




**STATE OF NEW JERSEY  
OFFICE OF THE STATE COMPTROLLER**

**CONTROLS OVER PERSONNEL  
AND FISCAL PRACTICES AT SELECTED  
NEW JERSEY MUNICIPALITIES**

**Marc Larkins  
Acting State Comptroller**

**December 18, 2014  
PA-26**

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## **BACKGROUND**

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We evaluated controls over selected personnel and fiscal practices at three municipalities: the Township of Hillside, the City of Perth Amboy and Gloucester City.

The Township of Hillside, with a population of 21,404, is located in Union County. The Township is governed under the Faulkner Act/Mayor-Council form of government by a mayor who is elected for a four-year term and a seven-member Township Council. According to payroll data provided by the Township, it employed 281 employees in 2011 and paid those employees' salaries and other compensation totaling approximately \$18.6 million.

The City of Perth Amboy, with a population of 50,814, is located in Middlesex County. The City is governed under the New Jersey Optional Municipal Charter Law (Mayor-Council Plan B). The Mayor serves as the chief executive and administrative officer of the city and is elected for a four-year term. The City Council is a five-member body, elected to staggered four-year terms. According to payroll data provided by the City, it employed 500 employees in 2011 and paid those employees' salaries and other compensation totaling approximately \$27.3 million.

Gloucester City, with a population of 11,456, is located in Camden County. Gloucester City is governed by an elected Mayor and Common Council. The Mayor serves a four-year elected term and members of council serve three-year staggered terms. According to payroll data provided by the City, it employed 186 employees in 2011 and paid those employees' salaries and other compensation totaling approximately \$8.4 million.

# AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our performance audit was to evaluate controls over selected personnel and fiscal practices at the three audited municipalities. Our audit covered the period from January 1, 2010 to December 8, 2014.

Specifically, at each of the municipalities, we reviewed:

- personnel practices including the use of extended sick leave and payouts during both employment and upon retirement, and the provision of unemployment benefits; and,
- bonding practices, focusing on project financing, timing and status.

To accomplish our objective, we interviewed relevant municipal personnel and reviewed collective bargaining agreements (CBAs), employment contracts, municipal ordinances, policies and procedures, and payroll and benefit payments.

We also reviewed annual debt statements, bond ordinances and respective spending activity. Our review of bond activity at each of the three municipalities revealed no significant exceptions for the period tested.

This audit was performed pursuant to the State Comptroller's authority set forth in *N.J.S.A. 52:15C-1 et seq.* We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## SUMMARY OF AUDIT RESULTS

Our audit identified excessive costs and other areas of concern in each of the municipalities we reviewed. For example, in the area of employee salaries and compensation, at each of the three audited municipalities, significant non-performance based longevity payments totaling nearly \$2.5 million were awarded to employees in 2011. These payments were in addition to employees' annual promotional and cost-of-living increases.

Time accrual policies contributed to these municipalities paying their employees nearly \$2.6 million of severance payments for accumulated sick, vacation and compensatory time as well as additional severance payments based on length of service. We found individual payouts exceeding \$152,000 from Hillside, \$164,000 from Perth Amboy and \$42,000 from Gloucester City, all contributing to the financial burdens being placed on local taxpayers.

In addition, we found 41 school crossing guards at the three municipalities who were paid a total of approximately \$17,000 in unemployment benefits while working. A lack of review by the municipalities allowed these payments to occur.

Overall, we noted that the three municipalities paid unemployment benefits totaling approximately \$240,000 to school crossing guards during the period reviewed. According to the New Jersey Department of Labor and Workforce Development, approximately \$7 million in unemployment benefits is being paid statewide to school crossing guards on an annual basis. We note that there has been significant debate regarding the ability of school crossing guards to collect such unemployment during school breaks and legislation has been previously introduced to remove this entitlement from certain seasonal employees, including school crossing guards.

We make a series of recommendations to address the weaknesses we identified.

