may want to incorporate in future legislation. How does the Division of Local Government Services feel about this criteria, as opposed to-- We have Urban Aid moneys right now, why not just take the money which is there and distribute it among the different communities? You're saying there are different layers of Urban Aid need, and we have a pool of money there for Urban Aid communities. There are fifty-one Urban Aid communities. We have reduced that to twenty-eight, because of the 35,000 population. We had the big six, which were automatically granted these funds through the Governor. It was arranged that way, so that eliminated them. You have twenty-two left. Since they are Urban Aid communities, why not divide that money up among those remaining twenty-two communities, because they do have a need. We have a balance now; we have a \$700,000 plus balance sitting there. Maybe you can give me your feelings on that.

MR. SKOKOWSKI: Basically, Mr. Chairman, I administer the laws that are passed, and I try to do that impartially and fairly. I think this program, as I understand the legislation, was designed to meet an emergent need at the time. I would certainly agree with you that all the towns which meet the Urban Aid criteria deserve something. Okay? It would be a lot of fun for me to give that out.

ASSEMBLYMAN GIRGENTI: I understand.

MR. SKOKOWSKI: I can certainly say I will provide whatever data I can to help you, but I think that in this case we did what we had to do.

ASSEMBLYMAN GIRGENTI: So, we have a situation now where we see the upcoming budget being labeled Safe and Clean moneys. Safe and Clean moneys are matching funds. Is that just a misnomer in the budget? I see there is a line item in the upcoming budget that says seven point four, the same amount--

MR. SKOKOWSKI: Supplemental.

ASSEMBLYMAN GIRGENTI: Yes, supplemental, and it says, "Safe and Clean." Does that mean this is going to be matching funds, or is that just a mistake and it should be Public Safety Urban Aid money?

MR. SKOKOWSKI: Well, I really shouldn't comment on something that is done by the Treasury Department; however, it is my best understanding that that money is to be the same as this particular program. The name should -- it's supplemental, I think, in budget language. You know, you can call it what you want in that regard.

ASSEMBLYMAN GIRGENTI: When you use the effective tax rate, how does that differ from the equalized tax rate?

**F R A N K H A I N E S:** It is a matter of how the statistic is computed, and exactly what you are computing. It expresses the same sense that you are trying to view what the tax rate would be if property in the taxing district was equalized -- was, in fact, assessed at 100% of true value. The equalized method we use, for example for Urban Aid, is a matter of taking the general tax rate, and multiplying that rate by an equalization ratio. Now, it could be the county was a--

ASSEMBLYMAN GIRGENTI: Excuse me, Frank. For the record, you're Frank Haines, and what is your official title?

MR. HAINES: I am an Assistant to the Director.

ASSEMBLYMAN GIRGENTI: All right, Assistant to the Director.

MR. HAINES: Again, it is just a matter of which statistics you actually use to compute the factor. Essentially, they express the same thing, as long as you are not comparing someone's equalized rate to someone's effective rate. I don't think there is any problem if you remain consistent in equalized, or if you remain consistent in effective. Really, it is just a matter of computation.

ASSEMBLYMAN GIRGENTI: Doesn't the Urban Aid law direct you to use a municipal equalized tax rate?

MR. HAINES: That is absolutely correct. The reason we shifted over to the effective tax rate when we pulled this information together was, first of all, that is the way it is presented on a routine basis in our financial profiles. Secondly, we have not, in fact, computed 1983 equalized tax rates under the Urban Aid statute, since we are not required to use that data in the formula until calendar year 1985. We switched to effective to get more timely information.

ASSEMBLYMAN GIRGENTI: All right. We have before us, on Bayonne for instance, the equalized tax rate of 1982, which I believe is four point two seven one three, which would be--

MR. HAINES: (interrupting) Are you referring to information we supplied, sir?

ASSEMBLYMAN GIRGENTI: I am referring to internal information we have on the different communities. This was pulled from material supplied by the Division of Budget and Program Review.

MR. HAINES: What was that rate again, Mr. Chairman?

ASSEMBLYMAN GIRGENTI: Four point two seven one three.

MR. HAINES: Four point two seven one three, all right. Our effective rate is four ten but, again, if you need to look at a single year, we are not that far off. If you look on a comparison, or if you look on a trend basis, you know, we were again consistent in sticking with effective, and not mixing equalized versus effective.

ASSEMBLYMAN GIRGENTI: It seems like it is two dollars over; that is why I asked.

MR. HAINES: Two dollars over?

ASSEMBLYMAN GIRGENTI: Yes. The State equalized tax rate is two point four eight.

MR. HAINES: I understand, okay. That is a fair statement, but the proportions are roughly the same whether you are using--

ASSEMBLYMAN GIRGENTI: (interrupting) But, isn't that a significant indicator of poverty?

MR. SKOKOWSKI: Again, in the application from Bayonne, and that is a town that I have a great deal of concern for, they themselves indicate that they are fiscally sound. Okay? That was a key factor there, and they are. Bayonne is well run; there is no question about that.

ASSEMBLYMAN GIRGENTI: What about the equalized valuation per capita?

MR. SKOKOWSKI: That, basically, is the municipal equalized valuation as a percentage of State equalized valuation per capita as computed and certified pursuant to the Municipal Purpose Tax Assistance Act, which is Chapter 12 of P.L. 1980. It is a statutory reference; we have no choice but to use that number.

ASSEMBLYMAN GIRGENTI: Does that indicate poverty on a comparative basis?

MR. SKOKOWSKI: It is an indicator, yes.

ASSEMBLYMAN GIRGENTI: Because the statewide average, again, is twenty-four thousand, seven zero four, and, again, Bayonne is thirteen thousand, forty-eight.

MR. SKOKOWSKI: Well, again, our numbers here are good, against the idea that this program was emergent need, when they are saying how fiscally sound they are. Okay? There is not an emergent need for this money. I am not saying they do not qualify for Urban Aid; they do, absolutely.

ASSEMBLYMAN GIRGENTI: Okay. Now, let me ask you this. Let's say -- what do we have, five factors here that we have added in, or whatever? Do you have to weigh all five? Do you put more of an emphasis on one, or do you use the same throughout? In other words, I've heard that tax collections may be good in certain communities, so, therefore, you could have a great tax collection, yet, if you do not

have the money, if you do not have that amount, it doesn't mean that you are not eligible for this type of a program. I have had that brought to my attention, so I'm asking you.

MR. SKOKOWSKI: There is no one factor I can point to and say, "This is the all omnipotent one." Okay? What I am saying is, if any of the factors was skewed so severely in one area, that had more weight than other things. The application was the overall consideration of the town's need.

ASSEMBLYMAN GIRGENTI: Not to pick out one, but let's go through Bayonne again, because I had a hard time with that. When you look at the tax rate and the situation with Bayonne -- that would be one that comes to my mind automatically. You know, I know that whole area, and in Hudson County there are a lot of problems. Bayonne seems to stand out because the neighboring communities seem to be eligible, and Bayonne is not. How was that determination reached on Bayonne? I know you went through it briefly, but maybe you could go through it in more detail.

MR. SKOKOWSKI: Okay. Number one, Bayonne had no cash deficit. They have an excellent percentage of collections, 97.97%, so, again, they are collecting. I mean, that is fantastic. If every town had that, we could all rest a lot easier at night. Their equalized valuation per capita indexed to other Urban Aid towns is mid level, which is not necessarily good. I'm not saying it is excellent or anything; it's not.

They did file an application; they have an "A" bond rating from Moody's and an "A" from Standard and Poors. I know the Mayor is here; he's a great guy; and, I don't want to talk too much about anyone's town. But, in the application they did not demonstrate the same emergent need that the legislation contemplated. For example, they talked about buying bulletproof vests. God, I wish everyone in the world who needed one had one, but I don't think that pertains to keeping policemen on board. Then, also, they were going to supplement a firehouse which is closed every now and then due to vagaries in the municipal government. I felt that the increase in the Safe and Clean Neighborhoods' Program, which they were unaware of, would take care of that particular problem.

ASSEMBLYMAN GIRGENTI: Again, that is a matching program, Barry.

MR. SKOKOWSKI: Yes, it is.

ASSEMBLYMAN GIRGENTI: You know, Safe and Clean is a problem in itself, because you have to put up half the money.

MR. SKOKOWSKI: It is a problem, and yet it is not a problem, because--

ASSEMBLYMAN GIRGENTI: (interrupting) That is for next year too, right?

MR. SKOKOWSKI: It would be in this calendar year's budget, 1984's budget. We have worked that out so that even though the State money comes in in July, they get the impact for the whole year.

ASSEMBLYMAN GIRGENTI: One of the things I have found, and which has been mentioned to me -- and maybe you can comment on this, because I don't know if it is really a question-- I don't blame this on you, but it seems as though positive behavior is not reenforced in a lot of our legislation, in the sense that if you have people who are trying to live within a budget, and who may have been efficient, they are ineligible for this type of a program, where maybe, for whatever reason, another community would not be as efficient, or was a little more loose, but were more eligible for this type of a program. What is your reaction to that? Do you think that is probably an occurrence where someone who runs an efficient ship, someone who has been looking into keeping things efficient and holding the line, although it may be an Urban Aid city, now, all of a sudden, is being judged ineligible for this?

MR. SKOKOWSKI: Admittedly, I have heard that also; I think that is a statement commonly made by those who have been denied. I would say that some of the towns which were approved were also efficient; they just have less to make do with. I do not want to characterize those who received the money as being inefficient. Maybe some are, but certainly not all of them are.

ASSEMBLYMAN GIRGENTI: No, that is not what I'm saying. I'm just saying that these examples may illustrate communities that were really trying to do the job that they should do, and maybe now we are penalizing them.

MR. SKOKOWSKI: Well, again, I just administer the law that was given to me. I would say that if every town were as fiscally stable as my hometown -- you know, we could all do a lot better. Hamilton Township -- and I love it, I live there by choice -- is in excellent fiscal shape. Bayonne runs itself perfectly; I mean, I agree with you.

ASSEMBLYMAN GIRGENTI: The legislation, again, was to measure safety. We're talking about public safety, police and fire. Are the communities which have been rejected not in this type of need? Is this what is being said here?

MR. SKOKOWSKI: Are you saying that the towns which were denied do not need it?

ASSEMBLYMAN GIRGENTI: Because they were rejected, are they in a situation where you feel they do not have that need at this point?

MR. SKOKOWSKI: They do not have the emergent need that was contemplated in this legislation. Certainly, I have talked to -- as you can imagine -- these people, and they could find a need for this money, yes, but they do not have the emergent need that the big six have. A lot of the genesis of this program was developed from the big six, and their needs were really emergent. This other spin-off was part of that idea too.

ASSEMBLYMAN GIRGENTI: I know from reading some of the material -- you know, I have been trying to do some homework on this -- that, for instance-- I'll take an example. I remember Gloucester's application. They showed us, I think in the letter you originally received, that their rate per thousand of police is below the county rate and is below the statewide rate. I think theirs is one point three, and the State is two and two point four. Compared to statewide figures, they fall below it. Would that be a case for need, or not?

MR. SKOKOWSKI: Mr. Chairman, I know some of you have had municipal experience. In the area of public safety, there is always a standard which is higher than you have. I could find it in any area. There has never been legislation in New Jersey to say we have to have a standard of "X." If Gloucester Township can get along with that standard, that is their choice, not mine. I would never impose a standard on them though.

ASSEMBLYMAN GIRGENTI: They may have wanted to increase it; it may not have been their choice.

MR. SKOKOWSKI: Again, they have the increase in the Safe and Clean Neighborhoods' Program, but they do not have that same emergent need. They could increase it with the Safe and Clean; I expect they would.

ASSEMBLYMAN GIRGENTI: I didn't see all of the applications, but you might have them in this material you gave us. I have looked at some of the applications where some of the mayors have consulted with us in terms of this. There seems to be, in some of the communities -- I'm trying to think -- Willingboro may be an instance where they have even cut back on police in the last few years. I thought personnel reductions were taken into consideration. Willingboro is an Urban Aid city. Where could they have failed? Let's look at Willingboro; I know you went through this briefly. Now, again, with the equalized tax rate, our information tells us that three point one zero zero one is the equalized tax rate. The State is two point four.

MR. SKOKOWSKI: In the case of Willingboro, in the application you have in your packet and, of course, which we have here, there is no indication that they laid off personnel. They said they fear that possibility down the line, but I don't think they said they have done it. Frank?

MR. HAINES: No.

MR. SKOKOWSKI: No, there is no mention of a layoff.

ASSEMBLYMAN GIRGENTI: Yes, but in reading the law-- Again, just taking from A-4129, it says, "To avert layoffs of policemen and firemen." So, I interpret that to mean we are trying to prevent this too.

MR. SKOKOWSKI: If you read the entire application -- and I must say it is not always an easy task -- there is also a comment in their application that they are concerned about the possibility of freezing their already reduced tax rate. Well, I don't think this particular program is a tax stabilization program. It is one where, you know, you could do what you had to do. Again, the increase in Safe and Clean would help them out.

ASSEMBLYMAN GIRGENTI: Willingboro, if I remember correctly, lost a profit hospital; they lost 19% of their income, let's say, or revenue.

MR. HAINES: Their commercial tax base, which is very low in the Township to start with.

MR. SKOKOWSKI: You know, that is another thing. You have to look at the towns too. I guess I didn't say that, and I should have. Over the years, I have now and again gone to all of these towns. You have to look at them. Years ago, Willingboro was called Levittown, and essentially it is Levitt houses, except for the hospital, the golf course, and a couple of other things. Their base is residential, not commercial, so losing 19% of their commercial is not as severe as a Trenton, a Paterson, a Passaic, or whatever.

ASSEMBLYMAN GIRGENTI: Again, that could be looked at in a different way. It could be shifted to the homeowners. It could be worse, you know, in terms of shifting it to the residents.

MR. SKOKOWSKI: Yes, but again, their tax rate is going down, not up.

ASSEMBLYMAN GIRGENTI: Just to clarify, and I know this is not your responsibility, you're saying the name we are giving this money in the future, Safe and Clean Neighborhoods, is not talking about a matching program. It is talking about the same program, the \$7.4 million, which will be carried out, possibly, the same way as this one, with the big six getting, I think, five point something, and the smaller communities, or the ones over 35,000, being eligible for the two point something million.

MR. SKOKOWSKI: Again, I can't speak for the Budget Bureau, but it is my advice to people who call me up that the program will be continued in terms of the big six towns for next year. That is clear; that I'm telling you.

ASSEMBLYMAN GIRGENTI: I understand. We are more concerned at this point with the twenty-two, because we know that the big six are going to continue, the way it has been indicated, to receive whatever aid they have received. I represent one of those big six, so I am not in any way trying to say we shouldn't, but the fact of the matter is,

we are interested in the twenty-two at this point. Again, I know I may be redundant, but don't you feel an Urban Aid package-- For instance, Barry, what are we going to do with the balance of this money now? Where does that go, this \$700,000? Is this just going to be held, or is it going to be earmarked for something? I have heard there is other legislation being proposed.

MR. SKOKOWSKI: Well, when administering this law, that is the only law I have. I did what I did, and the money that is left over is left over. Okay? They can appeal now, that's the thing. That has to be delayed and, by the way, the hearing date is February 27.

ASSEMBLYMAN GIRGENTI: How soon will they know after the appeal hearing?

MR. SKOKOWSKI: They will know on the same day. If history can be a lesson, we always decide the same day.

ASSEMBLYMAN GIRGENTI: Let me ask some of the other Committee members if they have any questions, because I do not want to monopolize the questioning. Do any of the other members wish to ask questions of Barry? Assemblyman Naples?

ASSEMBLYMAN NAPLES: Barry, back in the early 1970's -- and I may repeat what Chairman Girgenti said, and I will be repeating what many people in the State House, both in the Executive and Legislative Branches, may be thinking right now -- when the Federal Revenue Sharing Act was passed, there was a term called "Tax Effort Index." I'm sure you remember that. Based upon the Tax Effort Index, which was the extent to which a municipality, or an entity of local government or State government helped itself, to that extent, it would be aided. The theory there was that municipalities should complement their revenues before they begin to yell for the supplementing of those revenues.

Many of these towns have labored very, very hard. To collect on the average statewide tax collection rate is no small feat today. Because of the fact that they have put themselves in positions where they are a little better off than other municipalities, does not mean that they do not need more help over and above what they are currently getting from the State, or what they are getting because of the fact that they have helped themselves. It just seems to be inherently

**New Jersey State Library**

unfair. Please don't think this is anything personal; I just do not like the approach. I'll admit that I threw a green light up there, but I had grave reservations when I read the amendments. I thought we would be here -- not necessarily at a hearing -- and I thought we would have problems, and here we are.

ASSEMBLYMAN GIRGENTI: Is that just a statement?

ASSEMBLYMAN NAPLES: That's about it; it was more a statement than a question -- a rhetorical question anyway.

ASSEMBLYMAN GIRGENTI: All right. Assemblyman Long, do you have a question?

ASSEMBLYMAN LONG: Yes, thank you, Mr. Chairman. This is my first opportunity to meet you; I am the new boy on the block, so to speak. I can recall the votes that were cast on that particular evening, and I think a lot of the credence that was added to that particular bill at the time was based upon -- I thought from both sides of the aisle -- a great deal of confidence in you as an individual, and I heard that verbalized.

