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# ***Committee Meeting***

of

## **ASSEMBLY LABOR COMMITTEE**

*“To provide representatives of business and labor and members of the general public an opportunity to express their concerns and objectives to the committee, relating to issues which may be addressed during the 2000-2001 session”*

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**LOCATION:** Committee Room 9  
State House Annex  
Trenton, New Jersey

**DATE:** January 24, 2000  
10:00 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Assemblyman George F. Geist, Chairman  
Assemblyman Samuel D. Thompson, Vice-Chair  
Assemblyman Nicholas R. Felice  
Assemblywoman Arline M. Friscia  
Assemblyman Gary L. Gear



### **ALSO PRESENT:**

Gregory L. Williams  
*Office of Legislative Services  
Committee Aide*

Patrick Stewart  
*Assembly Majority  
Committee Aide*

Jennifer Sarnelli  
*Assembly Democratic  
Committee Aide*

***Meeting Recorded and Transcribed by***  
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Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**ASSEMBLYMAN GEORGE F. GEIST (Chairman):** Good morning. Welcome to the Assembly Labor Committee inaugural session of this session. At the outset, let's have a roll call.

MR. WILLIAMS (Committee Aide): Assemblyman Guear.

ASSEMBLYMAN GUEAR: Here.

MR. WILLIAMS: Assemblywoman Friscia.

ASSEMBLYWOMAN FRISCIA: Here.

MR. WILLIAMS: Assemblyman Felice.

ASSEMBLYMAN FELICE: Here.

MR. WILLIAMS: Assemblyman Thompson.

ASSEMBLYMAN THOMPSON: Here.

MR. WILLIAMS: Assemblyman Geist.

ASSEMBLYMAN GEIST: Here.

Thank you.

The Chair's personal preference will be to begin our Committee meetings at 10:00. I look forward to working with the new members.

For purposes of this Committee, since today is a listen and learn session, I thought we could listen and learn about our members first, so that those in the audience know more about the members on this Committee. I am really excited about the new team. I was personally pleased to learn of Speaker Collins' and the Minority Leader's recommendations for this Committee. This Committee is, for all intents and purposes, almost a new Committee, because we will -- having the vitality and the energy and the experience of our new members.

Our new members really need no introduction. But for purposes of today, I would like if all of the members could do a self-introduction so that everyone can get to know one another better.

I am very pleased to have, as a colleague on this Committee, someone who sometimes we call the Speaker, because he is our Speaker Pro Tem. And for the initial self-introduction, I'd like to call upon our senior member, my friend, Assemblyman Nicholas Felice.

Welcome to our Committee, Nick.

ASSEMBLYMAN FELICE: Thank you, Mr. Chairman and members of the Committee. I can't say, "Gee, as a new freshman then," because he took away the fact that I'm pleased to have served -- be the Dean on the Republican side, along with my colleague, the Minority Leader, Joe Doria, who is the Dean on the other side.

Basically, through the years and the different committees that I've served on and been a part of, it's important that you see how each committee is important to the other committees for the benefit of the State. The Labor Committee, certainly, is very crucial to the economic development and progress of the State of New Jersey. Certainly, it's going to be a Committee with a lot of challenges, because it interacts with so many other things. Anytime you put in the mandate for a piece of legislation in any other committee, it eventually affects this Committee, which is the Labor Committee. So it's going to be a very important liaison committee, with everything else we're doing in the State. And there isn't a piece of legislation that we've passed that doesn't, in some way, affect this Committee.

It is my pleasure to serve with the distinguished members on both sides of the aisle. Good luck to you and the other members of Committee.

ASSEMBLYMAN GEIST: Thank you, Speaker Pro Tem.

Today we have another new member. He is someone that I really look forward to working with. We work together well, but now we'll work together as colleagues on this Committee, Assemblyman Samuel Thompson.

Welcome, Sam.

ASSEMBLYMAN THOMPSON: Thank you, Mr. Chairman.

I think Nick did a great job of summarizing the importance of this Committee, and I, too, am looking forward to working with you, Mr. Chairman, and the other new members of the Committee.

Assemblyman Felice is far better known than I, because he has been around here quite a while.

A little bit of my background: I have, of course, just completed my first term. I was serving on the Health Committee and on the Transportation Committee. My background, basically, I have a Ph.D. in physical chemistry from Louisiana State University. I worked for the State Department of Health for 22 years, directing a variety of their laboratory programs, and then 3 years with the Turnpike Authority, first as Director of Planning Analysis and Government Relations, and later as a communications director. And now, I am functioning as a full-time legislator. So if you don't catch me here, you can catch me in my office most anytime. If I'm not down here, I'm there. And many of you I've worked with in other areas before, and I look forward to continuing to do so.

Thank you.

ASSEMBLYMAN GEIST: Thank you, Sam.

I'd like to call upon my colleague again. She and I are back. We're the only ones back. We work together well. Last session, we were the co-authors of the legislation increasing the minimum wage in New Jersey. And I welcome my colleague and friend back to introduce the minority side in a Committee where it just doesn't matter, because we work together so well.

Assemblywoman Arline Friscia.

ASSEMBLYWOMAN FRISCIA: Thank you, Mr. Chair. It is a pleasure to be back for the third term now on this Committee. This Committee is my love. I think I'm the only member of the Legislature who has a labor background. I was a teacher, and I worked as a union representative for the NJEA for several years. And I have walked the walk. I have talked the talk and walked the walk. I have been there. I think I have a special feel for labor issues, and, hopefully, I bring a little something different to this Committee.

I've had few careers, and I now have the luxury of serving as a full-time legislator, as my colleague, Mr. Thompson, does. And I am very happy to be accessible to all of you at any time. I'm usually in my office from 8:00 -- 8:30 in the morning until about 6:30 or 7:00 at night. So I look forward to working with all of you and look forward to another good session, Mr. Chairman.

ASSEMBLYMAN GEIST: Minority Leader, could you introduce the minority member?

ASSEMBLYWOMAN FRISCIA: I'm sorry, Mr. Chair.

ASSEMBLYMAN GEIST: Could you introduce your colleague?

ASSEMBLYWOMAN FRISCIA: Yes. We now have a new member in the Democratic side of the Assembly. I am very pleased that he's going to be serving with me on the Labor Committee this year. And I would like to introduce Assemblyman Gary Gear.

Gary, welcome to the Committee.

ASSEMBLYMAN GEAR: Good morning. Thank you.

I'm currently an active detective with the Trenton Police Department. I have in excess of 25 years of service with the police department. I previously served as the State Delegate with the PBA -- liaison between Trenton and the State PBA. I'm currently the PBA President. I have my papers in for retirement for April 1. I will be a full-time legislator for some time. I look forward to working with my colleagues, my constituents, and everyone in the labor community.