# AUDIT FINDINGS AND RECOMMENDATIONS

## Employee Benefit Payments

*Time accrual policies have contributed to increased employee compensation and large severance payments. Further, in all three of the municipalities we reviewed, school crossing guards filed unemployment claims while working.*

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Substantial payouts are adding significant costs to payroll expenses at each of the three audited municipalities, burdening the municipalities' budgets and resulting in significant increases to the salaries of certain employees.

### Annual Longevity Payments

At all three of the municipalities we reviewed, we found that, in accordance with their CBAs, certain employees received non-performance based longevity increases to their base salary in addition to their promotional and cost-of-living increases. Our review identified such longevity payments ranging from 2 to 16 percent of employees' salaries in 2011.

**Table 1**

<b>Municipality</b>	<b>Total Amount of Longevity Payments 2011</b>	<b>Percentage Range of Longevity Payments</b>
Township of Hillside	\$ 1,185,119	2% - 16%
City of Perth Amboy	\$ 1,120,001	2% - 14.25%
Gloucester City	\$ 152,412	2% - 7%
<b>Total</b>	<b>\$ 2,457,532</b>	

The longevity payments set forth in Table 1 were calculated by the auditees.

In Hillside, the Police Chief and Fire Chief each received longevity payments of more than \$25,000 in 2011, while in Perth Amboy the municipal clerk received a longevity payment of \$16,580 in 2011.

Gloucester City's cumulative longevity payments are significantly smaller than those of the two other municipalities because Gloucester City had eliminated

longevity awards for most of its employees prior to the commencement of our audit.

We further found that in Perth Amboy, annual wage increases are manually determined on paper “payroll cards.” The type of pay increase is not labeled on the card (e.g., longevity, promotional, etc.), and no calculations or formulas on which the increase is determined are documented or shown on the cards. This process, including the unavailability of electronic records, makes it difficult and time consuming to verify calculations and leaves room for errors on the part of municipal employees. Additionally, if the cards are lost or destroyed it would take considerable effort to reconstruct the amounts owed to the employees.

Severance Payments and Compensatory Time

We also reviewed severance payments made by the municipalities to determine if the amount of each lump sum payment was accurate and if the payment was in compliance with the applicable CBA or municipal ordinance. These payments, totaling nearly \$2.6 million, included payouts for accumulated sick, vacation and compensatory time as well as terminal leave pay based on length of service. Table 2 shows the amounts paid for the period January 1, 2010 to December 31, 2011 at each municipality we reviewed:

**Table 2**

<b>Benefit Type</b>	<b>Hillside</b>	<b>Perth Amboy</b>	<b>Gloucester City</b>
Compensatory Time	\$285,818	\$90,691	\$0
Vacation Time	\$419,927	\$265,373	\$28,521
Sick Time	\$102,592	\$585,942	\$190,047
Terminal Leave Pay	\$457,453	\$0	\$0
Other	\$123,548	\$9,616	\$0
<b>Total Payouts</b>	<b>\$1,389,338</b>	<b>\$951,622</b>	<b>\$218,568</b>
Number of Employees Paid	30	25	15
<b>Average Payout per Employee</b>	<b>\$46,311</b>	<b>\$38,065</b>	<b>\$14,571</b>

A significant portion of these payments were attributable to the municipality not establishing caps on the allowable amount of payouts upon retirement.

In Hillside, we specifically noted the following:

- Of the 30 employees who received severance payouts, 15 employees exceeded \$50,000. In 2011, one employee received a severance payment of \$152,305.
- Of the \$1,389,338 in severance payouts, nearly \$300,000 was attributed to accumulated compensatory time.

Upon retirement, most Hillside employees are entitled to terminal leave pay. This pay is equal to between one to three day's pay for each year of service. Of the \$1,389,338 in Hillside's severance payouts, \$457,453 was attributed to terminal leave pay.