Again, perhaps this is more of an observation than a question, but let me start off with a question. Inasmuch as the initial letter to the municipalities did not have a time line for response, I believe I heard you say that in your particular judgment you would allow an extra two days for anything that might be in the mail, and you felt that was a fair time line. I have a problem with that. Given the sensitivity and the critical nature of this whole process and what was involved, it seems to me that your office, if you will -- and excuse me for using "you," it is not meant personally--

MR. SKOKOWSKI: I understand that.

ASSEMBLYMAN LONG: (continuing) It seems that your office should have gone an extra step, and every municipality which did not respond by the arbitrary time line you seem to have set, since it was not incorporated in the letter, should have been contacted to find out whether they had an innate problem in dealing with the time line you had to deal with. You should have tried to assist those communities to better prepare what they had to give you in order for you to make an objective judgment at that point in time. It's nice that we gave them

two extra days for mailing, but I think government has to be responsive to its people by going an extra step. Therefore, it would seem to me that we're suspect in that particular instance because of what we did not do, omission, rather than commission. So, I really feel we were remiss in that area.

Every one of these municipalities, whether in the final analysis they are run well, in the judgment of whoever made that judgment, or were not run well, had at least a given need, and had a perspective, which they should have been able to provide to you for your judgment. So, I think there was a breakdown there. We will not debate about the time line -- in fact, I know the time line should have been in the original letter, and it wasn't there. That is passe at this point in time, but I do think we were remiss in that.

Again, I can't help but repeat that in my judgment, for what it is worth, we are penalizing communities because they did a good job. I think we are dealing with the rationale of trying to find out how we can tell people we can't give them money, rather than with assisting them, and being able to give them money to meet their respective needs. I don't think there is any quarrel whatsoever that the municipalities which have been denied presented a rationale for need. Here, again, is where government becomes suspect, and that is, were we really being objective at that point in time, or was it subjectivity? When it boils down to a person's judgment, it becomes very difficult for municipalities, and other aspects of our constituencies, to accept. As Assemblyman Naples said, when you have a hard, clean formula, whether you agree or disagree with that formula, it is in place, and there is very little area for debate at that point in time. We are getting down to a point where we are saying, "Well, this city is doing a pretty good job; they won't really need our help that much." We have \$700,000 that was not utilized, and we have municipalities out there which have a need. I don't particularly care whether your Department thinks they are well run or not. I like to hear it; I like to hear about government. But, when they have and profess needs, and we have dollars -- which in government is always the problem, you know -- why can't we assist communities and municipalities with their particular needs?

I don't mean to be too philosophical, but after being in county government for thirteen years before coming down here, I think I have dealt with this, and I really have a hang-up when government does not go the extra step to assist.

The appeal process, the due process, is great, but those folks coming down here on that particular day ought to know that government is going to try to go to the furthest extent to see that those moneys are going to be made available, since they are there. I would hope, from whatever else we might hear this morning that might provide additional insight for both the Committee and for yourself, to help and assist those people, so that when they come before you in the appeal process, we will be able to help them. I'll stop on that.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: Yes, I have a number of questions. First of all, I do not envy your position, Mr. Skokowski. I see here where you have the authority to do what you have done by virtue of the amendment to the bill, which puts the responsibility in your hands subject, of course, to appeal. Assemblyman Long made reference to the fact that many municipalities have been penalized here, and that is one of the things I am really concerned about. I think that the need, of course, as we might talk about it, probably exists throughout the entire State among many of the municipalities which do not even qualify under this criteria to begin with.

I would like to know from you how that 35,000 figure was struck? How did we cut it off at a population of 35,000? I know you have two criteria to consider here, and there are five requirements as far as Urban Aid is concerned. There were originally fifty-one municipalities. We are now down to twenty-eight, after having taken the second phase of that criteria into consideration as far as population is concerned, and we have come up with an arbitrary population figure of 35,000. Now, how did we do that?

MR. SKOKOWSKI: Well, the legislation did that. I didn't do that; that was in the law.

ASSEMBLYMAN MUZIANI: That was in the original piece of legislation?

MR. SKOKOWSKI: Yes, sir.

ASSEMBLYMAN MUZIANI: The legislation which was adopted and approved by the Legislature and signed into law?

MR. SKOKOWSKI: Yes, sir.

ASSEMBLYMAN MUZIANI: So, that is a matter of record then, is that it?

MR. SKOKOWSKI: Definitely.

ASSEMBLYMAN GIRGENTI: I thought you were there, Guy.

ASSEMBLYMAN MUZIANI: I was there. I just want to make sure we understand who sponsored that bill. How do you feel about the 35,000 as a cut-off figure?

MR. SKOKOWSKI: There are some Urban Aid municipalities I worry about which are below 35,000, definitely. I am quite concerned about a couple of them, and I think you've seen it. I am the one who started the comments about Orange, Long Branch, Asbury Park, and Keansburg. I am worried about those towns. If you want to do the same thing with them, they would clearly come up higher than the ones I denied, if the population wasn't--

ASSEMBLYMAN MUZIANI: (interrupting) So, we are really penalizing them, aren't we?

ASSEMBLYMAN GIRGENTI: Well, Guy, if you want to put in a bill, I'm sure you would have a lot of support for it.

ASSEMBLYMAN MUZIANI: There is a bill coming up before our Committee, and I'll mention it in a minute. I think it would help to some extent. But, before we get to that, may I ask you another question?

MR. SKOKOWSKI: Surely.

ASSEMBLYMAN MUZIANI: Mr. Skokowski, I'm going to give it to you straight, and you give it to us straight. Did anyone in the Administration influence your decisions concerning any of these cities?

MR. SKOKOWSKI: Absolutely not.

ASSEMBLYMAN MUZIANI: You say that emphatically.

MR. SKOKOWSKI: I say that emphatically.

ASSEMBLYMAN MUZIANI: Would you change any of your decisions concerning eligibility?

MR. SKOKOWSKI: No, there is an appeal process, but I would not change my mind.

ASSEMBLYMAN MUZIANI: To get to the \$700,000 which is apparently now available, if what you have decided holds as far as the appeals are concerned, what does the law say as far as that \$700,000 is concerned?

MR. SKOKOWSKI: The law doesn't really say. It just says that I shall determine which of the twenty-two are eligible, and the presumption is that the \$700,000 stays there.

ASSEMBLYMAN MUZIANI: Stays there?

MR. SKOKOWSKI: Yes -- I guess in the State Treasury.

ASSEMBLYMAN MUZIANI: Okay, so that means that the bill, which Assemblyman Villane in the Assembly and Senator Van Wagner in the Senate apparently are going to be sponsoring, might be considered. They put a bill in that would affect, possibly, another ten municipalities that did not have the 35,000 population. Will they be able to have that money made available to them?

MR. SKOKOWSKI: As I understand it, if that bill were enacted, yes.

ASSEMBLYMAN GIRGENTI: Is there anything else, Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: I have one more question I would like to ask him. Regarding the time frame on the appeals you mentioned, is that going to be today?

MR. SKOKOWSKI: No. I received one other appeal this morning when I arrived here.

ASSEMBLYMAN MUZIANI: When will these appeals be decided upon?

MR. SKOKOWSKI: They will be decided on February 27, obviously later on this month. That is our normal meeting of the Local Finance Board. I want to point out to you that the normal requirement is that a town must appeal my decision with the Board within ten days of being rejected. I have waived that in this entire case. I will not hold to that; I will let them come in to be heard up until the last minute. I think they deserve that opportunity.

ASSEMBLYMAN MUZIANI: There is no further appeal after that happens?

MR. SKOKOWSKI: Well, I am not a lawyer, but I think they could go to court. That's truthful, but I don't know how that would be.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani, are you finished?

ASSEMBLYMAN MUZIANI: That's it for now.

ASSEMBLYMAN GIRGENTI: Barry, I have just a couple more questions. If a town did not apply, can it now appeal?

MR. SKOKOWSKI: Certainly. I accepted an appeal application this morning from a town which did not apply.

ASSEMBLYMAN GIRGENTI: All right. So, that is permissible. The other thing is, you know, just to set the record straight, I think I communicated to you when we started this hearing that there was never any indication given that there was any influence used on the decisions of the Director of the Division of Local Government Services. I know this is your responsibility, and that is why I am questioning you about it. The fact of the matter is, I believe the Legislature which passed this resolution feels very strongly that certain representatives voted for this, thinking in the long run that they were benefiting their areas. Now they find out, after the fact, that they voted for something which has helped other individuals, but has not really helped them in their own particular districts, which means they might not have voted for that bill if it had come to that. That is one of the reasons that this has been brought to our attention. It is an area where we were going to help communities. These are all Urban Aid communities, so they have been judged eligible in the past for Urban Aid funding. So now, the reason we are questioning this, obviously, is why have we differentiated between the two classes of Urban Aid communities? That is why we are here, and that is why I'm asking you, because you are the individual who has the information. You are the person who made the decisions.

Again, I think I have made it clear that no one is accusing anyone, including the Administration. We just want to find the answers; that is our charge. That is what we have been told to do.

What I would like to know, and maybe you can shed some light on this, is, how do you feel in this type of position? Do you feel as

if you have been put in a pressure cooker? Are you comfortable with this type of position? Do you think the Legislature should have spelled out more specific criteria? You know, I just want to know your feelings.

MR. SKOKOWSKI: You know, I have debated that everyday for the past week. It is a tough thing to answer. I never mind doing what I am directed to do by the Legislature. I don't mind that. I just want you to know that it doesn't make everybody happy all the time. You can't have a job like mine and make everyone happy. That is all I can say about it.

ASSEMBLYMAN GIRGENTI: Do you feel that you have been pressured by legislators?

MR. SKOKOWSKI: No. As I say, I made those decisions, and actually -- I don't want to get anyone in trouble -- nobody even called me.

ASSEMBLYMAN GIRGENTI: You may have gotten a few people in trouble. (laughter) One question I have, and, again, I was going through the packet I was given prior to this-- Regarding Lakewood, for instance, I don't know if you have their application there which was submitted by their Municipal Manager, but if you read the sequence of events they presented to me, the fact is they were told they received a communication from you on January 17 requesting a detailed letter outlining the facts, and so forth. They had a meeting of the Township Committee on January 28, and they proposed that they would augment their police department from a total complement of eighty-five men to ninety-five men, because they were anticipating the \$65,000, which would add to the amount because they needed to come up with \$210,967 for their budget. On Thursday, February 2, they finalized their 1984 proposed budget, and the day prior to the meeting they drafted a reply to you indicating the action contemplated by the Committee. The communication was reviewed by the Township Committee, and on February 2 they authorized a reply. They said that on Saturday, February 4, it came to their attention via radio and newspaper that Lakewood had been deemed ineligible for the \$65,000 appropriation.

On Monday morning, February 6, they called the Department for clarification. They spoke to Mr. Angelini, who indicated they had not received Lakewood's communication and, upon receipt of same, they would review the facts to make a possible determination in the affirmative. Is that the way the schedule of events took place?

MR. SKOKOWSKI: There were more than just Lakewood that came in late, and I did get calls on them. I had made decisions on February 1 on all those which were done. I received the letter from Lakewood late; I received several late. I reviewed all of them. The application from Lakewood basically showed the data I had. They had no cash deficit; they did not provide any significant information on revenue shortfall; and, they collect almost 95% of their taxes. For an Urban Aid town, they have a very good equalized valuation, and they have an effective tax rate of two sixty-two.

In their application, they indicated they wanted this money -- as I said before, they were going to hire the ten new police officers, and this would obviously help them defray an eight cent tax increase for municipal purposes. Again, I do not think this program is a tax rate program; I think it is a program for emergent need. In their application, they also talked about their land fill costs and other mandated expenses but, again, this legislation was not designed to address those problems.

ASSEMBLYMAN GIRGENTI: Again, I just want to ask you -- I don't know if you have answered this, or if you feel you have -- what, in your mind, are the best indicators of poverty or need? We assumed they were these items here, AFDC, State equalized tax rate, and State equalized valuation per capita. What are your determining factors?

MR. SKOKOWSKI: Well, again, the statistics are very strong, and I certainly used all of them. I think there are a variety of factors. I mean, if a town continually has tax collection problems, and if they have cash deficits, that would be an indication under the law, Chapter 211 of the Laws of 1981. If a town's cash deficit is greater than 4% over two years, the State can assume control of that town. I think that is a critical factor, and we cannot ignore it. But, also, the overall demographics of the town-- If you have giant unemployment, if you have a big plant closing--

ASSEMBLYMAN GIRGENTI: (interrupting) Should we have a sixth classification then in Urban Aid? Should that be included?

MR. SKOKOWSKI: If I could find the perfect formula, believe me I wouldn't be here. Okay? I'm trying; I really am trying.

ASSEMBLYMAN GIRGENTI: That is why we're here too.

MR. SKOKOWSKI: I wish I could tell you something definitive; I can't right now. I work on it though.

ASSEMBLYMAN GIRGENTI: Aren't there some towns that have terrible tax collections, but which do make money on the money market and so forth -- taxpayers who do not pay taxes?

MR. SKOKOWSKI: If you're syndicating that there are some people who possibly do not pay their taxes because they are investing their personal funds, that is a good question. That has happened, and that is why we have taken the step this year -- and I announced it in Atlantic City at the League of Municipalities' Conference -- to go after all those towns which have poor tax collection percentages. I am doing a pilot right now on a couple of towns, where, through my staff, not me, we have improved tax collections by helping them. This is a critical area to me, and I think we have to do that. We have made that commitment, and it is in all the newsletters to the tax collectors. We are going after them, because--

ASSEMBLYMAN GIRGENTI: (interrupting) Tax collections may not be an indication of poverty then; they could also be an indication of prosperity?

MR. SKOKOWSKI: Yes, but there are not too many towns with-- Take for example the decision-making here. The worst tax collection percentage is in East Orange. I do not think there are many money markets in East Orange, frankly. In going over this, I was pleased with the collection percentages of all the Urban Aid towns. You have all the numbers on the charts there. Except for East Orange, they are all above 90%.

ASSEMBLYMAN GIRGENTI: Then, tax collections may not be a good criteria?

MR. SKOKOWSKI: They can be, and they can't be. You have to look at the tax title liens and how they are enforced, if you are going

after them. You know, it's looking at the annual audit of the town too. That is why I say general fiscal well-being is what I have to look at. If you question that, I'll have to go to the tax collector to find out what is going on.

ASSEMBLYMAN GIRGENTI: Just one more thing. What would you possibly recommend in the future if we want to be more specific in the legislation?

MR. SKOKOWSKI: There is a temptation to make a joke right now, but I would just say that whatever the Legislature decides it wants us to do, we are going to do. Okay? I think you were elected to make that decision. I will help you, staff-wise, with whatever data you need, but I'm not Solomon.

ASSEMBLYMAN GIRGENTI: What is the difference between cash deficits and revenue shortfalls?

MR. SKOKOWSKI: In your packet we define those particular terms. I will not read them, but let me just explain them to you.

ASSEMBLYMAN GIRGENTI: Yes, please explain them.

MR. SKOKOWSKI: For example, a cash deficit says at the end of the year that you have a minus balance, in essence, or a below minus balance. You borrowed money because you couldn't pay all your bills. A revenue shortfall is, you might have enough overall money to balance your budget, but for certain items, where you expected to get money in, the money did not come in. Take for example New Brunswick's application. They were cut short on the in-lieu-of-tax payments.

ASSEMBLYMAN GIRGENTI: How much is that related to the loss of the gross receipts?

MR. SKOKOWSKI: I have no idea. From what I understand, from talking to the Mayor and from checking it out for their town, I think the Legislature or somebody-- There wasn't enough money appropriated last year for the in-lieu-of-tax payments statewide.

ASSEMBLYMAN GIRGENTI: So, we may have created the problem?

MR. SKOKOWSKI: I don't know, but it would seem so in their case.

ASSEMBLYMAN GIRGENTI: When you were making these determinations, was the loss of the gross receipts money ever taken

into consideration, where some communities would have lost, as a result of gross receipts, what they had anticipated back?

MR. SKOKOWSKI: The only things that were considered were the revenues they had in their budgets which did not come in. In other words, I look at the things on a cash basis that the budget law calls for. If you say you are going to get -- and we let you anticipate -- "X" number of dollars and you do not get those dollars, I look at that. I do not look at a policy as to how or why.

ASSEMBLYMAN GIRGENTI: Because it is a cumulative problem. Assemblyman Naples?

ASSEMBLYMAN NAPLES: I just want to piggyback on part of what you said, Barry. Regarding the inability to collect taxes at the local level, I think sometimes that is attributable to inefficiency on the part of the local government. I want to ask you one question. Why wasn't the crime rate in a municipality considered as one of the criteria?

MR. SKOKOWSKI: It is not in the law.

ASSEMBLYMAN GIRGENTI: Assemblyman Long?

ASSEMBLYMAN LONG: Barry, again regarding the criteria, I understand clearly the first five parts of this. When we get down to the general fiscal well-being of the applying municipality, what specifically were you looking for in that particular area? What were you judging by?

MR. SKOKOWSKI: In the packets we gave to Dave, we have what is called "A Financial Profile," which is data from four State departments on every town that is of advice to the investors. In other words, it looks at the employment picture over a couple of years, tax rate trends, assessed valuation trends, labor force, major employers -- just so much data. It is quite an extensive document. That is a big thing. We also looked at the tax rate as a consideration and, also, the Urban Aid ranking, which is merely just saying what proportion this town has over that town with similar eligibility, from one to fifty-one, or forty-nine, whatever it comes out to be.