Thank you.

ASSEMBLYMAN GEIST: Thank you, Assemblyman, and welcome to our Committee.

ASSEMBLYMAN GEAR: Thank you.

ASSEMBLYMAN GEIST: We look forward to working with you, and we know of your pro-labor record as a member of the PBA family. And I look forward to, personally, working with you a great deal.

Most of you know the Chairman, but this session comes with new challenges, in that once again my colleagues in South Jersey have selected me to be the Co-Chair of the South Jersey Delegation. So as I reference this Committee, I reference the fact that we, truly, do work together on both sides



of the aisle. Assemblyman Joe Roberts is my South Jersey Delegation Co-Chair.

In this Committee forum, my Committee assignments enable me to work with business and labor. The Speaker selected me to serve on the Commerce Committee, the newly formed Telecommunications Committee, and to be here, again, for my third term as Chair of this Labor Committee.

This morning's attendance is very encouraging to me, because it provides an opportunity for all of us to listen and learn about our issues of importance. Today we bring together labor and business to listen and learn about one another.

And it's only appropriate that we start this forum by listening and learning about someone whose name is synonymous with leadership. He is our distinguished Commissioner of Labor. He is someone I'm proud to call my friend. I enjoy working with him as Governor Whitman's appointment to the State Employment and Training Commission. I will be with the Commissioner again tomorrow morning as we work to implement New Jersey's Workforce Investment Act. It's only appropriate that we begin this session with our Commissioner.

As always, it's a pleasure. Welcome, Commissioner Melvin Gelade.

ASSEMBLYMAN FELICE: Mr. Chairman, while the Commissioner is coming, if I may just take a second.

ASSEMBLYMAN GEIST: Surely.

ASSEMBLYMAN FELICE: As you notice the membership, three of us are full-time legislators. I'm a retired engineer. We'll have a fourth one

coming on board. I think the trend is that you ought to consider joining the retired full-time legislator organization we're starting here on this Committee.

ASSEMBLYMAN GEIST: I appreciate that, and I'm sure my wife would confirm that I already am. And I'm proud to do that as someone who hosted -- about to be -- town meeting 100 this session. So I look forward to working with my colleagues as we make our commitment to good government.

Commissioner, it's always a pleasure.

**COMMISSIONER MELVIN L. GELADE:** Thank you very much.

Good morning, Mr. Chairman and Vice Chairman Thompson and members. It's a pleasure to have this opportunity to come before you and talk a little bit about the Department of Labor.

I have with me three members of my staff. Behind me is Barbara Dyett, who is the Chief of Staff at the Department and is responsible for most of the internal administration of the Department; my Deputy, Mark Boyd apologizes that he couldn't be here this morning. He had a personal family matter to take care of. I also have our Legislative Liaison, who I know works with Mr. Williams and your Committee, sir -- Wayne Marlin; and finally, Kevin Smith, who is our Director of Communications. Kevin makes those things that I say poorly sound good in print.

The New Jersey Department of Labor has accomplished a great deal these past few years, and we'll continue to supply employers with quality workers and workers with the kind of training that they need to deliver the type of jobs that keep New Jersey thriving.

While the Department does deliver nearly \$2 billion in benefit payments annually to help workers provide for themselves and their families when they lose jobs, we also are very proud we are working to keep New Jerseyans at work and to keep those payments to a minimum. We'd rather see people earning the full wage.

Among the points that will stand out as Governor Whitman's legacy are the efforts of her administration, working with this Legislature, to make government responsive to the needs of business, and working to make New Jersey's education and workforce development systems capable of producing a world-class workforce.

Several Department of Labor initiatives are helping to develop the kind of high quality workforce that New Jersey employers will need to successfully complete -- compete in a global and high-tech economy.

The first thing I'd like to talk about is our Educating the Educators Program. We have a program every summer, where teachers from around the state come and bring their experience and insight into what employers need from workers back into the schools. Nearly 150 New Jersey school teachers and counselors have spent six weeks during the past four summers in this program -- the Educating the Educators in the Workplace Program. These are paid internships designed to provide educators with authentic experience in today's workforce.

They learn about how the Department of Labor functions, what our employment service does, how we do job training. And we think that the feedback that comes back from those teachers into the classroom is a great

benefit to their students and also to them. And they become quite excited about seeing what the job market has to offer out there.

In 1999, the Educators in the Workforce Program was expanded using a Department of Labor customized training grant awarded to an employer consortium led by the New Jersey State Chamber of Commerce. This private sector oriented, pilot program is such a success that, in the summer of 2000, there will be about 250 more New Jersey public school educators involved in the program.

Another aspect of this is the Youth Connections to the Workplace policy. We're developing youth councils. As all of you probably know, the Federal Workforce Investment Act has mandated each locality develop a youth council to bring youth concerns into the forum. The State of New Jersey is going to create -- is in the process of creating a statewide youth council, not to usurp any of the work of the local youth councils, but to be a source of information and a source of support to the local youth councils to make certain that youth issues that are considered as policies are developed and implemented.

The State Employment and Training Commission, which is in, but not of, the Department of Labor, and of which Chairman Geist is a respective member-- And I may say that Chairman Geist has attended every session of the SETC since he was appointed to it. We are very privileged to have the benefit of the Chairman there. This SETC has helped develop a unified plan for the Workforce Investment Act. It was submitted to Washington, approved, and New Jersey is one of the early implementation states.

This plan is unified because it's submitted on behalf of not only the New Jersey Department of Labor, but also Human Services, Education, and Transportation -- one document covering all of our various programs. This makes us one of a handful of states that have such a unified plan in the country.

And the New Jersey economy, because of these -- our early implementation and our preparedness for the new Workforce Investment Act-- I'm proud to say that as a result of Governor Whitman's efforts to make New Jersey a better place to live, to work, and to raise a family for all of our citizens, the State's economy has continued to thrive. Job growth in each of the past five years has exceeded 50,000, and in the last 12 months, it exceeded 63,000, almost 64,000, new jobs.

Our unemployment rate, in December, hit 4.1 percent. There was one other time, back in February of 1999, that it hit 4.1 percent. And at that time, I cautioned that the monthly rate isn't, necessarily, a harbinger of how things are going to be in the future or how they were in the past. We look at trends. And since that time, the rate rose a little bit in the first half of 1999, but since June, it has been coming down steadily. And I called the 4.1 percent last February, when asked about it by the reporters, that it was not a trend, that we were proud of it, we trumpeted it, but we didn't think it was necessarily that firm. Well, I can tell you that the 4.1 percent now is a trend. It is pretty firm. It puts us in good standing that we have virtually full employment. And we've had 26 straight months of under 5 percent unemployment.