In Perth Amboy, of the \$951,622 in severance payouts, \$585,942 was attributed to accumulated sick time payouts. The large amount of sick time payments is attributable, in part, to the majority of Perth Amboy's CBAs allowing sick time payouts up to 150 and 200 days. One employee received a total severance payment of \$164,265 of which \$111,555 was attributed to sick time accumulation. If Perth Amboy had adopted the State limit of \$15,000 on sick time payouts, the municipality would have saved \$375,102 in such payouts during 2010 and 2011.

We also identified severance payments for accumulated sick, personal or vacation time in excess of the allowable limits prescribed by their respective CBAs in Perth Amboy. The overpayments totaled approximately \$37,000.

Like Perth Amboy, most of Gloucester City's severance payments resulted from accrued sick time. Specifically, of the \$218,568 in severance paid during the audit period, \$190,047 was attributed to accumulated sick time payouts. The largest payout to one individual for accumulated sick time was approximately \$45,000.



Perth Amboy and Gloucester City have taken steps to reduce and/or eliminate some of these benefit payments since our audit began. For example, Perth Amboy has eliminated longevity payments for all new hires in five of their eight CBAs. Similarly, Gloucester City has eliminated longevity payments in six of their seven CBAs.

#### Unemployment Benefits

During 2010 and 2011, school crossing guards received unemployment benefits of approximately \$95,000 from Hillside; \$124,000 from Perth Amboy; and \$25,000 from Gloucester City. The municipalities pay 100 percent of the unemployment benefits.

In all three municipalities, we identified school crossing guards who collected unemployment benefits for time periods during which they were working. All three municipalities paid these benefits without comparing the timesheet records of these employees to their weekly unemployment claims. Specifically, we identified:

- 16 school crossing guards in Hillside were paid a total of approximately \$3,400 in unemployment benefits for time periods during which they were working.
- 24 school crossing guards in Perth Amboy were paid a total of approximately \$12,600 in unemployment benefits for time periods during which they were working.
- 1 school crossing guard in Gloucester City was paid approximately \$1,200 in unemployment benefits for time periods during which she was working.

We have referred these instances of improper collection of unemployment benefits to the Department of Labor and Workforce Development for review.

Perth Amboy has informed us that they are investigating those payments and has already received credits of over \$5,000.

We also considered the issue of school crossing guards collecting unemployment benefits during school breaks. State law provides that school district employees are not eligible for unemployment benefits during school breaks in accordance with *N.J.A.C. 12:17-12.4*. However, school crossing guards are not school district employees. State law requires that school crossing guards be appointed by the municipal chief of police or other chief law enforcement officer and shall be under the supervision and direction of such law enforcement officer in accordance with *N.J.S.A. 40A:9-154.1*. Because school crossing guards are employed by the police department of their respective municipality, they are entitled to receive unemployment benefits during school breaks, including both summer months and holidays.

In February 2012, legislation was introduced but not enacted that would have prohibited school crossing guards from receiving unemployment insurance during the summer or other school breaks, so long as there was reasonable assurance that they would be rehired.

According to the New Jersey Department of Labor and Workforce Development, approximately \$7 million in unemployment benefits is being paid statewide to school crossing guards on an annual basis, all funded by the respective municipality.

### **Recommendations**

1. In future CBA negotiations, Hillside, Perth Amboy and Gloucester City should seek to reduce or eliminate annual longevity payments to their employees.
2. Perth Amboy should eliminate its current use of paper payroll cards and consider using an electronic form of payroll records or other method that will ensure proper calculations and record retention.

3. Perth Amboy should establish controls to ensure that severance payments do not exceed allowable limits as prescribed by its CBAs.
4. In future CBA negotiations, Hillside, Perth Amboy and Gloucester City should seek to reduce cash payouts to employees upon separation.
5. Hillside, Perth Amboy and Gloucester City should implement procedures to ensure proper review of unemployment claims and verify employment information concerning crossing guards to ensure that crossing guards are not receiving unemployment benefits for periods when they are working.