ASSEMBLYMAN LONG: Were factors like a municipality struggling with economic retention taken into consideration? Supposing

they put forth a rationale where major corporations were looking for tax deferrals, or a year of grace on taxes, were these kinds of factors important?

MR. SKOKOWSKI: By the way, I should have said this too, but whatever facts were brought to my attention by the towns in their letters of application were considered. So, if they had said something like that, it would have been considered.

ASSEMBLYMAN LONG: I guess what I am leading up to is very simply this: The appeals process is in place; there is a time line for it. I would assume that anyone who would apply for that would have hope that it would be successful. I would like you to enumerate the kinds of things that would be essential for those communities to present to you, which might have an impact on your judgment. I heard you say earlier that you had some very strong and sincere feelings about the decisions you made, but we are saying there is an appeal process. What can these municipalities give you that might cause you to change your judgment?

MR. SKOKOWSKI: Well, the appeal process is not through me; it is through the Local Finance Board. Now, I am a member of the Finance Board ex officio, but when there is an appeal of one of my decisions as the Director, I step aside. So, the appeal would go to the Board, and not to me. I just take the letters and give them to the Board, like the one I received this morning.

ASSEMBLYMAN LONG: Yes, but let's not kid each other. We all know that your judgment is very important in this whole process and, whether it is formal or informal, you might be asked for a reaction. So, let's not kid each other on that one.

MR. SKOKOWSKI: Okay.

ASSEMBLYMAN LONG: What I'm trying to say is, tell these folks out here, and tell us, what is going to have a positive impact on the judgment, either by you individually, or by the appeals process collectively?

MR. SKOKOWSKI: The thing is, this legislation, as I read it, was designed to measure emergent need in the area of public safety -- immediate need. That is what is key. Then, you have to weigh all the

factors in that statute. I have discussed what I mean by overall fiscal health with you, so you know what that is. That is the issue, where when they say, "We have this emergent need," they mean today. As the law was written, it says we have to pay that money out right away. The Legislature was sincere in paying it out, so that means an emergent need. Don't tell me about what is possibly going to happen in 1990. Okay? That is the point of view.

ASSEMBLYMAN GIRGENTI: Assemblyman Naples?

ASSEMBLYMAN NAPLES: Before, I mentioned the crime rate, and the bill was passed in large measure for emergent need in public safety. By virtue of that very fact, couldn't you take crime rate into consideration without its having been spelled out previously in the law? Perhaps I wasn't clear in my question before.

MR. SKOKOWSKI: I think you could say that, because I looked at all demographic data, and I could have done that. I'm showing my age now, but back in 1968, when the Urban Aid Program was developed -- there were only the big six cities then -- there was a crime rate factor in there. After deliberation at that time, the Governor and the Legislature deleted the crime rate factor because it is a figure that depends on how well it is reported. It can be, not manipulative, but it can be--

ASSEMBLYMAN NAPLES: (interrupting) It's not easy; I know that.

MR. SKOKOWSKI: It's just not a very good thing. Also, what categories of crime could be used? You know, minor crimes are one thing, but if they are major crimes, that's something else. How do you determine in the crime rate what is more severe? It is the same type of subjective thing we have to do.

ASSEMBLYMAN NAPLES: Do you think the FBI seminary is right?

MR. SKOKOWSKI: Yes. You know, there are ways. Over the years, we have thought about that; we have used it, and then taken it out.

ASSEMBLYMAN NAPLES: Do you think it is time to think about it again? This is not 1968; it is sixteen years later, and crime is much higher. The crime rate is much higher in most municipalities, in most areas, period.

MR. SKOKOWSKI: I don't think I can say, because I haven't really kept up with how well the reporting goes on. I am just not able to speak to that issue. I know it was in there, it was considered, and it was removed.

ASSEMBLYMAN NAPLES: What I'm saying is, a municipality with a 93% or 94% tax collection rate, may have many of the same public safety problems that a municipality with an 88% rate might have. It seems to me to be kind of unfair not to weigh that very heavily.

MR. SKOKOWSKI: Yes, it does. The other thing is though, Assemblyman, sometimes the relationship of the crime rate to the financial need is not direct, I mean, in every case. I know what you're saying, and I'm not arguing with you, believe me.

ASSEMBLYMAN NAPLES: It is not always indirect either.

MR. SKOKOWSKI: No, but it is not a measure of financial need per se. Obviously, it is a demographic factor for the community.

ASSEMBLYMAN NAPLES: Okay, thank you.

ASSEMBLYMAN GIRGENTI: Barry, I have just one other question. In the bill, you keep saying "emergent need," but the way the legislation is spelled out -- and I'm reading it here in front of me -- there is nothing in here that says "emergent need." we were talking about, I think, emergent need in the big six; that was the whole purpose of the Governor approving it because of the six communities that had real emergency situations. But, the way it reads, at least in my reading, is, "The amounts allocated pursuant to the provisions of this act shall be used exclusively for one or more of the following purposes: to avert layoffs of policemen or firemen, to employ additional policemen or firemen, and to increase police and fire services within the municipality on or before February 1, 1984." I don't know where that is interpreted as emergent need. Maybe you can embellish on that.

MR. SKOKOWSKI: Well, as you said, you agree it was emergent need for the big six.

ASSEMBLYMAN GIRGENTI: Right.

MR. SKOKOWSKI: But, that is the same bill that gives the money to the big six. That is my point. That is a key factor.

Secondarily, you can have an emergent need to hire new policemen. I believe the City of Camden is going to hire new policemen because they are so far below, while others, like Trenton, might just want to--

ASSEMBLYMAN GIRGENTI: (interrupting) Trenton is one of the big six.

MR. SKOKOWSKI: Yes. But, what I am saying is, it is the same bill. So, I applied it all around the board, fairly, that way.

ASSEMBLYMAN GIRGENTI: That is not the way you could read that. You know, I can understand the big six, but in this area, I don't know. It is a little more hazy. It is a matter of interpretation really.

MR. SKOKOWSKI: We could, I guess, go on forever about this.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: I have been listening, and the conclusion I have come to is that I think the onus here is really going to be on the Legislature to, again, look at the original criteria and the population considerations being used here, because they are clearly discriminatory, in my opinion, especially concerning the smaller municipalities. There are many more municipalities in this State that have as many needs, if not maybe more, than some of the larger municipalities, and they are not being considered here at all. I know, of course, that you are mandated to fulfill your responsibilities, and you have done that. You have the authority to do it, and you have done your job. I commend you for your efforts. But, do you feel the Legislature should take it upon itself to look for a more equitable, a more fair criteria, where we would not discriminate against municipalities which are rightfully in need? The emergent need exists everywhere, and they are just being shut out.

MR. SKOKOWSKI: I concur that the Legislature should do what you suggest, yes. That would be very helpful.

ASSEMBLYMAN MUZIANI: Do you feel there is a need to change this formula, or give some consideration to change?

MR. SKOKOWSKI: You know, the thing is, you can always consider it. I have not been able to give you any suggestions for the formula. I wish I could, because there is always someone who just

doesn't meet it. It is hard to measure need in every single case in the State. I think the Legislature should take that under consideration, if it cares to. You know, it's that simple.

ASSEMBLYMAN MUZIANI: If I may be allowed some latitude to digress for a minute, I would like to make this point.

ASSEMBLYMAN GIRGENTI: Sure.

ASSEMBLYMAN MUZIANI: It might not be germane to this particular subject at the moment, but there is another area of discriminatory action on the part of the State concerning funding. I represent, of course, resort areas. We have as many problems as they have elsewhere in the State. Population is always a problem for us, because we do not have much population year-around. In the summertime, we go from a population of 4,000 or 5,000, to a population of 100,000. They do not equalize it; they do not average it out. We have to put on more police during the summer months than we need in the wintertime. So, we have needs too. We have always been discriminated against because we never meet the criteria for population. It has always been a problem here. That is why I'm certain we ought to give some consideration to changing that particular formula, because it discriminates against so many other smaller municipalities which are vital to the economy of this State, especially the resorts, which draw in so much money from out-of-state -- gas tax, liquor tax, sales tax, income tax, all of these things. So, there is a complex situation here. I know there are municipalities which are upset about the fact that they are not included. You, of course, have given your justification for this. There are many more which could be represented here today complaining about the same thing.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani, I might add that originally the whole purpose of this was -- it was initiated by legislators who represented certain communities, who felt when they voted on this that they were helping their municipalities. They found out later on that -- they were Urban Aid municipalities, which should have been, logically in the past, eligible -- because of a new set of criteria, they were eliminated. That, basically, is what this hearing is all about. Are there any other questions from the members

of the Committee, because I would like to get some of the other people up to testify? Assemblyman Long, do you want to add something?

ASSEMBLYMAN LONG: Some very cogent points have been raised by my colleague, Assemblyman Muziani. I guess the bottom line right now is, I think I recognize what I am hearing is that this is the responsibility of the Legislature. But, I just want to feel that this appeal process, which these communities are going to go through, has some credence; that it is not just an exercise in futility; that these folks get whatever assistance they need to prepare that appeal so it will be received in the light in which it should be received; and, that there will be, perhaps, a reconsideration based on the factual data presented by these folks. I think that is what I need to hear. I think, perhaps, what the people out there need to feel is, "Okay, we'll appeal; we'll go through the process; but give us some hope that you are going to be receptive to what we tell you, and are going to evaluate and judge it in a positive light."

ASSEMBLYMAN GIRGENTI: Thank you, Assemblyman. Barry, I just want to thank you for your honesty, your integrity and your candor. As I said before, this is not looked upon as a prosecutorial type of thing; it is an information-finding session for us. We want to know why these decisions were reached, since we have the responsibility to go back to other individuals and explain the process to them. I would appreciate it -- and I know you told me you would -- if you would remain here, because some of our other speakers may request a response from you. Again, I do not want this to turn into a shouting contest. We will work through the Chair. If I feel there is an answer which should be given, I will ask you, Barry, to contribute something. Again, thank you very much for your appearance.

I would like to introduce Assemblyman Joseph Bocchini. The Assemblyman has another engagement. I know he has been waiting around, so I would like to bring him forward to speak first. Assemblyman Adubato was gracious enough to let Assemblyman Bocchini go ahead of him. Joe, will you please introduce yourself?

**A S S E M B L Y M A N J O S E P H L. B O C C H I N I, J R:** Is Barry staying through this entire hearing?

ASSEMBLYMAN GIRGENTI: Yes, he is.

ASSEMBLYMAN BOCCHINI: First of all, thank you, Mr. Chairman and members of the Committee. A lot of what I have to say is going to be in the form of questions which, at some later time in the course of the hearing, the Director may want to come back to respond to.

I sat here this morning, and I was somewhat surprised, or shocked, and not at you, Barry. Let me clarify something. Barry lives in Hamilton Township, which is part of my legislative district. Barry has received a great accolade from the Legislature, as far as his competence and ability are concerned. I do not think anyone is questioning these things.

ASSEMBLYMAN GIRGENTI: You're not looking for his vote in the next election, are you? (laughter)

ASSEMBLYMAN BOCCHINI: Actually, I need a lawn sign. (laughter) But, I have a problem. When I was looking through the file I kept in relation to this legislation, I noticed there was an article in one of the local papers with respect to Hamilton's rejection. I am somewhat miffed, because Barry indicated to you that there was no application from Hamilton Township. That perplexes me and upsets me to a certain extent, in view of the fact that I spent an hour with the Mayor and the Township Administrator the day after the passage of this bill, analyzing it and hoping we could do something with it over in the Senate.

Then I read an article which appeared in the Trentonian. Barry, I'm quoting you from this newspaper article in relation to Hamilton Township: "They do not meet the criteria whatsoever," Skokowski said in turning down the Township's application. "It was difficult to do," he added, "It's my hometown." My question is, Barry, if there was no application, where did the rejection of the application come from? I would like to get some type of response to that. I have no one here from my Township today, and I am concerned about it. Hamilton may not feel it has to be bothered with this, but I think the people I represent in Hamilton feel that someone should be bothered with it.

If I may, Mr. Chairman, through you, I would like to indicate to the Committee that a lot of what Assemblyman Muziani mentioned in

relation to the smaller towns, I can sympathize with. I certainly think if Assemblyman Villane and Senator Van Wagner are proposing legislation to utilize any excess funds from this to go to those towns, I can support that if the money is left, assuming that the appeals are granted.

When we analyzed the Urban Aid municipalities, I felt from the outset that the original bill-- I think this is something we need to look at. You know, the 35,000 "cap" was great for me; it hurt you. But, the amendments we had to swallow hurt me as much as they hurt you. I think, in retrospect, that we were all very concerned about an anticipated surplus that we thought was, or that we were told was going to be somewhat less than it actually turned out to be. I have seen this Legislature, in my two years, act on larger amounts of money, with less controversy than all the time and effort we're putting into this. I have a town which lost \$116,000. It may not be big change, but when you take it out of the \$7.4 million, and it turns out we have better than a \$190 million surplus, I think we, as the Legislature, were short-changed. Those are my comments for this morning. Thank you for allowing me to present them to you.

ASSEMBLYMAN GIRGENTI: Assemblyman, if you will stay here, I will ask Barry to answer that. Barry, did you receive an application from Hamilton Township?

MR. SKOKOWSKI: (from audience) Well, with all due respect to people who deal with the press, I can't always be responsible for what is written. Certainly, Hamilton Township was reviewed just as other towns which did not--

ASSEMBLYMAN GIRGENTI: Sit up here in the front row where we can grab you.

MR. SKOKOWSKI: Frankly, because Hamilton Township is my hometown, I know their fiscal well-being, and I knew when I first looked at the data that it would not qualify for emergent need. Really, there was no need for them to supply an application. I mean, in my job, since I work in a town like Trenton, and live in Hamilton -- we watch these towns so carefully it's a sin. I did tell people that I reviewed all the data we had available, and that Hamilton did not qualify.

ASSEMBLYMAN GIRGENTI: Yes, but Barry, with regard to the process, was everyone supposed to apply, or were certain people told not to apply? I think we have to have a uniform standard throughout.

MR. SKOKOWSKI: Everyone got the same exact letters. Everything I wrote was in a form letter. The first one said, "I know this about your town; tell me anything I don't know." Everyone got a chance.

ASSEMBLYMAN GIRGENTI: Then, you knew ahead of time, and you could just tell them they were ineligible, right, just from your own work-ups?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN BOCCHINI: If I might, what Barry has indicated brings to mind an additional question. I'm sure you know the financial status and well-being of Hamilton Township, Barry, but you indicated that as a result of your familiarity with it you could readily tell them they would not qualify. I would like to ask this through the Chair, do you know for a fact that there were not circumstances they may have been able to present to you which might have changed your mind, or caused you to think differently?

MR. SKOKOWSKI: I guess after your meeting with the Mayor and the Business Administrator they called me, because I did speak to them on the phone. They told me the story. I was honest with them, that's all.

ASSEMBLYMAN BOCCHINI: If I may, through the Chair-- In relation to that answer, do you know for a fact that if they had filed an application, there would not have been anything they might have revealed to you -- if they had taken the time to do it -- which could possibly have caused you to think differently?

MR. SKOKOWSKI: To my knowledge, there was nothing, no.

ASSEMBLYMAN GIRGENTI: Joe, you know, in fairness to Barry, the onus would be on the Mayor of the municipality.

ASSEMBLYMAN BOCCHINI: I understand that; however, very simply, I have a problem, Mr. Chairman, with all due respect to Barry. I understand what Barry said; I acknowledge that Hamilton is in great shape compared to some of the other towns. But, it bothers me, from my

own personal standpoint, when I see that my own town is just so cavalier about it that it says, "Well, we don't think we have to apply. We are not going to apply."

ASSEMBLYMAN GIRGENTI: Well, you were one of the individuals I was referring to when I said that you perhaps voted -- and I am not saying that you wouldn't have voted to help the other communities in the State -- on this with the idea that you were benefiting your own municipality.

ASSEMBLYMAN BOCCHINI: Of course; of course. Let me point out that I did not vote for the amendments; I voted against those amendments. But, there is no way I would have voted against the bill. As Assemblyman Naples certainly knows, Hamilton Township has approximately 350 to 400 residents who are either policemen or firemen in the City of Trenton. So, that money to Trenton had a certain fiscal impact on the integrity of some of Hamilton Township's residents.

ASSEMBLYMAN GIRGENTI: Assemblyman, let me ask you a question. Did Hamilton lose significant amounts of money in gross receipts?

ASSEMBLYMAN BOCCHINI: Over the last two years, Hamilton Township probably lost in excess of three million dollars, I am certain, in gross receipts money. I would point out that as a result of the formula, they were the beneficiaries of full funding. To use a Resorts expression, by the roll of the dice we had sufficient tax increases over three or four years to cause us to go back to full funding on the gross receipts.

ASSEMBLYMAN GIRGENTI: Does that impact on your services?