The last general subject I want to talk about is the Census 2000. This Department and our Department of Research and Analysis is the lead agency in conducting the 2000 census. These census figures are used to distribute over \$6 billion in Federal aid. And I can tell you that on behalf of the Governor, the New Jersey Department of Labor has been working with the Census Bureau to assure that everyone is counted. And we will continue to do that. No matter where people live and no matter what type of politics they may be represented by, it's essential that all our citizens be counted.

As for some of the areas that our Department maintains, first I'd like to talk about the Division of Workers' Compensation, which, as you know, provides benefits to workers who are injured in job related illnesses or injuries. And there has been a fifth consecutive annual reduction in premiums for workers' compensation, representing \$22 million in cost savings in the year 2000. Benefits for workers, on the other hand, continue to rise, because they're based upon the State industrial wage rate, and the current weekly benefits for workers' compensation -- maximum benefits are \$568.

The workers' compensation premiums went down by almost 28 percent in the past five years. And I have the-- I don't want to bore you with the each-year average, but I can tell you that the reason that those rates have gone down is a concerted effort by business and labor in this state to make New Jersey a safe place for all of our workers.

I notice that we have, in this room today, representatives of the AFL-CIO, Business and Industry, the Chamber of Commerce, Retail Merchants. All of these organizations are actively involved in job training and in safety training in particular. The New Jersey State Industrial Safety Council

and the New Jersey Safety Committee have conferences every year. And these conferences are overly subscribed. We had, I think, over 600 people at the last one -- representatives of labor and business throughout the state.

We have really worked in cooperation with each other to make sure that the workplace is as safe as possible. Our job safety rates are well below the national average, both in the private sector and in the public sector. And we're very proud of that.

As for the unemployment compensation side of the shop, we made a concerted effort this year to target uninsured employers. It's amazing that in this state we still have some employers who do not pay unemployment compensation to their employees. And that's just from people who don't make the payments and avoid the payments to those who misclassify their employees as independent contractors.

I've said publicly, and I will say it again, that there are virtually no people who are working at jobs that we traditionally know as labor jobs -- factories, warehouses, construction sites -- who are independent contractors. We have an ABC test, which is the toughest in the country. It's much tougher than the Fair Labor Standards Act. And in order to be an independent contractor, you really have to be an entrepreneur and have a business and have all the ambition of an independent businessperson.

We've attacked this twofold. Number one, we have a continuing effort by our Department using not only our Workplace Standards Investigators, who, traditionally, went after companies misclassifying employees as independent contractors. We don't have really enough of those people to do a complete job. But what we did, about a year and one-half or

two years ago was, I contacted the Department of Treasury, and they have lent us -- not lent us, they have used some of their tax investigators, because someone who misclassifies employees as independent contractors is not paying income tax, state income tax payments on behalf of those workers either.

Furthermore, those employers are not paying unemployment, TDI, and workers' comp payments. So we can use our federally funded investigators in those programs, the unemployment compensation in particular, to go out and do audits and make sure that people are complying. And we found that cooperative effort between Treasury and us and our employment side, with our workplace standards side, to be very effective.

Also, we are now cross matching our data bases with the Compensation Rating and Inspection Bureau, which is, actually, in Banking and Insurance and sets the comp rates, along with our UI records. And we're able to, by linking those two programs together, find employers who are avoiding payments and misclassifying employees.

We collected over \$100,000 in 1999, and we will continue to be on top of that issue and make sure everyone who works in New Jersey is covered by unemployment insurance.

In the issue of workplace safety, we do have a safety rate, as I said, which is well below the national average. And we will keep it that way.

One of the ways that we effectively deliver services is through the use of business service representatives. We have business service reps who are assigned, on county assignments, to the employer community. And they essentially go around and primarily inform employers as to the programs that we have to get people to work, predominately people who are coming off of



welfare and into work. But these business service reps also are trained in what other departments in State government do. They're cross trained as to how employers can get help from the Department of Commerce. They have a Commerce Commission -- and Human Services and some of the other areas in which employers interface. And they go out and market our services. They've been very well received. They direct our response team to employers who are in trouble, who may be facing imminent closure or downsizing. And they have brought us into the private sector mode of reaching out to the business community, telling them what we can provide, and, more importantly, bringing feedback back from them to us. And I can tell you that they bring a lot of complaints to us. We try to address them and reform ourselves. But every time we go out, we learn more things about what's going on in the employer and labor community.

On the unemployment insurance side of the shop, we have implemented, over the past couple of years, three remote claim centers, or RCS for short. And these are centers where employees who are unemployed can file their unemployment claims by the telephone. They are not yet at a point where they can take over all the initial filings. We still do have some face-to-face filings in the unemployment offices. But they have eliminated most of what used to be long lines for filing of claims. They allow people not to have to travel long distances, and they also -- when employees come onto the system and give prompts into the telephone, they ultimately speak with a counselor and put together the beginnings of a résumé, so that when they come in for their first interview, they're well on their way to searching for a new job. As I

say, we have three of those: one in Union City, one in Freehold, and one in Vineland. And eventually, they will cover the whole state.

We also have implemented a system of telephone adjudications. This was done starting in July 1998. And we had a procedure prior to that. There were fact-finding interviews, and there were also appeal tribunal hearings, which were conducted in person. And a lot of people, both on the employer side and the employee side, complained that it was very difficult for them to travel distances to unemployment offices for hearings. And with the start up of the RCS, we decided to try telephone fact-finding -- contacting the employee and the employer by telephone. And it is working very well, and we're trying, also, to put on-line some appeal tribunal hearings also by telephone. We're doing that on a trial basis to see how that works. We know that some people would prefer to have face-to-face contact and be able to cross examine witnesses. But in many cases, even those appeal tribunal hearings can be done, if both parties agree, by telephone conversation rather than traveling to remote offices.

We've accomplished much in the past, and we have our sights set on helping -- providing an even stronger New Jersey economy in the future. One of the things that we're doing, and hopefully it will come before this Committee, is enabling us to enter into reciprocal agreements with other states to collect claims, judgements for wages, penalties and administrative fees due under our wage and hour laws. These agreements may provide for the institution of suits by the Commissioner of Labor in the courts of another state. It's been prefiled for introduction by Assemblyman LeFevre and referred to this Committee, and Senator Kavanaugh has introduced a companion bill,

S-28, into the Senate Commerce Committee, and hopefully we can get this done during this session.

We also have a legislative initiative to redesign the reporting process used by the Division of Workers' Compensation. It will reduce the number of formal reports an employer is required to file, from as many as four down to two. And they're more in line with what is currently being used throughout the country. We have contacted the Chairman, through Wayne Marlin, and, hopefully, we can get this bill done also.