## **Business Administration**

*Hillside's failure to hire a Business Administrator violates State Statute and results in an organizational weakness.*

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The function of a Business Administrator (BA) is to supervise all Township administrative functions and enforce all Township policies. In Hillside, the BA is a required position pursuant to *N.J.S.A. 40:69A-44*. This law provides that “the department of administration shall be headed by a director who shall be known and designated as business administrator.” In addition to State law, Hillside has an ordinance requiring that a BA head the Department of Administration and Finance.

According to Hillside, the Township has never had a Business Administrator. In fact, the Township has not had a BA as required since it changed its form of government to the Mayor-Council form in 1997. Hillside's failure to hire a BA is a violation of both State law and its own ordinance, and may result in a lack of oversight and enforcement of Township policies.

### **Recommendation**

6. Hillside should hire a Business Administrator in accordance with *N.J.S.A. 40:69A-44*.

## REPORTING REQUIREMENTS

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We provided a draft copy of this report to officials from the Township of Hillside, the City of Perth Amboy and Gloucester City for their review and comment. Their comments were considered in preparing our final report and are attached as Appendix A. An audit response is not required, and Gloucester City chose not to provide a written response.

We note that in their audit responses the municipalities indicated that some of our recommendations have already been implemented. For example, Hillside stated that they have hired a part-time Business Administrator and Perth Amboy indicated that they have eliminated paper payroll cards.

The Office of the State Comptroller is required by statute to monitor the implementation of our recommendations. To meet this requirement and in accordance with *N.J.A.C. 17:44-2.8(a)*, following the distribution of the final audit report, the Township of Hillside, the City of Perth Amboy and Gloucester City shall report to the Office of the State Comptroller within 90 days the corrective action taken or underway to implement the recommendations contained in the report and, if not implemented, the reason therefor.



## Township of Hillside

Union County, New Jersey

Treasurer's Office

December 8, 2014

Municipal Building  
John F. Kennedy Plaza  
1409 Liberty Avenue  
Hillside, NJ 07205  
(973) 926-5051  
(973) 926-1871 (fax)

Honorable Mayor Garretson

1409 Liberty Avenue

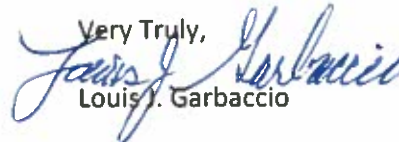
Hillside, New Jersey 07205

Dear: Mayor Garretson:

Per your request, I have reviewed the report issued by the Office of the New Jersey State Comptroller and have come to the following suggestions for answers to the issues raised in the State Report.

1. The Township of Hillside currently is looking to negotiate all labor contracts and the labor council will be instructed to negotiate out the provisions for longevity in all contracts, or as a minimum to negotiate a reduction in the longevity provisions in all contracts.
2. The Township will look to eliminate or at a minimum reduce cash pay outs upon separation with employees. At a worst case limit the Township cash pay outs to a dollar amount not to exceed \$ XXXXXX.
3. The unemployment costs that the Township is incurring each year is related to the Township Crossing Guards and the time that they are off during the year which is holiday and summer vacation that the schools have annually. In this situation if the Township could continue the Crossing Guard's employment during these down times in other areas such as the Township Swimming Pool Utility, surveying the Township dog licenses, running supervised recreation programs as some suggestions.
4. The Township has hired a part-time Business Administrator who is currently on staff for the Township.

Please provide me with any questions that you might have regarding these suggestions.

Very Truly,  
  
Louis J. Garbaccio

Deputy Chief Financial Officer

## Appendix A - Auditee Response

William P. Challice, Director Audit Division  
Office of the State Comptroller  
P.O. Box 024  
Trenton, NJ 08625-0024

Subject: Final Draft Report: "Controls over Personnel and Fiscal Practices at Selected New Jersey Municipalities"

December 9, 2014

Dear Mr. Challice,

This letter represents the City's response to the Final Draft copy of "Controls over Personnel and Fiscal Practices at Selected New Jersey Municipalities." In general we are proud to report that the few accurate deficiencies cited in the audit have been addressed since the audit period ended in 2012 and those corrective actions implemented since that time have been identified below.