ASSEMBLYMAN BOCCHINI: Sure, it impacts on our services. Also, if you analyze it, we are out by close to four million dollars over the last "X" number of years as a result of the Administration's skim on gross receipts. We are looking for a measly one hundred and sixteen thousand dollars for police and firemen in our town, and we can't get it. You know, in effect we have it on both ends.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: Assemblyman, concerning your comment about Hamilton being shortchanged, the problem, I think, lies again with the Legislature. You voted for the original piece of legislation; you did not vote for the amendment. But, the fact is that the amendment did pass by a majority vote. I think if there is any shortchanging here--

ASSEMBLYMAN BOCCHINI: We don't want to get into a discussion on why it passed, since you and I both know that it passed because there was a gun held to the heads of everybody in that room. If we did not vote for that amendment, you were not going to give us the votes for the emergency in order for the bill to be voted on in general.

ASSEMBLYMAN MUZIANI: I am not clear about the mechanics of how that came about.

ASSEMBLYMAN BOCCHINI: I'm positive.

ASSEMBLYMAN MUZIANI: The fact is, if there was any shortchanging there, it was the Legislature and the bill that caused it. Maybe we ought to go back and reevaluate what has been done.

ASSEMBLYMAN BOCCHINI: Fine.

ASSEMBLYMAN GIRGENTI: We are not trying to lay this on anybody; we want to see if we can correct this for the future. We don't want the same thing to happen again. I don't want to kill a legislator after he has voted for a bill. That is after the fact.

Does anyone else have any questions for Assemblyman Bocchini?

ASSEMBLYMAN NAPLES: They never would have gotten a green light from me if I had known what was going to happen.

ASSEMBLYMAN MUZIANI: I don't think politics should play a role in this at all. I think we should understand that our responsibility is to our constituents. We want to do what is fair.

ASSEMBLYMAN BOCCHINI: I wish that could be. I wish we lived in a Utopian society so that we could live by that statement. But, unfortunately, I don't think that happens everyday of the week.

I agree with you, Guy. I would love to see that happen.

ASSEMBLYMAN MUZIANI: If I may, through you, Mr. Chairman. You know, every mayor has needs. And, of the twenty-eight mayors that are included on this list and that are getting the money -- if I may

just mention this to you -- only five are Republican mayors; all the rest are Democratic mayors. And, three of those were denied.

ASSEMBLYMAN BOCCHINI: The fact of the matter is, the people who live in these towns are of all parties -- and of no party.

ASSEMBLYMAN GIRGENTI: I just want to say before you leave, Joe -- and I know you are in a hurry -- that as far as this Committee is concerned we have always had good cooperation in terms of the individuals involved here. When we see a problem, we don't ask the mayor what community he represents or what party affiliation he has. The Municipal Government Committee tries to do what is best on behalf of all our citizens. Really, I think in our Committee that is what Guy is referring to. We have a very cordial relationship, and a good working relationship with all, and we have been able to work on a bipartisan basis in a lot of instances.

ASSEMBLYMAN BOCCHINI: That is the way it has to be. We have a Republican mayor in the biggest municipality in my district, my home town, and I bend over backwards to make sure they get what they need.

I would also like to thank Assemblyman Aduato for yielding his initial time to me.

ASSEMBLYMAN GIRGENTI: Thank you, Joe. Thank you very much.

Will Assemblyman Steve Aduato come forward, please? For the record, Assemblyman, will you please introduce the individuals who have accompanied you?

**A S S E M B L Y M A N S T E P H E N A D U B A T O, JR.:** Yes. First, I want to say, Mr. Chairman, in the interest of time, that I will be as brief as possible. I will try not to repeat any of the questions or statements that were made before.

However, I have to say that as a representative of the Thirtieth Legislative District -- I took office on January 10 -- I have the unique distinction--

ASSEMBLYMAN GIRGENTI: (interrupting) You are going to introduce the other gentlemen?

ASSEMBLYMAN ADUBATO: Yes. (continuing) I have the unique distinction of having two communities, out of only nine communities that were knocked out of the Emergency Urban Aid package, in my

district. One is my hometown of Montclair, with a Republican mayor. And, I have with me today our Township Manager, Bert Kendall.

The other town is the Town of Belleville, and I have with me today the Treasurer of the Town of Belleville, Izzie Padula.

I want to mention that, because Barry talked earlier about the question of how much interest local governments were expressing, in terms of how quickly they responded to the letter from the Department of Community Affairs.

I just want to say there are some other people present today from those two communities, just to verify their interest in the Towns of Belleville and Montclair. The Mayor of Belleville is here, Mayor Michael Marotti; the Town Auditor from the Town of Belleville is here, Nat Honig; and, the Town Clerk is here, Mary Lou Hood.

I would also like to say that the Budget and Purchasing Officer from the Township of Montclair, Frank DeRosa, is here.

As I said, I have come before you to speak on behalf of these two towns -- Belleville and Montclair -- that have been knocked out of the Emergency Urban Aid package. This decision, as far as I am concerned, is both unwise and unfair. And, the circumstances surrounding the decision raise a lot of tough questions, some of which have been asked today, but not all of which have been answered.

First and most important, Belleville and Montclair are in the midst of very difficult financial situations. Decreases in Federal revenue sharing and loss of both Safe and Clean and Urban Aid moneys from the State have tightened the financial squeeze on them. They are not rich communities. In fact, just for the record, I would like to raise this question with the Committee. Mr. Skokowski mentioned earlier that both the Towns of Belleville and Montclair were in good fiscal condition. I would just like to ask, particularly as it relates to the original intent of the emergency legislation -- which was to look at the situation as it had to do with police and fire and the hirings in these communities -- how much Barry knows about the Town of Montclair, particularly, and its situation, as it has to do with the hiring of police and firemen? I just want to raise that question before this Committee.

I also want to stress that the Town of Belleville was the town that submitted its letter to Barry today. I would like to apologize for that, but at the same time I would like to reiterate Tom's comments, and the comments of anyone else who mentioned it: The original letter from the Department did not have a deadline on it. I would have wished that the application from the Town of Belleville was here sooner. However, if you look at it, Barry, I think you will see that in the case of Belleville, there are clearly several emergency situations that have come up in the last year. There is just one I want to mention, because I think it is pertinent.

Last summer, there was an emergency situation in the Town of Belleville whereby there was a major chemical spill. A certain amount of money from the State government was appropriated for the Town of Belleville; however, there is a bill of almost a quarter of a million dollars left for the Town of Belleville to pay this year, and next year they have to pay one-half a million dollars again, without any State revenue. That is just one thing I want to say as it relates to Belleville.

The other issues I want to raise have to do with the process. Again, many of these things have been said before, but some of them bear repeating.

This Emergency Aid process has been marked by confusion and vagueness every step of the way. There was confusion, as I said before, about the date of the applications and when they were due. There was confusion and vagueness about what should be in the application originally, and what criteria these towns had to meet. In a real sense, these towns were asked to apply and were then told afterwards what criteria they had to satisfy.

Specifically, and because I was not in the Legislature at the time the compromise was reached between the Executive Branch of government and the Legislature, I would just like to raise the issue of original legislative intent and how it pertains here.

It seems to me that the intent of the Legislature in the original law was somewhat unclear, and permitted Barry and his office to use their discretion in applying the Urban Aid criteria.

Mr. Chairman, the resolution was passed by the Assembly, and the questions raised at this hearing are now a clear indication of the Legislature's intent, and particularly my intent as a legislator -- as I said before -- representing two communities that have been knocked out of this package. It was the Legislature's intent to meet the emergent needs that the legislation called for.

I urge Mr. Skokowski, his office, and -- as he said before -- the group that reviews these applications to take into account the fact that the Legislature -- and I will take the liberty of saying this, John -- as a whole, particularly those of us who have had communities knocked out, is not happy with the way things have worked. So, in the appeals process, I think that is something that has to be taken into consideration.

I have debated back and forth before saying this. It isn't in my testimony, but I don't have a problem with saying that I think in general the process has been a sloppy one. Worse than that, I think there has been an arbitrary creation of policy made, and I think it is unfair to put it all on you, Barry. I think it is a combination, in terms of blame, if we were going to go that route, on the part of the Legislative and the Executive Branches of government, represented by your office, in terms of the way decisions were made -- the vagueness, and the other things we mentioned before.

To add insult to injury, these towns learned that they were turned down from newspapers and rumor. And, in the case of Montclair and Belleville, I was told on the floor of the Legislature, by the partisan committee aide there and by some other members of the staff, that two of my communities were being knocked out. I then got on the phone and called the mayors of both towns. I called the township managers and told them of the situation. They were only aware, a couple of days before that, through newspaper accounts, that there was a potential their towns were going to be knocked out.

In the case of Montclair, they were in the fourth and final draft of their application. It was being sent down to your office, Barry. Just for the record, they were told before that application ever came down here that they were rejected.

I hope that in the future we can be more sensible and courteous when it comes to informing local elected officials, and appointed officials, that they are either being accepted or rejected in this process.

Finally, as a new member of the Legislature, and as a member of the Joint Appropriations Committee, I am concerned about what this means for the future. Is this the way the Administration is going to handle emergency aid next year? Will this formula -- and I use the word formula advisedly -- be used again, even though the Governor and the Legislature seem to have reached an agreement that would not have permitted this to happen in the first place?

Most importantly, will we respond to the real needs of our urban communities, both large and small, Democrat or Republican, that demand our attention? These questions must be answered.

As I said, we have representatives from both towns with us, Mr. Chairman. In terms of the specifics of their individual situations, they are prepared -- if anyone has any questions -- to respond to questions. I hope in the case of Belleville that although it is late, you will take into consideration the new letter. And, in the case of Montclair, again, the question I asked is most pertinent, Mr. Chairman, as it has to do with Barry's response that Montclair is in good financial shape. I just want to know if his determination of Montclair's good financial shape had anything to do with his or his officers looking into Montclair's current situation, as it has to do with the hiring of police and firemen, or with the fact that there is a major binding arbitration issue going on, or with the fact that the Town of Montclair ranks last in Essex County in the amount of money that it pays to police and firemen?

The sixty-five thousand dollars could do two things: One, it could hire four policemen and/or firemen; and, two, it could be very helpful to the Town of Montclair in this upcoming binding arbitration issue. And, again I repeat, Montclair ranks last in the amount of money it pays to its police and firemen. I think that is the issue. That was the original intent of this emergency appropriation, and I question whether these issues were taken into account when Barry and his office told Montclair they were in good financial shape.

ASSEMBLYMAN GIRGENTI: Do you want to direct that question to Barry?

ASSEMBLYMAN ADUBATO: Yes, I do.

MR. SKOKOWSKI: The question is on Montclair, Assemblyman?

ASSEMBLYMAN ADUBATO: Yes, it is.

MR. SKOKOWSKI: I should indicate that the application from Montclair was not received until February 8, so we had to go with the date that we had on file. The 97.17% tax collection percentage was the highest in the State, and the equalized valuation per capita is one of the finest of the Urban Aid towns. Then, reinforcing no tax deficits and no information provided on the revenue shortfalls, we got the application and it -- unfortunately for Montclair -- affirmed my decision, because they indicated that they did have trouble -- as you said, Assemblyman -- in the past, in getting Urban Aid and Safe and Clean, because they didn't meet the basic criteria for Urban Aid. If it didn't meet the basic criteria, that was a very good sign of strong financial health. That's my rationale.

ASSEMBLYMAN ADUBATO: Mr. Chairman, I would like the Township Manager, Bert Kendall, to respond to a couple of issues that have been raised, because he wrote the application. Okay?

ASSEMBLYMAN GIRGENTI: Yes.

**B E R T K E N D A L L:** Thank you.

ASSEMBLYMAN GIRGENTI: For the record, would you state your name?

MR. KENDALL: I am Bert Kendall, Township Manager of Montclair.

The basic question asked -- and I think that perhaps we heard the answer -- was if there was any information on file in Barry's office about police and firemen, and I think his answer was no. Since we did not know the application deadline, he did not receive our application.

We are presently, this year, four policemen short. The sixty-five thousand dollars would bring our force back up to one hundred and four.

**New Jersey State Library**

One of the exhibits-- And, again, this has nothing to do with tax rates, lack of cash deficit, or high equalized valuation, which are all true. He is correct. I think this is a source of financial strength, but it does not have anything to do with our public safety needs -- police and firemen -- which I thought this bill was directed towards.

One of our exhibits was the actual arbitrator's award resulting from the last decision. I mentioned that in 1981 we had an emergency appropriation in both our police and fire departments because of arbitrator's awards. In 1982, we made a sizeable transfer because of an arbitrator's award. The last arbitrator's award, which I attached -- and I would be happy to leave a copy of this with the Committee -- states that Montclair ranks last amongst listed Essex communities in fire fighters' salaries. I might add that also applies to the police.

So, here is our position: We have just been told by the Department of Community Affairs that we cannot get the sixty-five thousand dollars. As Assemblyman Adubato just said, we cannot put it in our budget, nor can we use it to bargain with. So, the scenario, as I see it -- obviously, we are going to appeal -- is that we will go through arbitration, we will lose again, because with a five percent "cap" we do not have the money to pay the salaries in our area, which average between seven and eight percent of actual awards, and we will go back to Barry's office and file the paperwork for an emergency. I think that is senseless.

Again, this has nothing to do with the strong-- You know, we are proud of the fact that Montclair is financially strong. We have a good tax collection department, and our people pay their taxes. I think most of the towns you have discussed are like that. It just bothers me that the criteria used were general in nature and did not apply to the police and fire departments.

If I had some foresight, I would have brought the presidents of both the police and firemen's unions with me to confirm the fact that Montclair is not making overly-large salary offers.

ASSEMBLYMAN ADUBATO: Okay. Assemblyman?

*[Handwritten scribble]*

ASSEMBLYMAN GIRGENTI: I don't think there are any questions. I think he was very clear, Assemblyman Adubato.

ASSEMBLYMAN ADUBATO: May I just--? Izzy, would you like to say something on behalf of Belleville?

**I S A D O R E G. P A D U L A, JR.:** I am Izzy Padula, Treasurer of the Town of Belleville. I can't say it any clearer than my fellow member from Montclair did. If Belleville did not suffer the reverses it had in 1983, we wouldn't be here today. We did have some reverses.

We are talking about police and firemen. Barry does not have it on file, but through attrition we did not replace our police and firemen. And, that is the only way we were able to meet our budget every year. When they retired, we did not replace them. This year we had to put on four new firemen. In 1980, our strength was eighty members. This year, we had to put on four to raise it to seventy-four. We cannot fill our firehouses.

ASSEMBLYMAN GIRGENTI: Again, I know that when you are saying this it is not-- I don't think we can dump it all on Barry Skokowski.

MR. PADULA: Not at all.

ASSEMBLYMAN GIRGENTI: This was the way the final bill was amended, and that version made it arbitrary, and gave him a lot of leeway. I think our problem was that it was a last minute compromise. It was a situation where as a legislator it was do or die, where the big six were involved, and where there were different communities involved that needed this aid so quickly that we finally had to compromise the bill. Hopefully, as a result of this hearing, we can correct that. I don't know if we can help with the present situation. There is an appeal process. I am sure you will be given a fair hearing, in terms of that appeal.

But, really, I think the thing we should look towards is improving this, so that next year -- because I understand this is an item in the budget for next year -- we may be able to correct the situation. We are going to take testimony from people, and I will tell you what my feelings right now are in that direction. We should be more specific in spelling out the criteria of the bill. You can't hand it to someone and say, "Here, the decision is up to you," and then come

back later on and say, "Well, we don't like the way you made the decision."

ASSEMBLYMAN ADUBATO: Right.

ASSEMBLYMAN GIRGENTI: You know, that is the bottom line in that sense. I am not here to protect Barry either, because I have asked him some pretty probing questions, and I will continue to do so because it is his job. He is the one who made the decisions, and he is the one who has to answer for them.

ASSEMBLYMAN ADUBATO: Mr. Chairman, if I may ask your indulgence for one more moment, Nate Honig, the auditor from Belleville, just wants to say one last thing.

ASSEMBLYMAN GIRGENTI: Sure.

**NATHAN HONIG:** Mr. Chairman, members of the Committee, if I were looking at the financial profile of the Township of Belleville for the year 1982 and for prior years, I would have come to the same conclusion as Barry Skokowski did.

However, in the overall financial picture that has to be considered in this area -- distribution of these funds -- you must consider what happened in the last year, and I speak for the Town of Belleville. During 1983, the Town of Belleville had emergency appropriations which resulted in additional appropriations in the 1984 budget of approximately three hundred and fifty thousand dollars. In addition to that, as a result of revenue shortfalls, and not due to a lack of good management on the part of Belleville, the loss of sewer usage charge revenues resulted in two or three major companies moving out of town.

There was also a revenue shortfall among other revenues that resulted in a surplus not being generated in the same amounts as had been generated in prior years. In prior years, we had approximately one million more in surplus generated, which was used the following year to reduce taxation.

In 1983, we will have approximately one hundred thousand dollars generated. Therefore, going into 1984, we have a loss in surplus of approximately one million one, and an additional appropriation for emergencies of approximately three hundred and fifty thousand dollars.

Of course, these facts were not made known to Mr. Skokowski because the application and the letter were not submitted until this morning.

I would like to read one last statement, taken from the arbitrator's award and decision for the police department. The arbitrator states: "The risk and type of work performed by these employees" -- police -- "in this community, next to the largest city in Essex County, with its high incidence of crime and spillover effect, warrants high wages and generous benefits." Does it not then follow that the intent of the legislation was to render assistance to urban areas such as Belleville, and that Belleville should necessarily qualify?