We are also looking at potential amendments to the Mine Safety Act and a temporary disability insurance law, which would make those more streamline to serve our communities.

I thank you for the opportunity to appear before this Committee, and I look forward to working with you during the coming year. And certainly, now, if there's any questions anyone has, or anyone wants to start raking me across the coals, here I am.

Thank you.

ASSEMBLYMAN GEIST: Thank you, Commissioner.

Do any of the members have any questions or comments for the Commissioner?

ASSEMBLYMAN FELICE: We'll let him go easy this time.

ASSEMBLYMAN GEIST: It's always a pleasure.

COMMISSIONER GELADE: Thank you very much.

ASSEMBLYMAN GEIST: If anyone has not yet signed up for the witness list, please see the Office of Legislative Services staff, so we can begin that process.

I'm going to strive to do what we did at the last Committee hearing, and that's both sides of the aisle one at a time. In a sense it may be like cross fire in that divergent viewpoints -- but we're certainly going to do that today in a respectful way.

I've asked, if anyone has a preference as to time sequence, to always let the Chair know, and I'll do what I can to accommodate you on your personal schedule.

The Office of Legislative Services has prepared a witness list. I believe that everyone has checked in with OLS, and that witness list sequence I'm going to rely upon at the outset.

Kevin Jarvis, the New Jersey State AFL-CIO.

Welcome back to this Committee.

**KEVIN JARVIS:** I can't believe we're back already.

ASSEMBLYMAN GEIST: Here we go again, Kevin.

MR. JARVIS: The last time we did cross fire it wasn't as much fun as this, as I recall. (laughter) Let's hope today goes a little better.

ASSEMBLYMAN GEIST: Welcome back.

MR. JARVIS: Thank you.

I know there are a lot of people signed up to testify, so, where possible, I will try and abridge the prepared comments I have made and distributed to the members of the Committee.

I would like to begin by welcoming the two new members to the Committee, although they're not new to labor. We know them well. They have been with us on a host of issues. And we're glad that they're here, and we look forward to working with them as part of the Labor Committee.

I would also like to welcome the new Assemblyman Guear. As a labor member himself, I'm sure he will bring a perspective and experience to this that will help working families throughout the state. And, of course, our two continuing members who are longtime friends and advocates of working families, Chairman Geist and Assemblywoman Friscia. We welcome you back and thank you, once again, for coming back and for always being accessible and interested in the concerns of working families.

With that said, I would like to get into some of the issues. Of course, Chairman Geist has asked that the AFL-CIO, as well as the other interested groups that are here today, come and share with the Committee their legislative agenda. In doing so, not every piece of legislation or concept I mention, necessarily, will wind its way through this Committee. But as legislators who are going to be asked to vote on a number of these on the floor, we think it's important that you get labor's perspective on these issues so that you know where it is we're coming from, whether it's in this Committee or on the floor of the Assembly.

So I'd like to begin by talking about health care. Access to quality, affordable health care is a perennial issue for working families and for the New Jersey State AFL-CIO. As insurance costs and the cost of prescription medication continue their rapid increases, we're finding that more and more families are forced to go without health care. In the United States, the number of Americans without health care is now estimated at approximately 44 million. This represents a dramatic increase over the course of the last decade.

Even more disturbing is that many of those without health care are gainfully employed. This is a startling contrast to the landscape of 20 years

ago, when the uninsured were often the hard core unemployed and unemployable. Employers, now more than ever, are cutting back on the health care they provide their employees. In many cases, employers have had to do away with health coverage for their employees altogether, due to the rising costs of insuring a family.

HMOs, once seen by government and the business community as the savior of the health care field because of their emphasis on cost containment and preventative care, have been unable to contain costs as promised. HMO premiums have been skyrocketing, while leaving most insureds unsatisfied with the quality of care they receive. And I'm sure all of you are familiar with some of the horror stories we regularly read in the newspaper of people with serious medical problems denied care or coverage for one reason or another. The short of it is that HMOs are simply not the panacea so many hoped they would be.

In addition, the recent failure of two managed care organizations in New Jersey has left thousands of providers unreimbursed for the care they have given. This jeopardizes the financial integrity of our state's doctors and hospitals and results in taxpayer funded bailouts. All the while, managed care company CEOs are being given huge salaries and golden parachutes. It is simply inconceivable that a company will pay its top corporate executives millions of dollars in salary and stock options and then cry poor when it is time to pay their bills.

The New Jersey State AFL-CIO is committed to ensuring that working families have access to employer-provided, affordable, quality health care. Employers that do not provide health care to their employees should be

required to pay into a State-run fund that would pool financial resources in order to provide health care to those employed New Jerseyans currently without such coverage. In addition, there should be tighter controls on health insurers with respect to their financial wherewithal before they are permitted to conduct business within the State of New Jersey.

This emphasis on health care includes the need to protect our State hospitals from bankruptcy and closure. A recent advisory commission on hospitals report recommends the closure of up to 10 New Jersey hospitals. This would have a devastating effect on the communities where these hospitals are closed, both in terms of access to care and in the loss of jobs and tax revenues to the State. Working families who lose their employment because hospitals are forced to close will, in many cases, wind up relying on our charity care system. This will further strain resources already stretched too far. Working families deserve a health care system that provides coverage for everyone in a safe, efficient, and effective manner.

In addition to deserving an adequate health care system, New Jersey residents also deserve safe schools and a reliable transportation infrastructure.

New Jersey is about to embark on an \$11 billion school construction program and a \$900 million annual Transportation Trust Fund renewal. With respect to the school construction, I just want to point out that this is one of the largest public works projects ever undertaken by the State of New Jersey. What's more, it is nothing less than our children's future that is at stake. It is, therefore, imperative that the work be completed in the most cost-effective manner and efficient manner by qualified, skilled craftsmen to

ensure quality that will last. At \$11 billion, we need to do this right the first time, without having to revisit it three or five years from now.

To that end, we think it is imperative that any legislation enacted include express provisions applying New Jersey's prevailing wage laws to the construction, reconstruction, or repair of any of New Jersey's public schools. The prevailing wage law, as you all know, levels the playing field against unscrupulous contractors, both in state and out of state, who regularly win bids by undercutting wages.

Just briefly, we also believe that local school districts should have more say and flexibility in how their schools are financed and constructed. That's why we supported Senate Bill 15 before it was amended.

With respect to the Transportation Trust Fund, there must be found a reliable source of funding. We think we need to start cutting back on the reliance on bonding. A strong infrastructure, whether it's roads or schools, brings businesses into New Jersey. It's a simple fact. This provides jobs and strengthens our economy in the long run. In the short term, it provides thousands of well-paying construction jobs and keeps existing businesses moving in the right direction.