However, there are a number of factual corrections that we are requesting be made to the report related to Perth Amboy. Furthermore, we respectfully disagree with the characterizations of some of these issues, particularly related to unemployment benefits for crossing guards and separation pay for employees. Below you will find additional information that offers a more comprehensive view of the topics covered in the report and we request that this information be used to revise and/or supplement the report such that a more accurate picture is presented.

The City of Perth Amboy wishes to draw attention to the following matters identified in the report for which the City is criticized:

**Page 1** – Paragraph 2: "According to payroll data provided by the City, it employed 500 employees in 2011..."

To accurately demonstrate the employee populations of the City, the following words should be included: "full time, part time, permanent, provisional, probationary, temporary and seasonal." The document leaves the impression that all 500 are full time permanent employees. The City since 2008 has trimmed its full time employees by almost 100 leaving it with less than 340 full time permanent employees.

**Page 3** – "...we found that certain employees received non-performance based longevity increases to their base salary in addition to their promotional and cost-of-living increases."

The report should make it crystal clear that these payments are made in accordance with collective bargaining agreements, the most expensive of which are subject to binding interest arbitration. The City has been successful in eliminating the benefit for new employees in 5 collective negotiations units so far. Three contracts will expire at the end of this year. For these three, this will be City's first opportunity to effect change since the Interest Arbitration reforms

went into effect. In addition, the City successfully reduced the number of longevity increments for many existing non-public safety employees. It should be recognized in the report that collective bargaining in New Jersey, especially for public safety units, makes change for the benefit of taxpayers a very difficult objective to achieve.

**Page 4** – “...while in Perth Amboy the municipal clerk received a longevity payment of \$16,580 in 2011.”

It should be noted that statutory officers in municipalities, including the Municipal Clerk, are statutorily entitled to parity with other employees (NJSA 40A: 9-165), including public safety units who have benefited from favorable collective bargaining over the last several decades. Therefore, this longevity payment is a creature of the collective bargaining process.

**Page 5** – “We further found that in Perth Amboy, annual wage increases are manually determined on paper ‘payroll cards.’”

The report is historically correct but does not offer a full picture. While the payroll cards at the time were indeed manual, many of the calculations documented there were produced through spreadsheets and other electronic records that were cross referenced with CBAs and applicable ordinances. Nonetheless, the Division of Finance staff subsequently spent many months converting this manual system to an automated system which was completed in mid-2013, even in the face of limited resources to address a labor intensive solution to a historical condition.

**Page 6** – Paragraph 5: “We also identified severance payments for accumulated sick, personal or vacation time in excess of the allowable limits prescribed by their respective CBAs in Perth Amboy. The overpayments totaled \$37,000.”

We have reviewed the detail submitted by the auditor on this matter and have the following comments for your consideration.

#### **Background**

When this administration came into office it found many instances whereby the prior administration had spent money today borrowing it from the future. This was not limited to assembling the third highest per capita debt in the state. Borrowing from the future took many forms. Among these was allowing employees, in some cases encouraging employees, to work today and postpone taking vacation and other leave time and accumulating compensatory time for restitution sometime in the future. It turned out that sometime in the future was when this administration took office.

Based on this practice, the Diaz Administration inherited from the immediate prior administration enormous and inordinate amounts of unused leave. Most of the leave was well beyond the limits that existed in statutes, let alone collective negotiations agreements.