Thank you very much.

ASSEMBLYMAN GIRGENTI: May I have a copy of that for the record?

MR. HONIG: Yes.

ASSEMBLYMAN GIRGENTI: I just want to ask you what the emergency appropriations were used for.

MR. HONIG: The emergency appropriations -- one was for toxic waste, which was covered by Assemblyman Adubato. This was originally for four hundred and fifty thousand, and State aid was reduced by two hundred and fifty thousand. We have a net of two hundred thousand dollars that has to be appropriated in 1984.

The other one involved the Recycling Act, P.L. 1981, Chapter 27 -- which also was not under the control of the Town of Belleville -- consisting of one hundred and forty-two thousand. Another seventeen thousand, five hundred was for an additional payment on a garbage disposal contract, due to a requirement resulting from litigation to rebid the contract.

ASSEMBLYMAN GIRGENTI: Assemblyman, just from a cursory glance -- and, again, I didn't make that decision -- I compare Belleville to Kearny, right? Now, in Belleville your AFDC children are five fifteen, and in Kearny they are three seventy two. The State equalized tax rate in Kearny is \$3.0130, and in Belleville it is \$3.5369.

In the area of equalized value per capita, Kearny is \$21,225.46, and in Belleville, it is \$17,250.68.

Barry, of course I don't have all of the things you are working from, but we have here AFDC, equalized tax rate, and equalized value per capita. According to that, at a cursory glance, it looks like Belleville would certainly be, let's say more eligible, according to this criteria, than Kearny would be.

MR. SKOKOWSKI: At first cursory glance, I agree with you. Okay? But, as Mr. Honig said, if he reviewed the financial profiles of Belleville, he would agree with my decision, because they do meet that criteria.

The difference with Kearny is -- and Kearny was on the fence, believe me; I have tons of letters from them -- they lost Western Electric, which involved over three thousand jobs. Their assessed valuation plummeted by eleven percent last year, plus this on top of it. Okay? To me, that is a demographic factor that is very, very important.

You know, again, Kearny did supply all kinds of letters from the police, the firemen, the Treasurer, and so forth. So, at a cursory glance you are right. But, overall, looking at the details I get in the letters, it is a great help.

ASSEMBLYMAN GIRGENTI: Do you want to respond to that?

ASSEMBLYMAN ADUBATO: Yes, I want to respond to that. Belleville, separate and apart from everything else mentioned, lost approximately one-half a million dollars in sewer income. And, I know what you are saying, Barry -- and you can say it again and again: These things are not in the criteria. But, Chairman Girgenti just rattled off a series of figures that clearly relate to the stated criteria.

In addition to that, Belleville had a chemical spill that is going to cost the town several hundred thousand dollars, plus some of the other things we mentioned. All together, Belleville has an extremely strong case, although it is late. That is all we want to say on that.

ASSEMBLYMAN GIRGENTI: Barry, if I might add something, all this information can be brought up in an appeal process, right? -- all this data and everything else?

MR. SKOKOWSKI: Absolutely. They handed me the letter this morning, and I put it on the agenda already.

ASSEMBLYMAN GIRGENTI: All right. Just so this is not the final decision. There could be a change of heart if you are given enough detail and information to change the decision.

MR. SKOKOWSKI: Sure. You made it clear. I would also like to say I extended the deadline to all towns. They can come in, if they so choose.

ASSEMBLYMAN ADUBATO: Also, regarding the particular question I raised, and including the evidence that was brought up by Township Manager Kendall, specifically relating to Montclair's situation as it concerns hiring police and firemen and the binding arbitration issue, that information is clearly pertinent to the appeals process, isn't it?

MR. SKOKOWSKI: Not only that, Assemblyman -- yes, it is, to answer your question -- but also all the files, all of which were given to Chairman Girgenti, will be in the appeal packets.

ASSEMBLYMAN ADUBATO: I just want to ask one more question, through you, Mr. Chairman. Given the fact that you got more information about Montclair and Belleville than you may not have had before, did you hear anything today about these two communities -- two of the nine communities knocked out of the package -- that you did not know before this hearing? May I ask that, through you, John?

ASSEMBLYMAN GIRGENTI: Sure.

MR. SKOKOWSKI: Well, I just got the Belleville letter this morning, and I only glanced at it once. I really can't say.

ASSEMBLYMAN GIRGENTI: We would really have to give Barry an opportunity to review it.

ASSEMBLYMAN ADUBATO: No, I didn't ask him to interpret it. I just want to know if he got some information today that he did not have before this hearing.

MR. SKOKOWSKI: I knew about the toxic waste problem. I think there were other ways to handle that particular problem in

Belleville's case. I understand you got money from the Spill Compensation Fund, or some State agency. I also heard you put in a second application.

ASSEMBLYMAN GIRGENTI: Assemblyman, I am sure that Barry will take this under consideration. It has been brought to his attention. I don't think we can force him at this point. He has to digest this. But, I know that this information will be presented to him, plus anything else you want to add. Make sure both communities put it down and you will have a strong case. But, I don't think we can get a commitment today.

You know, he is courageous enough to sit here and--

ASSEMBLYMAN ADUBATO: Absolutely. Mr. Chairman, I just want to say we are not looking for a commitment. I just want to assure you that the Townships of Belleville and Montclair are not dead on this one by a long shot. And, that not only includes the appeals process, but it includes going directly through you, Mr. Skokowski, and also through the legislative process.

ASSEMBLYMAN GIRGENTI: I would like to request a copy of the decision you make, if that is possible, Barry.

MR. SKOKOWSKI: Do you mean on the appeals?

ASSEMBLYMAN GIRGENTI: Right.

MR. SKOKOWSKI: Certainly. Sure. All of the members of the Committee will get one.

ASSEMBLYMAN GIRGENTI: You can just give it to me, and we will get it to the rest of the Committee.

Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: First of all, I was going to mention -- and you did, Mr. Chairman -- that Barry was instructed by the Legislature to do the job, and he has done it. Any problems you have will have to go through the appeal process. I thought you just told him that.

I am just curious about something, sir. Did I understand you to say that your application did not go in until today?

ASSEMBLYMAN ADUBATO: That's true.

ASSEMBLYMAN MUZIANI: What was the delay in submitting that?

ASSEMBLYMAN ADUBATO: That has been mentioned several times. First of all -- we will go through it again -- in the original letter from the Division of Local Government Services there was no deadline date. Frankly, I would have liked Belleville's application to be in sooner; however, I am not going to put the entire onus on the Town of Belleville for submitting their application late, particularly because you have heard, over and over again, many other communities did not submit their applications until very late. Late in terms of what date?

ASSEMBLYMAN GIRGENTI: If nothing else is done, Mr. Director, I think the most important thing is, if this program is to continue in the future, a timetable should be sent out to all the eligible -- the possibly eligible -- municipalities, informing them of what dates everything is due. Also, beyond that, the appeal process should be spelled out.

You know, as I said, there has been a lot of confusion here. One letter I received said that in Lakewood they heard they were rejected on the radio, and they hadn't even made their application yet, or it was in the process of going in. I think we talked about that. We don't have to dwell on it. I know everything happened very quickly, but we definitely have to correct that in the future, because it seems to be too hazy.

MR. SKOKOWSKI: I think that basically the Legislature set the deadline in the law, and I moved as fast as I could to decide the issue, based on the idea that you wanted that emergent money out to the towns -- and we did get it out to a lot of them right away.

ASSEMBLYMAN GIRGENTI: Well, it was automatic to the big six anyway.

MR. SKOKOWSKI: And, to the other ones too.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: I was going to ask Barry a question. In the letter, weren't they informed about the timetable?

MR. SKOKOWSKI: They were told that they were to write a letter to me with any pertinent information. Okay? That's what they were told. They were not given a specific date. The date is in the statute.

ASSEMBLYMAN GIRGENTI: The fact is, you did say to call you, but you gave a number for other information. Again, I'd like to say I would like to see that spelled out in any kind of an application letter, or request for an application. They should have a timetable.

All right. Assemblyman?

ASSEMBLYMAN ADUBATO: I want to thank you, Mr. Chairman, and members of the Committee. I also want to apologize to Assemblywoman Ford, who has been very patient during the last few presentations. We are finished for now.

ASSEMBLYMAN GIRGENTI: Thank you, Assemblyman.

I am going to continue to go on. We will not take a break right now. We will see how far we get, because I know that some people here have commitments, and they have to be in other places. So, we will continue to go on. I know we have a couple of mayors here who want to testify, and if we take a break now, it will really kill the day for them. So, we will go on as long as we can.

We have with us Assemblywoman Ford, who wants to make a presentation to the Committee. Assemblywoman, if you have anyone with you that you would like to introduce, please feel free to do so.

**A S S E M B L Y W O M A N M A R L E N E L Y N C H F O R D:**  
Thank you, Mr. Chairman. I have with me today our Deputy Mayor, Kenneth Hicks, from Lakewood. I think we can be brief with our comments at this point, but there are a couple of things I would like to stress.

ASSEMBLYMAN GIRGENTI: I assume you are also representing Assemblyman Doyle. I spoke to him and he said he may not be able to get here today.

ASSEMBLYWOMAN FORD: Yes, Mr. Chairman. Of significance to me -- and I would echo your comments in this regard -- is the fact that in reviewing the legislation, within the four corners of the legislation, I do not see where it refers to the appropriation of funds in an emergency situation anywhere.

I was not a member of the two hundredth Legislature, as the Chairman well knows. I did have the opportunity to sit in on that session, which, as I recall, started at ten in the morning and ended at

about three in the morning the following day. I must say that as a new legislator I inquired about what procedure there was for a recount of my election at that point. (laughter) But, notwithstanding that, I was quite impressed by the debate and by the path that this legislation took. What the Legislature did was obvious, if one was to look at legislative intent. The Legislature was in a situation of extreme urban crisis with respect to the top six municipalities, and given that extreme urban crisis, there was a consent to that amendment. I might add that Assemblyman Doyle spoke vehemently against this amendment, as I recall it, for the reasons that are perhaps being articulated by the Committee, members of the public, and other legislators here today.

As I recall it, the Legislature more or less extended a blank check to the Administration, with the idea that it had to deal with the problem of the top six municipalities. Notwithstanding that emergency circumstance that the legislation was enacted under, I think it clearly was not limited to such an extreme emergency situation. I say that by virtue of the fact that what the discussion entailed was a discourse involving those towns that qualified under the Urban Aid formula. And, the very language of the legislation itself suggests it was not only intended to avert a crisis or a disaster situation, but also to allow for the hiring of additional police personnel and fire personnel -- to increase their forces.

With that background in mind, I would just like to address, the problem very briefly, with respect to the Lakewood application. Mr. Chairman, you referred to the sequence of events, in terms of correspondence, and so forth. I believe Lakewood's application was fairly timely, in terms of their notification of possible eligibility for this aid. Their application crossed in the mail, with the denial of their application. They were, in effect, advised of their denial, not by way of communication from Mr. Skokowski's office, but by way of a radio news item.

Having reviewed their application, there are a couple of points that I would like to make. It would appear that perhaps -- at least with respect to Lakewood's situation, and with respect to the language of the legislation -- it would have been reasonable for any

municipality to believe that they did not have to establish an emergency situation, or an extreme disaster situation, as applied to Newark at that time; they just had to establish qualifications, taking into account the fact that they had already qualified as an Urban Aid town, to justify their increase in force.

In Lakewood's situation, the argument was made that the increase in their police force had been an issue which they had set aside for many years, and now, in contemplation of receipt of these funds, they would be able to expand their police personnel.

The other thing is -- and perhaps I can ask this through you, Mr. Chairman, of Mr. Skokowski -- I am a little confused as to the issue of Lakewood's tax rate. I believe there was a statement made by Mr. Skokowski that the tax rate was two dollars and sixty-two cents for Lakewood, when, in effect, Lakewood's application indicated that their tax rate was three dollars and seventy-seven cents, and they were looking towards an increase of about seventy cents. That is about a twenty percent increase, which is not, by any stretch of the imagination, a modest increase, unless they were looking at an anticipated tax increase as a result of mandated expenditures, and their tax rate would be in the area of four dollars and forty-seven cents.

Without arguing the appeal at this point, I was just curious as to how that came about. If I may, Mr. Chairman, I would like to pose that question to Mr. Skokowski.

MR. SKOKOWSKI: As we indicated, the Chairman made us explain: "Define effective tax rate, and how that is determined." As to how it was done, I am not sure. I don't have your application in front of me right now. It could have been a general tax rate. There are a variety of tax rates we can use. An effective one is when we measure all the towns that are in all of our financial reports.

I also noted in the letter that the overall tax increase was going to go up seventy percent, but Lakewood's municipal portion was eight cents. That is why when I said the increase was eight cents, it was the municipal portion. I think that is in my remarks, by the way.

ASSEMBLYMAN GIRGENTI: Yes. Here, on the equalized tax rate we have two point five, six five three. This is the one, I believe, that you used.

MR. SKOKOWSKI: I think that was the general rate. I am guessing that was the general rate. I don't know for sure.

ASSEMBLYMAN GIRGENTI: Yes. This is the equalized tax rate. But, it is still high. It is over the average. The average is two four eight, and this is two five six.

MR. SKOKOWSKI: Well, to be eligible it would have to be over the--

ASSEMBLYMAN GIRGENTI: Right. But, it is still high.

The other criteria-- In Lakewood, AFDC children are one thousand, four hundred and thirty-five, where we are saying two fifty. So, that is high. It is a good indicator of poverty.

Then you have the equalized value per capita, which is seventeen thousand, nine ninety. In the State it was twenty-four thousand, seven zero four. That's the data we have, but I don't know if you--

MR. SKOKOWSKI: (interrupting) We gave you what we had. Okay?

ASSEMBLYMAN GIRGENTI: Are there any other comments?

ASSEMBLYWOMAN FORD: Thank you, Barry. Just let me conclude my remarks, and then perhaps Mr. Hicks has something he would like to contribute.

I am a little concerned, as Mr. Adubato was concerned, as a member of the Joint Appropriations Committee, that we do not go through a budgetary, last-minute process in the wee hours of the morning again, when, in effect, an ultimatum is handed to the Legislature in a crisis situation. I think that perhaps we can anticipate these types of problems, and work ahead of time so as to avoid a situation where we, as legislators who have the responsibility to appropriate funds, are not forced to vote a particular way, knowing in the back of our minds -- and I think this was in the back of the minds of many legislators in those early morning hours -- that ultimately many of our towns were going to be denied because of failure to establish criteria within the legislation.

Thank you. Mr. Hicks?

ASSEMBLYMAN GIRGENTI: Assemblywoman, I just want to say again now that we have time -- because we see it as a budget item, as I said before, for next year -- calmer minds may prevail, and we may be able to come up with some kind of different criteria as a result of this hearing. We may want to change it and make it more specific instead of arbitrary, as it has been during this period of time. That is one of the reasons we are here.

I could say we could go back into the history of it, and we could keep criticizing what was done, but I don't know if we are going--

ASSEMBLYWOMAN FORD: (interrupting) Right. There is no point in going back, other than to realize--

ASSEMBLYMAN GIRGENTI: (continuing) --to be accomplishing very much. We might just as well work toward the future. Although, again, if Lakewood feels they have a legitimate appeal, they should go through the appeal process.

Mr. Hicks?

**D E P U T Y M A Y O R K E N N E T H H I C K S:** I am Kenneth Hicks, Deputy Mayor. I want to say that Mayor George Buckwald could not be here today, that is the reason why I am doing this for him. I appreciate Assemblywoman Ford's interest and vital concern.

Going along with the total lack of communication, I will be very, very brief. This appeal date of February 27-- In all my correspondence, this is the first I heard of the appeal date, and I wouldn't know that if I hadn't attended this hearing today. I think this goes along with some of the evidence given by everyone, insofar as the dates of notification and everything else is concerned.

We, of course, will go on record, as of this time -- and you will be receiving verification of this in writing -- that we are definitely going to appeal this decision. I think Assemblywoman Ford hit on it exactly. The way the bill was interpreted to us, and the way we looked at the bill, there was no mention of a total emergency need appropriation. That is the reason why we sent our letter out approximately twelve days after receiving your letter, outlining our financial need.

Assemblyman Girgenti mentioned the fact that the poverty levels of Lakewood qualify. We thought that since we were an Urban Aid city, we would qualify. We will now possibly approach this appeal in a different light.

I thank you for your time. I know a lot of people want to speak, but I had to get that across to you. Again, we will be appealing.

ASSEMBLYMAN GIRGENTI: That's what we are here for. Does anyone want to ask any questions of the Assemblywoman or Mr. Hicks? (no response)

Thank you very much, Assemblywoman; thank you, Mr. Hicks.

I know the Mayor of Willingboro has to leave, so we will hear from her next. Would you state your name for the record, Mayor?

**M A Y O R P R I S C I L L A A N D E R S O N:** Thank you very much. I am Priscilla Anderson, Mayor of Willingboro, New Jersey. I won't reiterate, nor will I go on about what has happened in the past regarding the vagueness of the legislation.

Unfortunately, when we received the letter concerning the possibility of our receiving sixty-five thousand dollars, we really were pessimistic right from the beginning, because of all the reasons you stated -- that we have fiscal responsibility, and so on. We know that. But, the problem is, what is going to happen?

