
THIS WEEK IN TRENTON



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Senate Confirms Cabinet Nominees

The State Senate has confirmed Governor Christie's nominations of Attorney General Paula Dow, Treasurer Andrew Sidamon-Eristoff, Adjutant General Glenn Reith, Board of Public Utilities President Lee Solomon and Civil Service Commissioner Robert Czech. All but Sidamon-Eristoff were confirmed unanimously. Senators Raymond Lesniak and Loretta Weinberg voted against the confirmation of Sidamon-Eristoff.

Christie Proposes Changes to Unemployment System

Governor Chris Christie has proposed a series of changes to New Jersey's unemployment system, reducing benefits for workers and limiting tax increases on employers by suspending an automatic payroll increase. The Unemployment Insurance fund ran out of cash in March 2009, forcing New Jersey to borrow \$1.2 billion from the federal government to pay unemployment claims. By law, business payroll withholding for UI automatically increases once the fund goes below a certain level.

The Christie proposal would:

- * Impose an average increase payroll tax increase of \$130 per employee, a 17 percent rise. According to the Administration, without the proposed change, the average employer in July would see taxes go up 58 percent — or \$390 a year — per employee.

- * Phase in future increases, allowing employers to prepare for them in advance.

- * Reduce the maximum weekly benefit from \$600 to \$550. This change will save \$295 million.

- * Require a one-week waiting period before benefits can be claimed. This would not shorten the benefits eligibility period and would result in \$67 million in annual savings.

- * Require employees dismissed for "misconduct" to obtain other employment for a prescribed period of time before qualifying for an unemployment benefit. This would save an estimated \$189 million annually.

* Make the "extended benefit" provision dependent on the continuation of 100 percent federal funding of benefit costs. This would result in \$1.6 billion in savings.

Finally, the plan would call on the federal government to continue full federal funding for extended benefits and to help states avoid job-killing payroll tax increases.

Governor Christie also indicated his support for a constitutional amendment, SCR60, on the ballot this November to prevent future raids of the Unemployment Compensation Fund.

Reaction to the proposal among Democratic leaders in the Legislature was uniformly negative. Senate President Stephen Sweeney said that he would not consider any legislation to decrease benefits to the unemployed. Sweeney also said that he was skeptical of the proposal to phase-in a scheduled unemployment tax increase. He fears such a plan would “prevent the UI fund from being able to meet its obligations – essentially having the same effect as a trust fund raid – while not insulating businesses from eventually having to pay the full increase.” In a joint statement, Assembly Speaker Sheila Oliver and Assembly Majority Leader Joseph Cryan called the proposed cut to unemployment benefits “insensitive and unsound.” Oliver and Cryan went on to say that “the plan risks our ability to receive federal unemployment benefit funding help and threatens the future solvency of the unemployment fund.”

Christie Signs Executive Order on Boards, Commissions, Authorities

Governor Chris Christie signed Executive Order 15, which places strict limits on spending by independent commissions, boards and authorities. Executive Order 15 provides the following:

* Unless expressly approved in writing in advance by the Governor's Office, it prohibits hiring of lobbyists to lobby the Executive Branch, Legislature or federal government. All such existing lobbying contracts with authorities shall be terminated as soon as legally permissible; if that is not possible, then all such contracts must not be renewed upon expiration.

* Travel expenses by any authority board member or employee in excess of \$250 are prohibited without advance approval from the Governor's Office; any unapproved amount above \$250 will be borne by the employee or board member. Any approved travel must be directly related to the employee or board member's official state duties.

* No state authority shall include in any contract any financial incentive to be received upon termination or separation from employment, unless authorized by the Governor's Office. All such contract incentives shall be terminated as soon as legally permissible; if that is not possible, the contract shall not be renewed upon expiration.

* A Cabinet-level review will be conducted of all authorities, boards and commissions to provide recommendations to the Governor's Office by May 15, regarding whether each entity should continue to exist or be eliminated. Those reviews will also include recommendations of whether positions on authorities should be compensated or unpaid and whether reimbursement for expenses will be permitted.

Red Tape Review Group to Hold Public Hearings

Lt. Governor Kim Guadagno will host three public meetings of the bipartisan Red Tape Review Group. The Group will hear from invited speakers and members of the public on the following topics: Reforming the Administrative Rulemaking Process in New Jersey; Eliminating Unfunded Local Mandates and Regulations that should be eliminated or modified based upon the "Common Sense Principles" for Rulemaking.

In addition to the Lt. Governor, Red Tape Review Group Members are: Senator Barbara Buono, Senator Steve Oroho, Assemblyman John Burzichelli, Assemblyman Scott Rumana, Acting DCA Commissioner Lori Grifa, Acting DEP Commissioner Bob Martin and Chief Counsel Jeff Ciesa or his designee.

The first meeting, on the topic of Reforming the Administrative Rulemaking Process in New Jersey, will take place on March 2, 2010 at 2:00 pm at Rowan University. The second meeting, on the topic of Eliminating Unfunded Local Mandates will take place on March 9, 2010 at 4:00 pm at Brookdale Community College. The third meeting, on the topic of Regulations that should be eliminated or modified based upon the "Common Sense Principles" for Rulemaking, will take place on March 23, 2010 at 3:00 pm at Montclair State University.

Senate Passes Pension and Benefit Reform Bills

The State Senate unanimously passed a package of public pension and health benefit reform bills on Monday. The legislation caps the value of unused sick days retiring employees can cash out at \$15,000; requires government workers at the local, county and state levels to contribute at least 1.5 percent of their salaries toward their health insurance costs; and bars part-time workers from enrolling in the state pension system. A fourth bill in the package phases in a requirement that the state make its annual pension contribution. A public hearing will be held on this bill in the Senate State Government Committee on Monday. If approved by the Legislature, the question could be put to voters in November.

O'Toole Appointed to Senate Judiciary Committee

Senate Republican Leader Thomas Kean, Jr. appointed Senator Kevin O'Toole to the Senate Judiciary Committee this week. O'Toole will replace Senator Bill Baroni beginning with the March 1st meeting of the Committee. O'Toole will continue to serve on the Budget and Appropriations Committee but will have to be replaced as a member

of the State Government. Wagering, Tourism and Historic Preservation Committee because it meets at the same time the Judiciary Committee meets.

Legislative Calendar

This week the Senate and Assembly held voting sessions. Next week Senate Group 3 and 4 Committees will meet on March 1 and Senate Group 1 and 2 Committees and Assembly Group A and B Committees will meet on March 4. The Senate Judiciary Committee will consider the nominations of Bret Schundler to serve as Commissioner of Education and James Simpson to serve as Commissioner of Transportation on March 1.