I mentioned prevailing wages with respect to school construction. On that issue, the New Jersey State AFL-CIO continues to seek a solution to a problem that has existed for quite some time now. The Economic Development Authority, as most of you know, administers two programs enacted by the Legislature in 1996 in order to spur economic development and growth in the state. Those programs provide grants to companies that either stay or relocate to New Jersey and create or retain significant numbers of jobs.



Unfortunately, some unscrupulous businesses have used these programs as a means of circumventing both the intent and express provisions of the prevailing wage law, which requires that any construction performed with public moneys be subject to the prevailing wage. In many cases, businesses will apply for and receive these grant moneys. And then, rather than using the moneys for construction, as their intended purpose, they will use it as leverage or collateral to secure loans from private banks. By doing so, they use the private loan money to then do their construction. So technically, the moneys used are not public moneys, they're private moneys, and thereby the businesses circumvent the prevailing wage law.

Now, during the last legislative session, the legislation in this Committee, Assembly Bill 2015, was introduced. Despite our efforts, we were unable to secure enough votes for its passage. That's an issue that we want to revisit this year, because the overall effect of getting around the public prevailing wage law, in the way I just spoke about, is that we're using public moneys for construction projects, but without following New Jersey law. This keeps New Jersey workers from gaining their rightful wage, and it also cheats the State from the tax revenues that the prevailing wage law helps to generate. So we will be looking to the Committee for leadership in that issue and to try to push a passage of that again.

But the Prevailing Wage is not the only wage act that needs to be addressed, however. As Congress has recently noted, the minimum wage needs to be increased as well, as more and more families are being left out of what has become the longest economic boom this nation has experienced since the end of World War II.

Despite a recent Congressional increase, workingmen and -women who earn the minimum wage are falling farther and farther behind, as the real buying power of the minimum wage continues to be far lower than it was over 30 years ago, yet CEO pay is up 757 percent since 1980. In fact, a full-time minimum wage worker earns just \$10,712 annually. That is over \$3000 below the poverty line for a family of three. That means that the rest of us taxpayers are subsidizing the poverty of these full-time workers through food stamps and other assistance programs.

During the last legislative session, as Assemblyman Geist mentioned in his opening remarks, he and Assemblywoman Friscia sponsored legislation that was enacted into law to raise New Jersey's minimum wage to the same level as the Federal law. In addition, the legislation tied New Jersey's wage to any future increases at the Federal level. We supported that legislation, and we recognize and thank you, once again, for their leadership on this issue.

However, New Jersey has historically been ahead of the Federal government in terms of its minimum wage, and rightly so, given that the cost of living in New Jersey is approximately 20 percent higher than the rest of the nation. New Jersey is a leader, not a follower. It's time that we take the lead once again and increase the minimum wage for hundreds of thousands of New Jersey's working families. Minimum wage increases have been shown to most frequently affect single mothers and individuals trying to get off the welfare rolls and onto the employment rolls.

Moreover, unemployment in our state is at its lowest since President Nixon was in office. It's high time that those at the bottom of the

economic ladder share in some of the fruits of our collective labor and our booming economy.

But earning more money is not enough. We also need to be doing more to help solidify and strengthen our families. Governor Whitman herself recognized the importance of parental involvement in children's lives and in the community in her State of the State address, when she announced her administration's policy of providing up to two hours per month for State employees to attend PTA meetings or volunteer in our schools. Moreover, she recommended that private businesses get on board with this initiative. She pointed out that happy employees are better, more efficient employees. When parents are not stretched too thin between their professional responsibilities and their familial responsibilities, they are better employees. It just makes good business sense.

This summer, President Clinton recognized the same thing when he announced that the Department of Labor would be promulgating new regulations to allow states to use their unemployment compensation systems to provide paid family leave benefits to state residents.

The New Jersey State AFL-CIO has long supported the provision of paid family leave. What's more, there is no better time than now. As I noted, our State and national economies are the strongest they have been in decades. Moreover, New Jersey's unemployment insurance system has a \$2.7 billion surplus in it. Before any thought is given to reducing contributions, we should consider enhancing benefits for working people who truly need this help.

When the original Family Leave Act was passed, we supported it, but we noted that many eligible employees would not be able to utilize the program because it did not mandate wage replacement during the leave. This prediction has come true. Sixty-four percent of workers who don't take needed leave say they don't take it because they can't afford the loss of pay.

I mean, think about it. How many of us can afford 12 weeks without pay, despite the fact that our responsibility to our families, our children, our parents requires that we be there for their care? Taking needed leave often drives low-wage workers into poverty. One out of every five leave taking workers with family incomes under \$20,000 a year resort to welfare to survive.

In addition, paid family leave is not far-fetched. Almost half of all American workers already receive full pay during leave. But it is mainly the better-off sectors of the workforce who get the benefit. Fully paid leave is now given to 76 percent of all salaried workers, 64 percent of all college graduates, and 64 percent of workers with family incomes of more than \$75,000, but only 32 percent of wage earners, 32 percent of high school graduates, and 28 percent of workers with incomes of less than \$20,000. Similar contrasts exist regarding gender, race, and age.

More than 90 percent of small business surveyed found little or no increases in their costs due to family leave. In fact, workers are more likely to return to a job if they are paid during leave, thus cutting training and other employer costs. America talks family values a lot, but hasn't put its money where its mouth is.

And despite the business community's protestations to the contrary, paid family leave can be provided without putting companies out of business, without dampening the economy, and without the sky falling. The fact is that the annual cost of paid family leave benefits to the State would be between \$110 million and \$116 million. Draft legislation, which we worked on with various legislators during last session, would fund benefits without the need to increase employer contributions.

At the time that we were working, we estimated that between 65,000 and 70,000 workers per year would take paid family leave. Almost half of these workers, approximately 32,000, would use the leave to care for a newborn or newly adopted child. Leave takers would have received up to 12 weeks leave at two-thirds of their normal wage -- roughly just under \$400 per week. This level of pay would help workers maintain their mortgages and continue living their lives, but is low enough to discourage frivolous leave, as is so often the contention.

Finally, to allay any fears of a new, lifelong government program, the bill would have been in effect for five years and set up a task force to study the program's effect and make recommendations regarding its continuation beyond five years. Clearly, fear of dire repercussions by allowing employees time to care for their families is overstated.

Also overstated, we believe, are the business community's concerns over antisweatshop legislation. We worked closely for several months on this issue with Speaker Collins, Chairman Geist, and the New Jersey Business and Industry Association. The importance of this issue cannot be overstated.