### **Employee Perspective**

The position of these employees and their union leaders was that these accumulations were not only sanctioned by the prior administration but employees were encouraged not to take the time off and to bank it for future use or payment. The most egregious case was the accumulations of compensatory time in the Department of Police. As the OSC should have seen during their audit, the City has been under enormous fiscal strain since this administration took office. The systemic deficit of over \$10 million in FY 2009 in the current fund and the actual deficit of almost \$900,000 in the Water and Wastewater Utility are mere indications of this deep fiscal hole in which the City found itself. There has not been sufficient funding available to pay these employees for the promises of the prior administration.

### **Corrective Action Plan Strategy**

Therefore this administration first assembled an inventory of accumulated, unused leave time in the various departments. During 2010, each department was put on notice to begin the process of eliminating the banks of time that employees had accumulated. Each department was given the years of 2011, 2012 and 2013 to deplete these banks of time so as not to adversely affect service delivery and not cause a grave increase in overtime. Most departments, especially Public Works and Fire, depleted these excessive banks of leave time within this time frame. This effort culminated in late 2011 when the Mayor implemented Executive Order 6-12 to limit the accumulation of compensatory time with special emphasis on the Department of Police.

Prior to this time however, the banks of leave time existed and before they could be depleted, the employees had a right to be paid for the time if they retired prior to the depletion. Statutorily, compensatory time must be paid prior to retirement.

### **Vacation Leave**

Of the examples cited under vacation leave, persons retired prior to the final depletion of their vacation leave. One public safety employee suffered a catastrophic injury on duty and had to take an accidental disability retirement. He had no opportunity to utilize his time prior to his retirement. Similarly, all of the other employees identified in this category could not have used their vacation time prior to retirement.

### **Personal Leave**

The single employee shown under this category of leave is identified as having accumulated 48 hours in excess of the standard. This occurred in 2009-10 near the beginning of the transition, prior to the above identified reform actions. The City took great pains to significantly improve the leave banks that had been accumulated by departmental employees, bringing them into conformance with City policies and CNA's. By the end of 2012, no employees exceeded the established limits of accrual.

## Sick Leave

The report is correct that an employee was paid for 1,284 hours when he should have been limited to 1,200 hours. To prevent future overpayments of this type, over the last year the City has developed a payment authorization sheet to be executed by the department head, the employee with reviews by personnel and payroll.

## Unemployment Benefits:

- **On Page 3** – Paragraph 3: “A lack of review by the municipalities allowed these payments to occur.”
- **& Page 8** – “[Perth Amboy] paid these benefits without comparing timesheet records of these employees to their weekly unemployment claims. ...24 crossing guards in Perth Amboy were paid added total of approximately \$12,600 in unemployment benefits for time periods during which they were working.”

The report goes on to describe school crossing guards receiving unemployment compensation while working, suggesting that the municipalities permitted this. Furthermore, the City strongly disagrees with the findings of the report that these payments resulted from “a lack of review” by the City’s staff. On the contrary, the City often spends considerable time disputing unemployment claims made by employees only to have the dispute be unsuccessful despite more than adequate information provided to support the City’s position. However, it is our belief that the NJ Unemployment Office is not capable of efficiently reviewing claims disputed lodged by employers who are then obligated to pay the bill. Evidence of this inefficiency can be found related to 2 of the claims in question in this audit because the City did not receive credit from some of these claims until more than three years later. Therefore, it is inaccurate to say that the payment of these claims resulted from inattentiveness on the City’s part.

To gain full understanding of this issue, one must understand the process. A school crossing guard, or any employee for that matter, submits a claim to the NJ State Unemployment Office. The Office informs the employer, in this case, the municipality, of the claim. The municipality is given an opportunity to object, which it often, if not always, does. Then the claimant is given the benefit of the doubt invariably by the Unemployment Office hearing officer. 9.9 times out of 10, the hearing officer sides with the claimant and against the municipality. These hearings, when done, are verbal and there are no written records of the decision nor does the City receive notice that the dispute is rejected. The City is then billed and pays. It should be noted that, similar to the pension bill, the unemployment bill received by the City is in total and does not provide an itemized list of claims from which to compare against payroll if it were even possible to dispute a bill from the State of New Jersey.