The application we sent to you was very detailed. You have it. We have had a substantial decrease, with the sale of the hospital, and so on, in our community. You say you know the community. We are proud that it has had a quality of life that we would like to maintain.

I think the thing that concerns many of the communities here, is there is an indication a community must be fiscally less responsible, shall I say, and cut services, lowering the quality of life for their residents, in order to qualify for this funding. Yet, in the legislation, I did not understand, nor note, that was the case. And, this will happen in our town, and in many towns, in the future. The history of our past has been positive, and we want it to continue to be positive, because I think all of us throughout the State want to maintain a quality of life, or increase the quality of life -- not be penalized because we have tried to maintain that quality of life.

The thing that has happened since 1981 is, as in many municipalities, we have lost over seven hundred and fifty thousand dollars a year in our gross receipts tax alone, which has made a difference. Many other things have been stabilized, when it concerns the types of revenues that have come in.

We are concerned, and I will suggest that my community file an appeal. But, as someone said, will it be an exercise in futility? One of the things that has been discussed, but which there has not been any action taken on, concerns our police unit. We think that because of the budget involved, we may have to let our police dispatchers go. We are known in our county as having a very high quality service, as far as our police are concerned, and the dispatchers are part of that quality service we offer to the community. This is a very real possibility, and it is something that we may have to do in our upcoming budget.

Those are the kinds of things we may have to do. Although it is only sixty-five thousand dollars, it would be a help to us. I am really concerned. Were the majority of the communities that were rejected just rejected? No matter what they do, will they never be considered? And, really, why bother?

We really felt badly about this. If we go through the process, is it a process where we really don't have a chance at all? I am asking that through the Chair.

ASSEMBLYMAN GIRGENTI: I am sure I know Barry's answer, but, Barry, do you want to address that question?

MR. SKOKOWSKI: The appeal process is definitely something that is valid. It has been done. Really, it is an appeal of the Director's decision. It is done all the time with other matters, not just this particular piece of legislation.

I can tell you that the members are all good. In fact, two of the members right now are mayors, so they will understand your point, I would think.

Also, I must be very honest with you. You just said you were fiscally well run. This legislation says I should award the money to those towns who experience problems. You properly admitted I didn't write the law; I just administer it.

ASSEMBLYMAN GIRGENTI: Barry, who are the members of that Local Finance Committee?

MR. SKOKOWSKI: Well, there are seven members. I have to think about the names for a second.

ASSEMBLYMAN GIRGENTI: Is Mr. Contillo still on it?

MR. SKOKOWSKI: No, he quit. Art Gelknow is the Mayor of Montville. Bob Grasmere is the Mayor of Maplewood. Shelly Blum is from Elmwood Park. Sue Nicholopulus. Okay? Carl Plegerly. Bob Miller is a Freeholder, or Councilman, from Berkeley Heights. There is one vacancy.

ASSEMBLYMAN GIRGENTI: The Contillo vacancy?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: Is your decision a majority vote, or does it have to be unanimous?

MR. SKOKOWSKI: It is majority vote.

ASSEMBLYMAN GIRGENTI: Just as a point of information, we have been talking about the need for Barry to react to this. Of course, as we said before, these towns are all qualified for Urban Aid anyway -- every one of these communities, including Willingboro. But, Willingboro has an AFDC of eight thirty-eight, which is high. Two fifty is the eligibility level. Their equalized tax rate is three point one, zero zero one. In the State it is two point four eight. And, in equalized valuation per capita they are very low; they have thirteen thousand, four eighty-seven, when the statewide average is twenty-four thousand, seven zero four.

To me -- and again we have this in front of us -- the thirteen thousand must be one of your lower ones, in terms of the equalized value per capita that we are discussing.

MR. SKOKOWSKI: Well, on a scale of one to one hundred, on that particular point they are fifty-two -- on our index. You have that in your packet. It is explained to you. I think you will find they have a declining tax rate. They are fiscally run. The Mayor is absolutely right in that.

ASSEMBLYMAN GIRGENTI: That's the reason you said--

MR. SKOKOWSKI: (interrupting) It is the overall demographics. The tax rate has been going down.

ASSEMBLYMAN GIRGENTI: Again, that brings up a question that bothers me -- and we have said this before. You know, you are congratulating them for doing such a great job if they are fiscally sound, because they may have been efficient. But, they are losing the money because of this.

MR. SKOKOWSKI: I think that argument was made by Mayor Collins.

ASSEMBLYMAN GIRGENTI: It is a heck of a way to reward people. And, again, it is because of the way it is written; I know that.

MAYOR ANDERSON: You did mention that the Safe and Clean Neighborhoods' Program would be increased for us. In my figures it will be decreased this year by about sixty thousand dollars. That has happened. That started in 1982.

MR. SKOKOWSKI: Mayor, the Governor's budget message, which came out after this bill was enacted, shows roughly a twenty percent increase for all communities.

ASSEMBLYMAN GIRGENTI: Yes. The Governor has put more money into the Safe and Clean budget. Besides, he has also put this seven point four million in for the Public Safety program -- or assistance program.

MR. SKOKOWSKI: Yes. You will be getting a letter on that, Mayor, very shortly, as to the exact dollar amount.

MAYOR ANDERSON: All right. Thank you. Those were our figures.

MR. SKOKOWSKI: I think the increase will help with what you didn't get here.

ASSEMBLYMAN GIRGENTI: Barry, again, can you react to that? You know, if a community is efficient and it is working under the Urban Aid program, do you have a recommendation? Is there something we should do in the future with possible legislation? That is not positive reinforcement, really. It is kind of penalizing them for doing a good job.

MR. SKOKOWSKI: Well, again, I know Mayor Collins is going to say essentially the same thing. I haven't even talked to him this morning, but I think Hamilton Township is in the same position. But, at the same time, you are giving out money and you are saying: "Give it out on a priority basis to those who need it the most." Well, you did that, and I am being forced to administer it.

ASSEMBLYMAN GIRGENTI: On the other hand, aren't we encouraging them by implying, "Don't do such a good job, then you will be eligible for funds?"

MR. SKOKOWSKI: Well, I can tell you that the people I know who are doing a good job will do a good job no matter what you give them, do you know what I mean? The good towns are good towns.

ASSEMBLYMAN GIRGENTI: We are not casting reflections on the people who got it. Obviously, there are many reasons why they need the assistance, and some of the reasons are beyond their control in many cases. But, the fact of the matter is, we are now talking about a select group of communities that have been rejected, namely the nine. In most of those cases I am sure that you would probably say they have been doing an effective and efficient job. From the statements I read -- and I know you sent us the same letter -- I assume you wouldn't say that if you didn't believe it. That is the point. The point is not to debate with you over it; it is to ask you if there is anything we can add to the law in the future that will take this efficiency into account? I don't know the answer. I am kind of throwing it out as a rhetorical question, I guess.

MR. SKOKOWSKI: I wish I could give you a more definitive answer. I think we have to work on it. If you want to work on it together, I would be glad to.

ASSEMBLYMAN GIRGENTI: Yes. I think we definitely have to do something with that, because we are almost encouraging the reverse of what we want. And, I don't think that is the purpose of these programs. I don't think that is what we want to do with them. We want to help them. We want to encourage them to be more efficient. We do not want to say, "Well, you have done a good job. You are an Urban Aid city. But, because you are so efficient and so effective, you are not

going to be awarded this money." There is just something inherently wrong with that. Again, you are working with what you have to work with, I understand that.

MAYOR ANDERSON: Thank you very much.

ASSEMBLYMAN GIRGENTI: Thank you, Mayor.

Mayor Collins has been waiting very patiently all morning. I want you to know that I realize we went on a bit, but I think this is important. I think a lot of the information we are getting here today is helpful to all of us, and it is educating us on this matter.

Mayor, you have two people with you, and maybe you want to introduce them as you begin your statement, or maybe they want to say something. You can start off in whatever order you wish.

**M A Y O R   D E N N I S   P.   C O L L I N S:** Thank you, Mr. Chairman. The first thing I would like to do is to thank you and the members of the Committee for affording us this opportunity. And, I would be remiss if I didn't thank your staff, particularly Karen and Joyce, who have communicated with us as a result of our communicating with them.

On my left is the Business Administrator and Finance Director for the City of Bayonne, Marvin Eger, and on my right is John Butchko, who is an Administrative Aide to Senator O'Connor, Assemblyman Doria, and Assemblyman Charles.

Now, I am sure some of the things I am going to say are somewhat repetitive, but I am going to try to be as brief as I possibly can.

Earlier, Barry referred to a letter I sent, dated January 31, 1984. And, I guess if we continue to do what every other speaker has done before me, Barry won't be able to get through that door. But, I want everyone here, particularly the Committee, to know that I have always had very nice experiences with Barry Skokowski. I have always found him to be an honorable man. But, with all due respect, I just disagree -- and I realize what his sanctions are under the legislation, or I believe I do -- with the fact that the City of Bayonne and its people were denied one hundred and ten thousand dollars.

The letter I wrote reads as follows: "Dear Director Skokowski: Do we need one hundred and ten thousand dollars? Yes, an emphatic and resounding yes, to at least bring us above a marginal safety level in our police and fire departments, and meet the purpose of the legislation, 'averting layoffs of policemen or firemen, employing additional policemen or firemen, and increasing police and fire services within the municipality.' We would purchase bulletproof vests for our police force, and we would keep Fire Truck Company #3 operative all year around, instead of periodically closing it for lack of personnel. We have closed that fire company several times in 1983."

While some may feel that the question of bulletproof vests is perhaps -- I shouldn't say it is not a necessity, but one of the things that prompted that in my letter was, just about the time I was writing the letter, we had one of our officers shot by a sniper. And, were it not for the fact that he had his bulletproof vest on, he may have been killed. He had a deep penetrating bruise right in the chest cavity area, and it was just a miracle and God's good will that prevented him from being seriously hurt. As a matter of fact, with the number of policemen we have, that outlay would probably cost us somewhere in the vicinity of thirty thousand dollars.

I have included several media and budgetary documents, which are self-explanatory, in support of our claim to one hundred and ten thousand dollars of new State funding: One, media strips demonstrating a recent incident -- the one I just made reference to; two A, media clips describing the firehouse closing; B, budgetary work sheets, demonstrating Bayonne's not filling fire personnel openings -- we presently have thirty-five vacancies in the police and fire departments in the City of Bayonne; and, C, department requests for added personnel.

"Nice guys finish last," is a cynical expression which colorfully describes Bayonne's present circumstance. Bayonne is one of those cities whose tax collection rate is one of the best in the State. We say that, and I think it has been well described here. That is not the whole ball game -- a good tax collection rate. Bayonne enjoys fiscal stability. It enjoys that, in my opinion, because of the

philosophy of the New Jersey CAP law, which visited on all the cities of this State a philosophy that they had to stay within certain parameters so that fiscal stability and tax climate stability would return to the cities. We have tried to be obedient -- and we have been obedient -- to that law.

Bayonne has had no revenue shortfall. Its tax rate has had moderate annual increases. We appear to be nice guys. How does Bayonne do all this in these fiscally difficult years? It responsibly and realistically negotiates labor contracts, including and especially those based on interest arbitration for police and fire employees. It regretfully reduces necessary personnel in any area, in order to retain as many first-line fire and police employees as it can afford. It has not filled fire and police vacancies by any number near the allowable and preferred table of the Public Safety Department.

Bayonne has lived within the letter and the intent of the CAP law. When New York City was in dire economic straits, Mayor Koch said, "If you don't have it, don't spend it." If we could not afford either people or things within our CAP limitations, we also did without. If Bayonne and other fiscally responsible communities have been able to survive despite the strict, and equally-applied CAP sanctions, why should Bayonne and other cities be deprived of the fire and police funds that other less-efficiently managed cities are about to receive? Why should cities, other than the big six, be preferentially rewarded for poor business or political practices and a disregard for the interest and intent of the CAP law?

I respectfully submit that additional criteria should be used to judge the fund distribution. Equity, fairness, and even-handedness should also be the democratic elements of judgment in the distribution of the one hundred and ten thousand dollars, Bayonne's share of this special fund.

Bayonne has struggled "without." We can do better "with." Our citizens deserve no less than equal treatment, because, after all, the fund includes the tax monies delivered from the City of Bayonne to the State of New Jersey.

Now, there is only so much one can put into a letter. Some of the earlier speakers mentioned averting layoffs. I have sacrificed. I have been the Mayor of Bayonne since 1974. When I came into office, there were one thousand and four employees. There are presently eight hundred and thirty-four employees. In 1975, I laid off eighty-nine people in order to meet a shortfall. I have averted laying off police and firemen. When they retire, I haven't filled their positions, obviously. And, I have sacrificed non-uniform personnel because of a philosophy that the police are the first line of defense. So, again, because of what we feel is fiscal and administrative good management, we are being punished and penalized rather than being given what we feel should be some incentive reward.

Earlier, one of the members of the Committee mentioned former aid under a tax effort. Mr. Skokowski mentioned Kearny. I happen to be a very close friend of Mayor Henry Hill, who was originally born and raised in Bayonne. He happens to be a Republican, and a very nice guy, and I am a Democrat. But, with respect to the Western Electric plant -- and several thousand people from Bayonne have lost their jobs in Western Electric -- I do not know, as of this moment why it should have impacted on his criteria determination, because, as far as I know, all of the land and all of the buildings owned by Western Electric in the Town of Kearny are still in a tax rateable producing situation.

Now, we did not, and perhaps I was wrong-- Not too many years ago, the Military Ocean Terminal in Bayonne moved a substantial part of its operation to the Philadelphia area. We lost a seven million dollar payroll as a result of that.

We are one of the cities that has appealed. I have merged departments. I had a member of the City Council challenge me when I merged the City Clerk's office with the Law Director's office in order to save a thirty thousand dollar salary. I received permission from the New Jersey Department of Civil Service to combine three jobs into one. I had a principal clerk stenographer. The policewoman from Bayonne retired. The administrative secretary of the Public Safety Department retired. We promoted one lady and made her an administrative secretary, stenographer. She is now the policewoman,

the administrative secretary, and also that same principal clerk stenographer, in order for us to save twenty-seven thousand dollars.

I believe you said this earlier, Assemblyman. While I am sure it was not the intent of the legislation to do what has been visited on several of these communities, it certainly has turned out to be discriminatory for those who attempt to manage their city as business-like structures.

I don't know if there is an opportunity to do this, I realize it has been signed and it is the law, but if there is any way that the City of Bayonne and the other cities who have, in my view, been so penalized, to obtain redress, I know that all of them -- including Bayonne -- will try to obtain that redress.

So, again, I want to thank you for the opportunity to be here. I think that perhaps the last thing I would like to say is, I am certainly hopeful that I can recover the one hundred and ten thousand dollars for Bayonne. By the same token, with every ounce of respect that I can command, I would like to ask the Committee to carry back this message: We are hopeful that any subsequent legislation drafted will not have arbitrary and discriminatory regulations in that legislation which would punish people who obey the law and run their cities as they should be run. Thank you very much.

ASSEMBLYMAN GIRGENTI: Thank you, Mayor. Mayor, I have a couple of questions I would like to ask, but is there anyone else who wants to speak before I do?

MAYOR COLLINS: Would you like to discuss the tax level situation, Marvin?

**M A R V I N A. E G E R:** It is difficult to follow Mayor Collins; however, I might just add some bits and pieces which may seem a little strange. I am not quite clear in my mind about the legislation. If, in fact, the legislation does address one quality of need and then it discusses another quality of need, that is difficult to understand.

For example, within the bill itself there is reference made to the amount that should be allocated to those municipalities which are qualified to receive State aid. I believe we all understand that those cities which have been considered for this special aid are also State aid recipients.

ASSEMBLYMAN GIRGENTI: Urban Aid.

MR. EGER: I'm sorry. They are Urban Aid recipients. It has also been established that Bayonne falls somewhere between the bottom and the top. We are an Urban Aid recipient. I think that, in and of itself, should show, without any question, that we are qualified.

Somewhere near the end of the bill there is further mention made of the fact that if the Director finds a substantial financial need for this State aid, then the municipality shall receive the amount needed.

It appears that we have two levels of need. In the case of the six cities, there is no question about the need. We are talking about emergent need. I believe Mr. Skokowski mentioned that -- that in some cases emergent need was considered. But, the bill addresses itself to substantial need. I think substantial need has already been established, due to our being an Urban Aid recipient. I don't know quite how far we have to go in order to establish the fact that we are worthy, or that we have need. On that basis alone -- or by that alone -- we did not bother to put in the specific details that the Chairman has mentioned, in terms of equalized value per capita and equalized tax rates. That has been established by the Department.

ASSEMBLYMAN GIRGENTI: I'm sure they have that information.

MR. EGER: Of course, and it was on that basis, sir, that we did not put it in our application, per se. I believe Mr. Skokowski, in his letter, mentioned that the Department has all of that information. Of course, they know more about us than we do ourselves.

So, with that, we immediately admitted, "Yes, we are fat. We are healthy. We are doing just fine." But, that is primarily because we worked hard at it. We do have an extraordinary tax collection rate. I suppose it might have been a mistake to brag a little, and it might have even been a mistake to say, "Yes, we are in excess of ninety-eight percent this year." But, we are very proud of the fact that we worked terribly hard at it. However, I don't think we should be penalized for that, nor should it be the criteria for judging whether we have a need. We definitely have a need.