Right now, in our very state and in nations across the world, hundreds of thousands of women and children are forced to work in dangerous conditions, which most of us thought had disappeared with bathtub gin and the flappers. The truth is, however, that global trade has led to the proliferation of sweatshops as American retailers look for cheaper and cheaper textiles and apparels. To obtain these materials, they exploit weak and nonexistent labor laws in foreign countries, which force children as young as six years old to work for as little as 20 cents per hour, in poorly lit, unsafe buildings, to produce cheap textiles. In addition to the moral and ethical inhumanity this situation poses, it also endangers the viability of our state's own textile and apparel industry, an industry which employs between 25,000 and 30,000 New Jerseyans. Even more disturbing is that many of these vendors are getting fat off of lucrative State contracts.

Last session, again working with Chairman Geist, we were able to have legislation introduced that would have prohibited the State, and any of its agencies and authorities, from purchasing sweatshop produced apparels and textile goods. The scope and importance of this legislation was such that it created a broad coalition of support, which included labor; the Archdiocese of Newark; Galilee Baptist Church; the Jewish Labor Committee; international human rights activist, Harry Wu; business leaders; students from Rutgers and Princeton; members of New Jersey's Congressional delegation; and many others.

Despite this broad support, we were met with resistance by the business community. Specifically, they opposed the requirement that vendors which contract with the State, or any of its agencies or authorities, to supply

these goods be required to disclose the names and addresses of all manufacturers and subcontractors involved in the production of the goods. This was called a violation of trade secrets and a ploy for union organizers to obtain the names and addresses of legitimate manufacturers. In reality, it was a last-ditch effort to kill a bill that would have prevented vendors from making substantial profits by obtaining public contracts to supply sweatshop produced goods. Once again, profits were placed before people.

During that time, however, several municipal and county governments adopted local versions of our no-sweat legislation. These local resolutions include provisions requiring the public disclosure of the names and addresses of all subcontractors involved in the production of apparel. Yet, there has been no loss of trade secrets, and no vast union organizing drive has resulted.

These local governmental entities, which are located throughout the State, have recognized the importance of such public disclosure in ensuring that the prohibitions on the use of sweatshop labor are enforced. We believe that public disclosure of the names and addresses of all subcontractors on the State level is similarly imperative to the enactment of an effective State law banning the use of sweatshop labor in the production of State-purchased apparel and textiles. This is an issue which we will take up once again during the current session, hopefully with your help.

We also hope to take up the issue of workplace violence with the Committee. Commissioner Gelade noted that New Jersey has a good safety record in the workplaces, and he's right. However, with alarming frequency, we open our daily newspapers to read of another school shooting or another

depressed individual who walked into their former place of employment, armed to the teeth and mad at the world. Inevitably, people die or are severely injured. Whether you are a teacher, a day trader, or the proverbial postman, it has to stop. People should not fear for their lives when they go to work.

Legislation exists that would address this issue. I believe Assemblywoman Friscia sponsored several pieces of the package that would require employers and employees to sit down together to discuss what they can do to make their workplaces safer.

Now, I realize some of this legislation was seen as particularly onerous several sessions ago, especially to small businesses. As we have often stated, it is not our intention to drive companies out of business, since it is the small companies that employ a majority of New Jersey residents. We wish to work together with them to try and come up with workable solutions that would not harm businesses but would protect employees at the workplace. But we must not turn a blind eye to what is happening in our society.

Up until now, we have been relatively fortunate. Most of the horror stories we read come from places like Atlanta, Jonesboro, Los Angeles, or Colorado. But one day, it will reach our doorstep. And when it does, every one of us in this room, who had the opportunity to have done something, will have to ask ourselves could this have been prevented. The answer will most likely be yes.

One final bill that we wish to include in our legislative agenda is legislation that every member here, with exception of Assemblyman Gear, voted for. It passed the Assembly unanimously. This is legislation that would place two elected employee representatives onto the State Health Benefits



Commission. The legislation, as I stated, passed both the Assembly and the Senate unanimously, but unfortunately it was pocket vetoed by the Governor. We will revisit this issue again, hopefully with your help, and get it to the Governor's desk. But this time we hope to convince her to sign it.

Mr. Chairman and members of the Committee, I realize I've taken up a great deal of your time. I thank you for indulging me. These are important issues, and this is an ambitious agenda. But with this Committee, I believe it is an achievable agenda, one that will benefit New Jersey's working families as we begin the new millennium.

I appreciate your attention and look forward to working with you on these, and many other issues, during the session.

Thank you.

ASSEMBLYMAN GEIST: Thank you very much, Kevin. You have very well articulated the State AFL-CIO agenda. And we send our appreciation to your designation -- to President Wowkanech and Secretary-Treasurer, Laurel Brennan.

Do any of the members have any questions for Kevin on his very comprehensive report?

I compliment you on your thoroughness and specificity and vision.

Any questions for Kevin?

Assemblyman Felice.

ASSEMBLYMAN FELICE: Just briefly, Mr. Chairman.

All the speakers that will be presenting their issues here this morning -- this will affect.

Of the many issues you articulated this morning -- one of the many, of course, is health care. This is an issue that will be coming back. It has come back to look for a solution. As you know-- In the opening statements that I made, I spoke about how this Committee is going to be working with other committees that have similar concerns. And that one, of course, is the Health Committee.

In 1992, the State mandated, by law, that there would be access to any small businesses -- 2 to 49, beside individuals, for health care. That access, hopefully, would go along with affordability.

As we've seen -- and it's a big problem in the labor force today -- is that we are still having a lot of people without health insurance. And, of course, you discussed this. And without going into mandated health insurance, which I'm against, by the employers, I think, and I would ask you -- as all the others that are involved -- that with the tobacco settlement money, I think that this Committee, in conjunction with other committees, will be looking in the direction of how that money should be properly spent. Since it is a health care issue -- and you talked about charity care, which we know-- We finally got away from using the Unemployment Trust Fund.

The other aspect is exactly what you mentioned. And that is the fact that we have so many people that are working and do not have health insurance. And working with the business and labor, there has to be a way to ensure that programs would be revitalized. You know, years ago, we started a program called the Access Program. That program -- we put \$50 million aside to help working people -- help subsidize them to buy health insurance. And don't you think that would be the direction we should be going -- those kinds

of programs to make sure that we have more people that are employed to have, not only access to health insurance, but to have it affordable rather than mandated that -- health insurance by the employers?