We have found evidence that the claims cited here are not all incorrect. The alleged overpayments total \$12,621.00 for which the City has received credit of \$5,530.00, leaving the balance at \$7,091.00. 19 of the 24 crossing guards filed claims related to the week ending 9/11/2010, with 17 of them having not worked at least two days that week. According to the State of New Jersey, Department of Labor and Workforce Development website, a claimant may

be eligible for partial unemployment benefits while working part time due to lack of work, which was the case in this instance. The total paid for these 17 claims was \$1,736.00. In total, our analysis shows that \$4,580 of those claims are claims made while schools were not in session, leaving \$2,511 in questionable claims that the City continues to investigate. .

Certainly, the City should and will further investigate this alleged overpayment balance when time and resources permit, as well as address the matter going forward, but allow us to address this issue from an overall perspective. The majority of unemployment claims filed against the City of Perth Amboy are protested upon the initial notification. Most often school crossing guards are automatically afforded unemployment when school is not in session or during the summer break. The City has protested this for at least 6 years through the following methods: establishing employment contracts for the crossing guards, offering summer employment, protesting the provision of unemployment for days that schools are scheduled to be closed, etc. In every case, unemployment has been awarded to the school crossing guards by the State despite protest on our part.

Furthermore, every time the City has received the Weekly Wage Information Request form from the State, the City has provided the weekly wage information as requested. It is our understanding that this submission should then be matched with the claimant's unemployment claim by the State agency to determine overlap and as a means of determining overpayment. The City has also provided on numerous occasions information in written form stating that the crossing guard is/was still employed. To note that "a lack of review by the municipalities allowed these payments to occur" is not wholly true. Not addressing certain shortcomings of the State Agency that paid the unemployment to them (even based on the wage and hour information we provided) merely puts the blame onto others when, in fact, there should be shared responsibility.

#### RECOMMENDATIONS:

1. The report recommends reduction or elimination of longevity. Within the constraints of the Employer-Employee Relations Act and Binding Interest Arbitration the City has successfully begun this process and achieved the elimination of longevity for new hires in 5 CBAs. The reduction or elimination of longevity will continue to be a priority in future negotiations.
2. The report recommends elimination of paper payroll records. The City accomplished this objective well over a year ago.
3. The report recommends establishing controls to assure that severance payments do not exceed limits. The City has implemented internal controls with departmental and administrative review required to ensure that payouts are accurate. We have also implemented an electronic time keeping system to further improve management of paid leave accrual and usage.
4. The report recommends that the City seek to reduce cash payout upon separation. The City is eager to control these costs as much as possible and seeks to make progress towards its reduction during every collective bargaining session. However, the City is limited in its ability to achieve this goal without State support and/or legislative intervention. These payouts are the product of decades of favorable collective bargaining for which it is not

possible to eliminate these clauses cost effectively. Further, because the statutory offices are guaranteed parity with other employees, these agreements set a pattern for other employees, further exacerbating the issue.

5. The report recommends instituting procedures to ensure proper review of unemployment claims and verification of employment information concerning school crossing guards. First, the City does this with almost every unemployment claim and has done so since at least 2011. To the extent that this process can be strengthened further the City will endeavor to improve our claims review. However, the operational policies within the State Unemployment Offices works strenuously against our objective to contain and limit these unemployment compensation authorizations granted by the Office. If the Legislature and the Governor would eliminate the ability of school crossing guards to make these claims, this would not be a problem. The City's efforts to employ guards during the summer is a strategy that has resolved some of the problem. But these positions are related to the school year and should be treated similarly to teachers and other educational employees who are not afforded unemployment benefits during school breaks.

The City thanks you for the opportunity to provide knowledgeable and critical comments on the conclusion contained within this report. Please find attached supporting documentation regarding this correspondence.

Sincerely,



Jillian C. Barrick,

City Administrator