



To: Probation Association of New Jersey

From: Gerry Gibbs & Chrissy Buteas
Capital Impact Group

Date: April 22, 2010

Re: April 2010 Legislative Report

The Legislature is currently on budget break, with only the Senate and Assembly Budget Committees hearing testimony from the public and various state departments on the FY 2011 budget. The Legislature is expected to come back into session the first week of May, at which time lawmakers will consider bills before recessing for the summer. From now until June 30th the main topic of discussion will be centered on balancing the budget, with a \$10 billion budget gap. As you know, both the Governor and Legislature must agree upon the budget by the constitutionally dedicated date of June 30th.

As budget hearings continue, the Senate and Assembly Budget Committees will hear testimony from the Department of Corrections/State Parole Board and the Judiciary in the upcoming weeks. CIG and PANJ will be present at the hearings to listen to testimony that may impact PANJ members. During the Treasury Department's budget hearing yesterday, several Democratic members of the committee questioned the Treasurer extensively about the Administration's unwillingness to fund the state's \$3.1 billion pension obligation this year. The main thrust of their argument to the Treasurer was focused on the fact that Governor Christie is asking for shared sacrifice and yet the state is unwilling to do its part. We project this topic will continue to be a significant sticking point between Democratic lawmakers and the Republican administration.

Of particular importance, is the intention of the Governor to require state employees and new retirees to begin paying a portion of their benefit costs beginning August 1st under legislation being readied by the Christie Administration. There are hopes by the Administration that this legislation will be introduced and passed by May. This bill package would be in addition to bills passed earlier this year that require state employees to contribute 1.5% of their salary toward benefits. According to DOE Commissioner Schudler, the new proposal would go beyond that to require a greater contribution to health care (amount unknown at this time) and make pensions based on employees last five years of service rather than the last three for new and existing employees.

Additionally, Governor Christie recently formed the New Jersey Privatization Task Force. Its mission is identifying \$50 million in savings by privatizing some government services.

While this sounds like a large sum of money, it only makes up a small portion of the overall budget, which is in excess of \$29 billion. Constituencies both in favor and opposed to privatizing certain functions of state government testified in front of the panel headed by former Congressman Dick Zimmer. While the discussion was not focused on law enforcement or a particular area of state government, there was discussion that highlighted the benefits of privatizing certain functions at the local level, while others highlighted that a privatized system leads to bid rigging, loss of control and higher unemployment.

Moreover, the Governor's Red Tape Review Commission, headed by LG Kim Guadagno, released its report earlier this week. The report specifically mentions Civil Service Reform and Binding Interest Arbitration as areas worth further exploration. Specifically dealing with civil service reform on the local level, the report cites that the Group heard a lot of testimony about the burden of the current system. The Group members suggest reform, which includes rationalization of union titles and legislation to permit municipalities to "opt-out" of the civil service system. Assemblymen Moriarty and Burzichelli currently are sponsoring, A2580, which permits counties and municipalities to withdraw from the civil service system by ordinance. This bill has not moved and there is no Senate companion bill at this time. We will keep a close eye on this bill. As for binding interest arbitration, the Red Tape Review Group notes that this topic needs to be looked at further, but exceeds its mandate.

Please feel free to reach out to PANJ leadership if you have any additional questions regarding our legislative agenda or program.