MR. JARVIS: Absolutely. I hope my comments weren't mistaken to call for mandated health insurance on the part of employers. We think that it's usually the best way to go, simply because by pooling the number of employees, employers can get insurance for an entire group at a lower cost. But, absolutely, something--

Efforts to maintain costs, unfortunately, for whatever reason, have not been successful. That is not to say we should ever abandon those efforts to contain costs. But clearly, something else needs to be done, which means we somehow have to find a way, if we can't keep costs down, to at least make it more affordable for members of our society, especially those who are gainfully employed, to access the health care system. And whether or not it's the use of the tobacco money or, somehow, the General Fund money, whatever it is, putting into a fund where people can buy into, or employers can buy into, low cost health insurance. That is the way to go. Absolutely. I would agree with that.

ASSEMBLYMAN GEIST: Thank you, Nick.

Thank you, Kevin.

MR. JARVIS: Thank you.

ASSEMBLYMAN GEIST: We have just completed hour number one, and we have eight more witnesses, so we're off to a good start.

The diversity of the groups will, obviously, be reflected, but so will be the consistency of advocacy. There are many prominent business groups

here today, and we're going to start the business by calling upon the Vice President of New Jersey Business and Industry Association, Jeffrey Stoller.

Always a pleasure. Welcome back.

**JEFFREY STOLLER:** Thank you very much, Mr. Chairman.

Is this on? (referring to PA microphone)

Thank you, Mr. Chairman and members of the Committee. I'm glad to be back for another session and talk with you about some of the priorities we would like to see the Committee take a look at in this coming session.

As you heard the Commissioner say, there is a lot of good news on the labor front in New Jersey these days. I mean, we are looking at what has been really remarkably low unemployment figures. You look at the safety record that was referred to in the past. Each year we see those numbers, in terms of workplace injuries and illness, coming down. We're seeing that reflected in the workers' compensation system here in New Jersey, a system that we believe is doing a good job of providing all of the coverage that an injured or ill worker would require, but at a cost to the employer that is consistently coming down as that safety experience improves. So there is good news.

We think, though, that one of the major concerns that we bring into this session is that with this lower unemployment, we are facing a real crisis on the labor and skills and training front. We are going over the results of our last survey of our membership, which we do each year, and the numbers are quite staggering in terms of the difficulty with which people are -- in the business community -- are able to find the skilled labor that they require. I

think we're pushing 80 percent now. We're reporting difficulty there. But even if you go down to the various kinds and categories of labor-- Even unskilled labor is becoming harder and harder to locate and to match to the jobs that we are now successfully creating here in New Jersey.

I can't think of a better focus for this Committee, in the coming session, to be looking at this issue of job training; job retraining, where necessary, if an industry is in transition and creating people who, perhaps, have been with an industry all their life but now have to move in a new direction -- looking at the issues of career placement.

If this Committee doesn't address those issues, I don't know who will in the same direct manner. We believe that this Committee is at its best when it's played the role that it has historically played, where it brought together the interests of business, of the labor community, and the Department of Labor and the other interested parties.

We saw that already with this Committee. I go back just to 1992, with the creation of that Workforce Development Partnership Act -- that customized training program, which, I believe now -- and I'll defer to the Commissioner -- but I believe we're closing in on 200,000 workers, some displaced, some who simply were in danger of losing their jobs if they didn't get new training -- close to 200,000 retrained workers, all with money from the employees and the employers. That's a perfect example of this Committee when it brings us together and focuses on something that both labor and management agree on and want to work forward to. So again one of our top priorities, as you can see from the statement I've circulated, would be for us to

take a look at those programs, see what's working, see what's not working, and see what we could be doing jointly to move ahead.

I'm very concerned, quite frankly, that the amount of money, again, generated not by other taxpayers, but by the contributions from the employer community and each employee every week -- that money that we set aside back in 1992 to be going into that Workforce Development Partnership Program-- As far as I know, that program, even though it's been successful, could be reaching many, many more workers and employers. The balance in that fund keeps going up and up. And we're also seeing the disturbing trend of the administration and the Legislature seeing some of this money and saying, "Hey, well, we've got other worthy causes that could be financed with this money."

And now we're seeing -- I think it was last year that we saw \$33 million being diverted from this training money for Welfare to Work -- \$44 million, I believe, this past session. Again a worthy cause, a worthy program, but every dollar that we're taking away from that fund is money that isn't going to support the kind of customized training that, we believe, has close to 100 percent placement. That's why it's something that I believe both labor and management were so enthusiastic about and continue to be, because that is bang for your buck.

Quite frankly, Mr. Chairman, it's bang for our buck. That is our money that we put on the table eight years ago when the State said, "We have a wonderful program we'd like to expand. We simply don't have the money. Would you give us some of yours?" That was an unprecedented commitment by business and labor working together. And I think that was the kind of

good-faith effort that we can tap into again. But we have to keep our eye on the ball. And we'd like you to revisit that issue as well.

Related to that is another point that I've made as a priority. It's a suggestion, quite frankly, of President Wowkanech, recently -- concerned about where some of these moneys, designated for training, have been going. And I understand that the Commissioner of Labor is reaching out, not only to President Wowkanech, but our President, Joe Gonzalez, Joan Verplanck, the President of the New Jersey Chamber of Commerce, to talk about the possible creation of an oversight panel, equally shared by labor and management members, to take a real hard look at where those dollars are going. If something's having a great impact, we ought to know about that. If it's going off for other purposes that really aren't addressing the needs of employees or employers, I think we ought to be at the table and get the bad news from day one. So that would be another priority.

Let me change gears a little bit. Another issue that we would certainly support, which this Committee released last year, is the passage of honest job reference legislation -- probably one of the top legislative priorities for the human resource managers in this state.

The vast majority of workers in this state are good workers or, at the very least, are competent workers. And when they move from job to job, they would really like to have the endorsement of a past employer, someone who could, very briefly, put in a good word for them, and then they can move ahead and move up.

That hasn't been possible. Even though the case law in this state has been very strong saying that if you wish, as an employer, to make strong

comment one way or another in terms of a past employee, you are protected. But there have been a lot of questions about that. And what the HR community has been asking for, in black and white in New Jersey, as has been done in many other states, is to establish a clear-cut standard, which has been proposed to you again this year.

You have a bill that has been suggested for this Committee that would just make it clear that if you were speaking frankly and honestly about the performance of an employee, you will not be triggering legal liability.

And really, it's the employees that suffer from this situation. If an employer is not able to put in a good word either way, they end up with what we call name, rank, and serial number. They just embrace this minimalist policy that would say, "Yes, George Geist worked for us for two years. Thank you. Good bye," not being able to characterize whether that was the outstanding person that worked for us in the past -- which again, in most cases, it would be someone that you'd have something favorable to say.

At the same time, the employers are in a bind, in the current scenario, because if someone has been a problem, perhaps even a safety-- We heard mention of the workplace violence situation. Maybe that was at the root of this person's termination. But again, when you have this minimalist policy as a defensive measure, you're not able to share that information. That can have implications, certainly, for the future employer, but also for other coworkers as well.

