

# ***State of New Jersey Commission of Investigation***



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## **SCI FINDINGS, RECOMMENDATIONS TRIGGER ACTION ON PUBLIC BENEFITS AND HIGHER EDUCATION REFORM**

TRENTON – New Jersey lawmakers have taken significant action in recent weeks on important systemic reforms recommended by the State Commission of Investigation, introducing bills to crack down on local government employee benefit abuses and enacting legislation to overhaul public higher education.

“These actions make it abundantly clear that the SCI’s mission to shed light on waste, fraud and abuse in government and to recommend sensible systemic reform is more vital than ever,” said Commission Chair W. Cary Edwards. “In its more than four decades of existence, the SCI’s work has produced tens of millions of dollars in taxpayer savings and resulted in many important statutory, regulatory and administrative improvements to bolster the integrity of government at all levels.”

“At a time when safeguarding taxpayer dollars is paramount, the SCI is doing its job to protect the public trust,” Edwards said.

Comprehensive legislation introduced in the State Senate this week addresses key recommendations outlined by the SCI in its December 2009 report, *The Beat Goes On—Waste and Abuse in Local Government Employee Compensation and Benefits*. The SCI investigation revealed how millions of dollars are wasted through extravagant benefit practices for local government employees, including paid time-off for personal business, such as Christmas shopping or moving, and the cashing-in of unlimited amounts of unused sick and vacation leave.

The inquiry revealed more than \$39 million worth of excessive cash benefit payouts to public employees in just a fraction of New Jersey’s local government entities. Extrapolated statewide, action to curtail such extravagance would result in enormous savings – especially given the fact that, in addition to State aid, nearly \$40 billion is spent by local taxpayers every year to fund municipal governments, school districts and local public authorities.

The text of one reform measure, S-945, notes that “...this SCI report clearly and effectively demonstrates that many local governing bodies have behaved in the past, and are currently behaving, very cavalierly in granting their employees excessive compensation and benefits funded by local property tax dollars.”

The proposed legislation integrates all of the Commission’s reform recommendations, including standards for the employment of local government officers and employees, uniform limits on employee leave to conform with time granted to State

employees, the elimination of terminal leave and a requirement that all local government employees contribute toward the cost of their health care coverage. Pending legislation would also implement a significant number of dollar-saving public pension reforms that have been suggested by the SCI in an assortment of investigations over the past 15 years.

These steps follow closely in the wake of legislation enacted in January to implement many key recommendations made by the Commission in its October 2007 report, *Vulnerable to Abuse: The Importance of Restoring Accountability, Transparency and Oversight to Public Higher Education Governance*. Among the most significant improvements are provisions for greater administrative and financial oversight of higher education institutions and the creation of a cabinet-level position of Secretary of Higher Education. The new law also requires four-year public institutions of higher education to appoint internal auditors to periodically examine and report upon the adequacy of internal controls. In addition, the statute strengthens state college and university governing boards and implements Sarbanes-Oxley style standards to improve fiscal accountability.

“This law is a significant step forward in creating a proper balance of governance and oversight in public higher education without reverting to the burdensome structure of bureaucratic state involvement in the past,” Edwards said.



*The State Commission of Investigation is an independent New Jersey watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of reports are available at the Commission’s offices or via its Web site at [www.state.nj.us/sci](http://www.state.nj.us/sci).*