**New Jersey State Library**

One hundred and ten thousand dollars is not the greatest amount of money in the world. If we put in the application that we could buy bulletproof vests -- which would only be a relative thirty thousand dollars -- or that we could possibly add two or three firemen, which we were not able to hire, in order to prevent the closing of a firehouse, that in itself would be significant in terms of what we can do with one hundred and ten thousand dollars. In and of itself, it is not earthshaking. However, it is important to the City.

As the Mayor pointed out, we have suffered without; we can do better with.

The argument has been made that those cities which are not receiving this funding will be helped along by a twenty percent increase of Safe and Clean. I believe last year our Safe and Clean was around one hundred and forty-seven thousand dollars. If we are to receive a twenty percent increase, as has been indicated in the Governor's budget, we are talking about an additional thirty thousand dollars. It is a matching fund. We would then be talking about two hundred and ninety thousand dollars, plus this thirty thousand dollars. To me, thirty thousand dollars would appear to be a very, very poor trade-off indeed for the one hundred and ten thousand dollars we are being deprived of. As far as Safe and Clean is concerned, that is something that is being distributed even-handedly across the entire State. I don't know why, if we are being deprived of one hundred and ten, we should be getting the additional twenty percent by using that same kind of logic. I believe the Mayor pointed out, on several occasions, what equity, even-handedness, and fairness can do.

I would like to throw out one more area of thought here, if I may, and this might be something which the Legislature has considered. Perhaps it hasn't. If we are specifically helping those communities that have not tended to business as they should have, perhaps there should be some relief in the CAP law for those specific communities that are in need -- where they can go ahead and spend more in order to provide additional people, policemen and firemen. We can then let the communities that have not been as efficient as others spend those moneys and be responsible to their constituents, the constituents who are going to have to pay the additional taxes.

Thank you very much, Mr. Chairman.

MAYOR COLLINS: Mr. Chairman, if I may, through you?

ASSEMBLYMAN GIRGENTI: Yes, but I would like to make just one other point. I think what is being said -- and I am not saying I agree with it -- is that yours is one of the healthier Urban Aid municipalities. Is that right, Barry? I don't think yours is being called a healthy municipality overall, but within the Urban Aid structure yours is one of the healthier ones. That is my interpretation -- which means they should still qualify, don't get me wrong. But, that is what is being said.

Mayor, proceed.

MAYOR COLLINS: I would like to ask Mr. John Butchko to say a few words.

**J O H N B U T C H K O:** Mr. Chairman, as you are all aware, Assemblyman Doria gave an impassioned speech earlier this month on the floor of the Assembly, during the debate that led to the organization of this hearing. During this speech, he emphatically stated that it was not the intent of the Legislature, when they enacted this law, to exclude municipalities, such as Bayonne, from the funding agenda, nor was it their intent to leave the final determination as to which cities were eligible solely to a single decision on the part of the bureaucracy.

By any standards, Mr. Chairman -- including those which you enumerated earlier today at the start of this hearing -- Bayonne qualifies for assistance under this Act. Bayonne's equalized tax rate is two dollars higher than the statewide average. The per capita property valuation is thirteen thousand dollars below the State average. Over one thousand children in Bayonne qualify today for AFDC aid. And, as the Mayor mentioned, thirty-five police and fire positions go unfilled at the present time.

The delegation from District 31 is uniformly incensed at the action of the Division of Local Government Services, and it urges this Committee to take expeditious action to rectify this unfortunate and unfair situation. Why has a city, such as Bayonne, been penalized and singled out for effectively staying within the bounds of the law, and

efficiently managing its own financial affairs? There is no answer to that question, Mr. Chairman, because the question should never have been posed, nor should this situation ever have occurred.

Mr. Chairman, Senator O'Connor, Assemblyman Doria, and Assemblyman Charles are unanimous in their extreme displeasure over this matter, and they have no intention of allowing the original intent of the Legislature to be circumvented in this way. We urge speedy action towards seeking an equitable remedy, and we stand ready to work in concert with you, and to assist you to the fullest, in seeing that the necessary, just, and overdue objective -- the need for which is being attested to so strongly by so many this morning -- is carried out.

I thank you for the opportunity to testify, and I want you to know that the Legislative Delegation of District 31 is looking forward to working with you towards achieving a proper and lasting solution to this matter.

ASSEMBLYMAN GIRGENTI: Mayor, while you are here -- and this is addressed to Barry also -- this is a case that totally amazes me when I look at the statistics, because, as was mentioned, AFDC children are one thousand and twenty-four. You are talking about two-fifty. The equalized tax rate is four point two seven one three, and the State equalized rate is two point four eight. State equalized valuation per capita -- the statewide average is twenty-four thousand, seven zero four, and this is thirteen thousand forty-eight.

I know we discussed this earlier, but it seems the problem here, Barry, is that you have certain areas they are good at, in terms of tax collections and so forth, but the bottom line is, these figures don't lie. They are the indicators of poverty, and those problems are still there. I find this one the hardest of all to understand. A high tax collection rate may be meaningless if the tax base -- the valuations, etc. -- is simply insufficient to pay for the services the residents need. That one really stands out.

MR. SKOKOWSKI: May I respond to the Mayor first?

ASSEMBLYMAN GIRGENTI: Yes.

MR. SKOKOWSKI: I would say, looking at the data you looked at, fine; but, as always happens with Bayonne, they are honest, hard-working people, and they gave me this letter in which they admit -- and they have told you and they have told me in this letter of application -- they are fiscally sound. There is a criteria in that statute that says, "Look at fiscal need." I did that. They are not fiscally needy.

ASSEMBLYMAN GIRGENTI: Yes, but for an Urban Aid municipality?

MR. SKOKOWSKI: Right, for an Urban Aid municipality.

ASSEMBLYMAN GIRGENTI: They are not that needy?

MR. SKOKOWSKI: There are over thirty-five thousand people.

ASSEMBLYMAN GIRGENTI: Yes. But, as we said before, an Urban Aid municipality has to meet all that criteria, which they certainly meet.

MR. SKOKOWSKI: I think it is the same argument, really, that you heard from Willingboro. Hard work sometimes -- you know.

ASSEMBLYMAN GIRGENTI: I don't know; that is the thing that leaves me with a bad taste.

Now, for instance, will Bayonne -- maybe you can answer this, Mayor -- have enough money to match the additional Safe and Clean moneys the Governor has proposed?

MAYOR COLLINS: I can answer that, Mr. Chairman, by telling you that as of Saturday I am two hundred thousand dollars over the CAP -- this is as of Saturday, when I reviewed the budget. And, I am trying to avert some layoffs now. I hope I can find it, because we are going to have to refine every department. I am really not in a position to answer that question honestly.

If I may, through you, Mr. Chairman, while Barry is talking about Willingboro and he is coupling that with Bayonne, how do we skid away from the fact that we have suffered a cutback in the police and fire departments by not filling positions; have we averted layoffs through sacrificing other people? I don't think that point should be missed here.

ASSEMBLYMAN GIRGENTI: No. I said that to Barry before when I read the bill. My interpretation when I voted on the bill, and when we read it later, was that it still said, "Avert layoffs of policemen and firemen; employ additional police and firemen; and, increase police and fire services within the municipality." I interpret that to mean that we are trying to prevent layoffs, not that we have to go there, get a number, and be told: "You have lost this many, so therefore you are eligible." We are trying to avoid that type of situation.

I will let you respond, but I just want to ask a couple of questions. When you spoke, you said you had thirty-five vacancies?

MAYOR COLLINS: That's correct.

ASSEMBLYMAN GIRGENTI: How many do you employ? You went through that before. Is it eight hundred and something?

MAYOR COLLINS: Well, that is the entire City. We have eight hundred and thirty four.

ASSEMBLYMAN GIRGENTI: How many police and firemen?

MAYOR COLLINS: Fully funded, under the TL, there would be four hundred and two police and firemen.

ASSEMBLYMAN GIRGENTI: All right. What percentage--

MAYOR COLLINS: We have eighteen in the fire department -- eighteen vacancies in the fire department, and seventeen vacancies in the police department.

ASSEMBLYMAN GIRGENTI: What percentage is that of the authorized positions you have? Of the open positions you have -- the vacancies -- what percentage is that?

MAYOR COLLINS: What percentage is it?

ASSEMBLYMAN GIRGENTI: Is it ten percent?

MAYOR COLLINS: It is about nine percent, or ten percent.

ASSEMBLYMAN GIRGENTI: So, you have a ten percent reduction in the force, really?

MAYOR COLLINS: Vacancies. That is correct.

ASSEMBLYMAN GIRGENTI: All right. You made a remark that you wanted to help us in terms of possibly putting in some criteria. What criteria would you use? Do you feel that the Urban Aid program as it was, without changing it, would be sufficient -- you know, that

everybody would be allocated a certain share? What would you recommend?

MAYOR COLLINS: Well, I feel, number one, that the formula, as I understand the regular Urban Aid for those twenty-eight cities, seems to be a cornerstone to follow. I don't recall exactly what suggestion you made earlier. I think the cities, the mayors and the people in these communities-- If there is going to be any other legislation, I would be happy to be part of any committee of mayors, and to come to speak to you -- to this Committee or to the Assembly.

One other thing I would like to mention is, you talked earlier to folks here about gross receipts. I know there have been some adjustments back and forth, but I also know that over the last two years Bayonne has lost approximately two hundred and fifty thousand dollars in gross receipts.

ASSEMBLYMAN GIRGENTI: Is that in a year?

MAYOR COLLINS: In one year. In 1982, or last year; I am not certain which year it was.

ASSEMBLYMAN GIRGENTI: That was the next question I was going to ask you. I was just curious about that.

MAYOR COLLINS: One other thing -- and I think Assemblyman Naples spoke about this earlier -- is the tax effort in cities that try to manage their affairs. It just seems that there ought to be some incentive for folks, rather than adopting legislation -- and I realize this wasn't the intent of the Legislature. I am satisfied it wasn't. But, it turns out that cities are punished, instead of being provided with an incentive. Something in that area could be incorporated and added to the criteria.

ASSEMBLYMAN GIRGENTI: That is what I was discussing with Barry when I told him I thought something should be taken into consideration. We are almost encouraging the wrong type of behavior through this.

Just take another example, and I mention this just to throw it out for discussion. The Mayor cut other services in order to make ends meet. He is denied aid, maybe as a result of that. He obviously should have made the cuts in the police and fire services, but then,

because of the public safety factor, he would be in danger and it would become a priority.

I throw that out, Barry, because maybe this is the impression that is coming across now. We may have to deal with this. In other words, the key thing is to just say, "Well, we are going to cut our fire and police services," and that would make them eligible for this program, as opposed to doing what the Mayor did, maybe.

MR. SKOKOWSKI: Well, again, I don't want to get into the story of Bayonne. I would like to say something, if I may.

ASSEMBLYMAN GIRGENTI: Sure.

MR. SKOKOWSKI: On a table of organization, how many vacancies you have can be a tricky number also. I mean, you can have an ordinance authorizing you to have all kinds of people. You have to talk about what you need. Okay? The Mayor knows that best. All mayors know that best.

If the problem was critical, though, they would not have taken thirty thousand dollars for bulletproof vests. It could have been for bodies, or people. I mean bulletproof vests are great. I said that before, and I meant it. I think everybody who needs them should have them. But, I think that can be paid for by the Safe and Clean program. The increase they mentioned would just about cover that. Okay? And, this thirty thousand could have been used for the essential public safety people.

It is a problem; there is no doubt about it. But, it is the law. You know, it says -- it is true -- "avert police layoffs," absolutely, but it also says, "measure the financial need," and I received a letter saying: "We are in great shape."

MAYOR COLLINS: Mr. Chairman, if I may?

ASSEMBLYMAN GIRGENTI: Yes.

MAYOR COLLINS: I don't want this to sound like the Mutual Aid Society in session. I think you referred to me earlier as a "good guy," and I want to refer to him as a "nice guy." But, I have noticed twice this morning that he has picked on bulletproof vests, and he has very carefully skirted the fact that I had to close a firehouse, several times. I happen to think that is important. One of the things

we had a very difficult time with during negotiations was to no longer permit two policemen in a car. Only one policeman rides in a car now in Bayonne -- and that is another thing that has occurred as a result of vacancies.

As I said earlier, I have a great deal of respect for Barry. He pointed out earlier -- and I think it has been mentioned -- that Clean and Safe will help those cities. Well, as I understand this legislation, the same situation is going to prevail with this money next year, which means that for two years we are talking about two hundred and twenty thousand dollars versus sixty thousand dollars. I don't regard that as equity.

ASSEMBLYMAN GIRGENTI: That was my next question. If Bayonne was denied money under this supplemental program, does that mean that they will also be denied the additional money the Governor is providing in this budget?

MR. SKOKOWSKI: There is no direct connection, legally, between the two programs. The bill that you enacted, Chapter 451, to my understanding, expires when the program is over. Okay? Safe and Clean is a permanent statute that is funded through the budget, and their eligibility is there, and they will stay eligible. Based on the computations for 1984, Bayonne is still an Urban Aid town. West Orange dropped out, but Bayonne is there.

ASSEMBLYMAN GIRGENTI: Barry, are you talking about the supplemental public safety package for next year, which is in there again for seven point three million. If they are denied this year, will they be denied next year?

MR. SKOKOWSKI: My understanding of the current law is that it expires when this program is over. In other words, there is money in the budget, but the Governor and the Legislature have yet to specify exactly how it should be spent.

ASSEMBLYMAN GIRGENTI: It is my understanding that the big six would continue to receive five million plus.

MR. SKOKOWSKI: That is my presumption, yes.

ASSEMBLYMAN GIRGENTI: Yes, and the other two million would be moneys that were going to be split up among these qualifying

municipalities -- the twenty-two that are left after the six are reduced. So, are we to assume that of the twenty-two, nine are automatically going to be eliminated again?

MR. SKOKOWSKI: I can't say. This law expires. This is it. There is just money in the budget next year.

ASSEMBLYMAN GIRGENTI: All right. You can't answer that. One program has been labeled Safe and Clean, and I don't even know why because that is a matching program. It says, "Safe and Clean supplemental, seven point three eight seven" -- and I understand they are increasing that. These towns are eligible for that anyway, just due to the fact that they are Urban Aid towns.

So, your point was they could possibly could get sixty thousand dollars -- thirty thousand was the figure you used. But, again, what about that one hundred and ten thousand next year? That is where we are up in the air. Maybe that is where we have to step in and set tighter criteria. If we are going to have an Urban Aid community, then it is going to be an Urban Aid community.

I am sure if we went through that scale, we could say that some are twenty-two on the list; some are twenty; some are ten; and some are four. Where do we draw the line? You know, they all meet the criteria, now how do we say, "Well, you are an urban aid municipality, but you just don't make it, as far as we are concerned. You may not make it because you have done such a good job; you are efficient; you run a good government; you haven't come forward and told us that you are going to cut police and fire departments, or that you are going to cut essential services; therefore, you are fine, as long as you don't cut the police and fire?" That system, in my opinion, is wrong.

I know you said you were going to cooperate with us on this. And, I think we definitely have to come up with something different. It is a negative enforcement policy. It is telling people that they are going to have to say "public safety." That is the cry all the time. We heard it in many communities over the years when we talked about budgets, or when we talked about referendums, and Barry has been through this a lot in terms of the "caps." That is the thing they put on the ballot, because that is the thing that will control emotion, "We

are going to cut police and fire services." So, we know that, and I think we have to take that into account.

It just seems there is something wrong with a process that says that. I know you have tried to do the job you were given to do to the best of your ability. I don't believe it is a question of your decision here. And, I don't think you really like this type of a program, where we are telling a municipality, "Gee, you are running a good government; you are an Urban Aid municipality, but you have done a good job. You are not cutting police or fire, so you are not going to get the money; you are going to be penalized."

I think we have to do something. The onus is on us to do something to correct that.

ASSEMBLYMAN GIRGENTI: Assemblyman Long?

ASSEMBLYMAN LONG: I just have a comment and, again, I do not speak for anyone but myself. I do not believe that any legislator on either side of the aisle would have voted for that legislation if he felt fiscal accountability would become a negative factor. I cannot believe that any legislator would have done that, but, in fact, it has turned out that way. Fiscal accountability is a negative. Again, speaking only for myself, if the concept of need was tantamount in all the considerations, I think, perhaps, I would have thought that maybe Town "X" might have gotten \$5,000 more and Town "Y" \$5,000 less because of a need fiscally, but never that a town would be completely negated from the process because of fiscal accountability. That is my comment.

ASSEMBLYMAN GIRGENTI: Assemblyman Muziani?

ASSEMBLYMAN MUZIANI: The thing you have to watch out for -- and I can appreciate the arguments you're making -- is that we cannot infer that those municipalities which are receiving the monies are not fiscally responsible, and we're saying that.

ASSEMBLYMAN GIRGENTI: No, that has never been the point.

ASSEMBLYMAN MUZIANI: Those people who are entitled to it have probably proven their entitlement. It does not mean they are not operating their cities in a fiscally sound manner.

ASSEMBLYMAN GIRGENTI: Again, I assume that when those communities are selected, they are in need, and they have demonstrated

their cases sufficiently to satisfy Barry. In terms of the other communities, not the nine, but the other ones, they have demonstrated a definite, clear case that they need it. The communities we are talking about now -- I'm talking about those nine municipalities -- through Barry's own statements which have gone out in a letter, are fiscally stable, and they run an efficient operation, or that is what has been said here today. Now, are they, because of that, being penalized? That is the area I am interested in. I am not saying that the other people ran a bad ship, or ran a lose ship, or that they did not do it properly. I am saying, what are we encouraging if we tell them, "Well, cut the police and fire services; don't cut the other areas, because then you have a stronger case?" I do not know if that is something we want to encourage, that's all. I think it is a negative reenforcement type of thing.

ASSEMBLYMAN MUZIANI: I think that Barry, in his evaluation, had to make comparisons to make a decision.

MR. SKOKOWSKI: That is what the law says, yes.

ASSEMBLYMAN MUZIANI: Is that right?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN MUZIANI: I think that is what is probably the deciding factor here. If I may just digress again, I have towns like Montclair and Belleville in my district. I have Bridgeton and Millville which are striving to survive, and we are under that 35,000 population mark. That is the problem, the 35,000. We better talk about that, John, and possibly get some changes made in the formula itself.

ASSEMBLYMAN GIRGENTI: You know, Guy, I do not debate you on that. I am sure there is a case for those municipalities too but, unfortunately, in this situation we are dealing with the bill before us, which is talking about twenty-eight communities. Six automatically received it as a result of being the big six. With regard to the other twenty-two, we're asking why there was a line drawn within that twenty-two area which said to nine of them, "You're not eligible," but said to the other thirteen, "You are eligible." That is the question; that is what we are trying to get at. Why was that line drawn? I

think Barry has been trying to supply us with the information, but I have to react too. We are also reading data, and I've seen some things, especially in the case of Bayonne. I just saw Mayor Collins for the first time today; I hadn't known him before. When I read the paper, that was the first thing I imagined, because when I think of Hudson County, I think that that whole area has a lot of problems. Take Kearny, take that whole area, they are all kind of interlocked. Their tax rate is very similar I'm sure. It's up there. That is why that kind of struck me; it stood out. I'm sure Barry felt the same way when he looked at it; it had to stand out. I'm sure that has to be one of the borderline cases too, where it could have gone either way. You know, I can't speak for you on that, but that is my own opinion.

ASSEMBLYMAN MUZIANI: I think the Mayor made an eloquent presentation. He knows his town, and he explained it, I think, very, very intelligently. I also know that Barry was given the discretion to make the decision here, and every municipality has the right of appeal. That is the way it is going to have to go, because he exercised his discretion. He did the job he felt he was obligated to do, and he made the evaluation and determination using the discretion the Legislature gave him. Now, if the Legislature feels he is not the man to do the job, then we better change the law and make it another way.

MAYOR COLLINS: Mr. Chairman, I would like to thank you.

ASSEMBLYMAN GIRGENTI: Thank you very much, Mayor. I appreciate your testimony. I understand you are in the appeal process already -- that you have made an appeal.

MAYOR COLLINS: That is correct. I would like to thank you very much, and I commend you and the Committee for the way this hearing was conducted. It really was a pleasure to be here. Thank you very much.

ASSEMBLYMAN GIRGENTI: We have another Mayor who has been waiting patiently, Mayor Ann Mullen from Gloucester Township. Mayor, would you please introduce the person accompanying you?

**MAYOR ANN MULLEN:** Thank you, Mr. Chairman. Good afternoon everyone, and thank you for hearing us. With me today is Mr. John McPeak, who is our Administrator.

I do not want to go into a lot of detail. I think you have heard the same story from all of us. I could tell you -- I will go into a few details. I have to have my day too, I guess. We have made a desperate effort this past year to bring our taxes up and, although I am proud we have brought them up to ninety-three point two four, I do not think that is something to waive the flag about. We have a large community of over 50,000 people. You might not know this, but among some of the problems in our community, besides having one of the worst landfills in the country, we also have 1,500 former home units, and I was told by the Administration that that is more than anywhere in the entire country, with the exception of Puerto Rico. Those folks have a separate problem. They have a real struggle, and many of them do not pay their taxes. So, that is a built-in problem we have inherited in our community.

What we have tried to do over the past few years, is to constantly reduce our staff. We have gone from 212 down to about 145. In our police department, when someone leaves he is not replaced. Now, it is getting crucial. We have lost nine men for various reasons over the last couple of years, and I expect to lose a few more. We have over 200 miles of streets in Gloucester Township, and sixty men. Of course, they are not all on the street, so that is not very many to protect the people of our community.

We are really trying to do the best we can with what we have and, in order to be a good township, we just do not spend what we need to spend in order to service our people. We struggle with a "cap" just like everyone else does. I have been listening to everyone today, and I think maybe I am looking at this very simplistically. But, I see Barry stuck with criteria he feels he must work within. The legislators set that criteria, but I do not feel they meant for it to be interpreted in that way. I do not think that was ever your intention. Then again, I feel that his hands are completely tied. Now, what concerns me is, I think I heard you say, "We want the urban communities to get the aid they need." You are glad there is an appeal process. However, what I see is the exact same criteria that he had to make his decision on in the first place is still in place for the appeal. By the way, we did send our appeal up yesterday, Barry.

The problem I see is that unless you change or amend your bill to give him a little leeway, our appeals are not going to mean a thing. We can come back armed with all kinds of data, we really can. We can tell you our needs, and can really cry on Barry's shoulder, but I don't know where that is going to get us if the criteria doesn't change.

ASSEMBLYMAN GIRGENTI: Mayor, if I may reply to that, I said when we opened this hearing that basically a lot of what has taken place is history. We may not be able to correct it. We have not said that because the appeal process is there that there is a guarantee that someone is going to go there and get what they are appealing for. I don't think we have ever led anyone to believe that. The fact of the matter is, we're talking about where we are today. We can't go backward, but we can proceed forward. What perhaps was an injustice in some of our minds may be corrected in future legislation for next year, not to throw any weight on what the appeal will do. There may be information that has been brought out here. Barry himself mentioned that a lot of the information might not have come forward. A lot of people did not really supply all the information which may have been possible. Maybe as a result of this, some more information will now come forward which will shed a different light on a final decision. I do not know that, and I can't even ask Barry, because I'm sure he hasn't reviewed any material or anything yet. But, hopefully, there might be something to come out of this.

Secondly, maybe we can change this legislation. We feel we are not blaming Barry, because the Legislature handed him this task. We're questioning him because we want to know why he reached some of the decisions he reached. He is the only one who can supply us with the answers, because he is the one who has the authority. These are the reasons we are doing this: Number one, to find out why these decisions were reached and, number two, to see if we can possibly improve this law in the future so that if we do want to include the other municipalities, such as your own, maybe we could spell it out more specifically in the law. Maybe the Urban Aid criteria as it presently stands should be the criteria. Maybe we should just go with that; why should we have two layers of Urban Aid criteria?

MAYOR MULLEN: That I agree with.

ASSEMBLYMAN GIRGENTI: These are all things we will have to take into consideration as a result of this hearing. We'll meet with Barry; he will give us some input too, which he has agreed to. Maybe we can change some of the things, you know, some of these ideas. Are we encouraging the right type of thing when we say someone is too efficient, or they are so efficient that now they are going to be penalized? Maybe that is something we have to work on to try to come up with a better system.

MAYOR MULLEN: I think, definitely, that everyone is heading in the right direction. I would now like to introduce Mr. John McPeak, our Administrator. John?

**J O H N   M c P E A K:** I only have a couple of comments, because the Mayor covered everything so well. First of all, just to clear our minds and get everything straight, nothing is going to be done to amend the law for this year or for the distribution of the \$700,000. The appeal procedure is the only route.

ASSEMBLYMAN GIRGENTI: I cannot tell you now, for sure, if something is going to be retroactive, in terms of taking care of the time period that has just past. It is a possible consideration; we will have to see what we can do. I do not try to be partisan; I don't think you hear me trying to be partisan very often. But, the fact of the matter is, the way I originally supported this bill, as a Democrat in the majority, was to have the bill the way we originally intended it. It was the amendments that were put into the bill at the end that changed it, and make no mistake about it. We agreed to it, I agreed to it, only because we were in a situation where the big six, which had been guaranteed that they were going to get the aid, and other municipalities-- We had to go along with those amendments, or everything would have been in limbo. I do not want to belabor that point. I do not want to take the responsibility for this; I share some of the blame in the sense that I voted for the final bill, but it was a last minute type thing, and we wanted to salvage something with this program. However, this was not my original idea, and it took a great deal of soul-searching to go along with it.

Now, it has come back to haunt us. We're here today, and we are paying the price for it. It is up to us to try to correct it. It's true that it is a legislative prerogative, and we should make that effort within the Legislature.

MR. McPEAK: The other point I would like to make clear, is that there has been talk about the 20% increase in the Safe and Clean Neighborhoods' Program. The Safe and Clean Neighborhoods' Program, at least in Gloucester Township, has not been increased for at least two years. This year, when we cast our budget with the 1983 allocation of the Safe and Clean Neighborhoods' Program, our match exceeds the 50%. The first year we were under the Safe and Clean Neighborhoods' Program, we had salaries and wages, we had a little bit of equipment, and 20% for our clean portion. The police were the 80%. The second year, because police salaries had to go up, we eliminated the acquisition of some equipment out of the Safe and Clean funds, and we had enough for police salaries and wages, and for the fringe benefits. This year, using the 20% increase, we will not have enough money to fund 100% of even the police and fire retirement.

So, the numbers end up-- Although in your budget it appears you have a 50% match, other sections of your budget -- which are legitimately created by the three police officers we have -- are absorbed. So, the 20% increase is not supplementing what we had, it is just keeping up with the constant rise in our expenses.

ASSEMBLYMAN GIRGENTI: I have read so many of these applications that I know how Barry feels, but did I see on your application that you have reduced the police force? I know one of the communities did.

MAYOR MULLEN: It was our report that showed you the difference between the county and State levels in Gloucester Township.

ASSEMBLYMAN GIRGENTI: All right, you were below the average. Gloucester's AFDC is 512; the State equalized tax rate is two point nine one six; and, the statewide average is two point four. The State equalized valuation per capita is twenty-four thousand, seven zero four statewide, and Gloucester is sixteen thousand, four zero six. Can you tell me how much you lost in gross receipts tax?

MAYOR MULLEN: I believe last year we lost in combined gross receipts, about three hundred thousand.

ASSEMBLYMAN GIRGENTI: Barry, was this something that was taken into consideration when these decisions were made -- the loss of gross receipts?

MR. SKOKOWSKI: No, they were looking at revenue shortfalls. In other words, if they had anticipated that money and didn't get it, that would have been checked. But, if they were told they were going to get less and they just got that amount, that was not checked. In essence, we won't check a balanced budget.

ASSEMBLYMAN GIRGENTI: They were not permitted to anticipate it, right?

MR. SKOKOWSKI: You cannot anticipate more than you are going to get. You get a certification from the Division of Taxation; they compute the numbers.

MAYOR MULLEN: We certainly thank you for taking the time to hear us.

ASSEMBLYMAN GIRGENTI: Does anyone else on the Committee have questions for the Mayor? (no response) All right, Mayor, thank you very much for appearing. Does anyone else want to testify at this time? (no response) Barry, do you want to say something?

MR. SKOKOWSKI: I would just like to indicate that I am also glad for the hearing. I think you can see that we have a rapport going between the mayors and our office in this very critical matter. I would like to highlight some of the things you said, Mr. Chairman. You indicated that while there is some part of a negative incentive here where some towns which supposedly do everything right do not get any money, at the same time, some parts of the formula are very true. You indicated that, also, by pointing out figures such as the equalized valuation and the like. This is really a complex matter, and I can't wait to see your final report.

ASSEMBLYMAN GIRGENTI: With that we will end this hearing. I reserve the right to call another meeting of the Committee, if we need more documentation or other information. I would suggest to Barry, also, that I would appreciate copies of any determinations made during the appeal process.

The other thing is, I feel we have accomplished something by being here today. I think it was important, contrary to what some people may say. This, in my opinion, is not a charade; this is serious governmental business. We are here because we have a problem in our State. It has been presented to us by numerous individuals throughout the State. We have legislators who, at the time they voted on this legislation, felt they were doing something to help their home districts, only to find out at a later date that their towns were not eligible, and they had to go back and explain that to people.

Then, there is the matter of fairness. You know, we have Urban Aid municipalities; we have a criteria for Urban Aid. If we are going to start to make another category within Urban Aid, then I think we have to really sit down and work out the specifics. I think in the criteria area we have to come up with more definitive criteria. I have said all along, and I don't want to act like I am trying to butter up Barry, in a sense, but the fact of the matter is, he did what he had to do, and I know that. The thing was handed to him in that form. It was the final version, and he had to use his discretion. No one is questioning his authority to do that. Again, we needed that information. We may not want to put an individual in that type of position where he will have to make a determination over the future of certain municipalities. Maybe that is something the Legislature should be doing, and directing Barry, more or less, as to whom should be receiving that type of aid, and asking him to check it out. Barry, I know you have no pride of authorship, in the sense that you wanted it this way. I'm sure you were sitting in your office, and when you heard about this you were probably as taken back as other individuals.

So, possibly we will meet again. We will formulate information. We have gathered a lot of information today, and I think what we have to do now is sit down and try to come up with some criteria if we want to change the law. We will have to come up with further information, and then get back to the individuals.

I want to thank everyone for his and her cooperation, on both sides of the aisle. I want to thank the people who came to testify today. I want to thank everyone who has been very patient. Does anyone else want to say anything?

ASSEMBLYMAN MUZIANI: May I please?

ASSEMBLYMAN GIRGENTI: Yes, you may.

ASSEMBLYMAN MUZIANI: I would just like to highlight the irony of all this, if I may. There is a bit of irony here. The original bill dealt with the big six cities. That was a Democrat-sponsored bill. Now, we come along with an amendment sponsored by the Republicans to include an additional twenty-two municipalities. So, we now have twenty-eight municipalities, and of all those twenty-eight, twenty-three of them have mayors who are Democrats, and only five are Republicans. Here we have a Republican amendment which is being criticized, and yet it included many, many more Democratic cities for additional moneys. I think there is a bit of irony here that it happened that way.

ASSEMBLYMAN GIRGENTI: As I said before, Guy, I do not really look on this as a Democrat or a Republican issue. I am here because we have a responsibility as the Municipal Government Committee. I have been directed by the Legislature. I have not gone through the numbers, but I'm sure there are more Democratic cities in need, because that happens to be the way it falls. When you go up into Hudson County, you do not find too many Republicans. There are a lot of areas which are in need.

ASSEMBLYMAN MUZIANI: The fact is, the amendment served the needs of those Democratic cities.

ASSEMBLYMAN GIRGENTI: The amendment, in my recollection, limited it. Originally -- if you want to go into it -- the bill that was passed opened it up to -- I forget how many municipalities.

FROM AUDIENCE: Three hundred and thirty-five.

ASSEMBLYMAN GIRGENTI: Three hundred and thirty-five. The amendment that was put in limited it to \$7.4 million, and to twenty-eight municipalities, because of the 35,000 population. Why the number 35,000 was decided on, I cannot give you that answer. I do not know how they came up with that; I really cannot speak to that at this point.

What was said earlier constituted some legitimate gripes. There are a lot of smaller communities which really do have outstanding

problems, which have not been addressed by the Legislature. On the other hand, as I said before, and I want to make this very clear, I think we acted responsibly. We had to at the end, because we were held by the throat. We had to vote for something to help the communities which needed that help and that emergency type aid, and we did go along with it. Yes, we did. I am not proud of it, and I know there are a lot of other people who are not proud of it. What we did was, we made it an arbitrary bill. We gave the authority elsewhere; we should have kept it with the Legislature, and I think we may have made a mistake. Again, that is not a reflection on Barry. I think that is just the way the Legislature should operate. I think we should make the decisions about who is going to receive the funds, the money, and so forth, and make it Barry's job to administer it. We should give him the guidelines and the direction. We should set the policy; he should implement it. I think, perhaps, that is where we went astray, but certainly I want to meet with Barry further on the other areas we talked about, the negative reenforcement. I think something has to be done about the public safety factor, and all the other things we have to discuss. I think we have some things in here that we may be able to resolve, or where we may be able to help the situation that has been developing.

Again, I want to thank everyone. I want to thank the members of the Committee for coming down here today. I think the hearing was successful, and if we have another hearing we will certainly advertise it. We will be making a report on this. Again, I want to thank Barry for spending his time here, for sitting here all this while, and for really helping us out in our deliberations. Thank you very much.

**(HEARING CONCLUDED)**



FUNDING STATUS OF ELIGIBLE MUNICIPALITIES

P.L. 1983 C. 451

APPROVED MUNICIPALITIES

Bloomfield Town  
East Orange City  
Hoboken City  
Irvington Town  
Kearny Town  
New Brunswick City  
North Bergen Township  
Passaic City  
Perth Amboy City  
Plainfield City  
Union City, City  
Vineland City  
West New York Town

DISAPPROVED MUNICIPALITIES

Bayonne City  
Belleville Township  
Gloucester Township  
Hamilton Township (Mercer)  
Lakewood Township  
Montclair Town  
Old Bridge Township  
West Orange Township  
Willingboro Township