We're simply saying this is the standard that has been put forward. We believe it's a good standard. It passed this Committee last year. We would encourage you to pass this again. It's not a blanket coverage, by any means.



If someone, an employer, is acting out of actual malice towards a past employee, that's not going to be covered. But we think this is balanced legislation.

Similarly, just two other items that I mention, in terms of the positive agenda -- something that we would really look forward to working with the members of this Committee on -- school to careers initiative. We really believe that this is an area that should be developed, that this Committee could be having hearings on, or, perhaps, even moving towards legislation to help the agencies responsible for this area.

I just heard, coming in this morning, another poll of students and teachers looking at the current high school situation. And I think--

Assemblywoman Friscia, I don't know if you heard this one too-- It was like the seniors in high school -- 40 percent, 50 percent are totally bored with what they're doing that final year, are looking for something different. And what their teachers and administrators are concerned about is-- What they're doing to fill their time and to allay their boredom is to take on outside employment, which is taking up more and more of their time. And that becomes a problem if it's work that has no connection to what's happening in the classroom. And so again, one of the areas that our committees tell us that they would be very interested in is seeing if the Committee would like to address more initiatives in terms of hands-on, school-to-career things.

Finally, I know one of the issues that has concerned, certainly, Assemblywoman Friscia, as I mentioned earlier, the change in the economy, the change of industries, which are requiring downsizing or right sizing or some kind of transition.

The more we can do to work with the Department -- and I believe these steps have already begun -- to ease the transition, to make sure that instead of just an unemployment service that we've had for years and years -- that we move in the direction that Commissioner Gelade and Deputy Commissioner Boyd have stated -- is to have a system that is a reemployment system -- that from the first week, from the first moment they come in and are part of the unemployment system, we are taking stock of their skills. We're seeing where those skills can be applied. We're using the technology that has, in some cases, required this dislocation or this change, and used it to help people connect with work in a timely way, get back to the wages they're expecting, get back to the training, if necessary, that they need to know about, and do that from the first week.

Again I think there's tremendous opportunities for this Committee to get involved in all of those issues. And I leave the question on the table, once again. If this Committee isn't going to look at those issues, who can we expect, in the Legislature, will take the same kind of interest?

I wanted to take my last few minutes here and address some of the concerns that we heard from Kevin Jarvis, from the AFL-CIO, raise again. I'll touch on a few of these because, again, if this is what the Committee would like to devote its session to fighting over, we're ready. We will debate as vigorously as the next person. But it seems like we have a lot of much more positive directions to go.

Just briefly, paid family leave: We already have a situation, here in New Jersey, where because of our failure to reconcile the Federal family leave law and the State family leave law. We have companies that routinely

must accommodate leave periods -- job-protected leave periods beyond the 26 weeks that is standard -- rather, the 12 weeks that is standard nationwide. That puts us at a competitive disadvantage.

We, already, to help people, say, in a pregnancy scenario, who have disabilities or have complications-- We have established-- We're one of what, five states, that requires that there be temporary disability insurance that is being financed in large measure through the employer's efforts. And we're paying out, I believe, each year -- the latest figures I saw from the Department of Labor -- was -- routinely, we're paying out more than \$300 million a year, largely, again, to situations like a pregnancy scenario, where people are receiving paid income for however long that disability period lasts. It doesn't always go along with job security for the entire time, but it certainly would go up to 26 weeks of payment.

The costs -- Kevin was a bit hopeful that it would be only \$160 million. We know what this proposal -- it's Assembly Bill 1577 -- this year would be. We know, because back in 1992, advocates for a New Jersey paid family leave program, financed out of the temporary disability insurance fund-- They did their own estimate. Their estimate back then was \$400 million. And these were proponents trying to put the best spin on this legislation.

So it would not be something that would just be \$100 million more here or there. It would be a sum, by now, well in excess of what we're paying for all of temporary disability insurance annually in this state. And we really can't even begin to estimate costs -- we've talked to the Department -- because there are a lot of people who haven't indicated an interest in this kind

of coverage, because it's never existed before. So if anything, those \$400 million figures are conservative.

There's just a lot that could be said on this issue. We don't have to guess what the impact is economically. Europe, during this past decade-- Some countries that have had this kind of a program have seen double-digit unemployment year after year, even in the best of times, because if we're devoting that kind of money and resources into people who are going to take extended leave beyond what we're already able to afford and pay for, that is money that is not going elsewhere. It is not going to the workforce. There are young people whose numbers go up, in terms of unemployment, because they are not able to come into the system, because we're holding the jobs, we're paying the jobs. Even when you talk about unpaid leave, we're already absorbing the costs of hiring replacements, training replacements, loss of productivity. Perhaps, when the replacement has to leave when the person finally returns from leave, they may qualify for unemployment. So to say that there's no cost to the employer and that they should not have an objection to these proposals is simply not true. There are substantial costs.

Kevin mentioned, in addition, the extension of the prevailing wage to the private construction projects, the EDA projects, the Commerce Commission Grants. Anyone who is receiving this money -- if they, then, undertook some kind of construction project, it should be considered a public work. The reality is that there are companies that are not taking the EDA money to construct a new facility, which is something that you could argue was, clearly, where the prevailing wage would apply.

We have small companies who are being attracted to a program through EDA that helps them clean up underground storage tanks and help the environment that way. There are people who, through the different commerce programs and the EDA programs, are hiring youth in the cities and creating jobs in the summer, people who are working in the Urban Enterprise Zones. These are all people that, again, as we read this, are going to have this prevailing wage law apply to their own private construction. It may be totally unrelated. And the impact will be for people to back away from these programs that we clearly want them to take advantage of.

Minimum wage rate: It seems very likely that the Congress is going to take a step towards raising the minimum wage. That's what the entire discussion in Washington is right now.

Mr. Chairman, this was your legislation. We stood with you by the Governor's side. Melanie Willoughby, President of the Retail Merchants, who you'll be hearing from in just a few minutes-- We stood by your side as we made the commitment that we, as a state, would be in line with the national minimum wage. That was a sensible thing. It was something the Department of Labor said would work and make sense, administratively. It's the right thing to do.

If we establish ourselves -- as a reputation -- as out of step with the rest of the nation, that has an impact -- a negative impact, way beyond its actual significance. It is not the way to go. We are trying to send a message about development and expansion here in New Jersey. Being out of step, as we were for years and years, is simply not the right thing to do, especially when action is likely to be taken.

Quite frankly, the market is out there, too. I heard some of the stories that Kevin was relaying. I can only relay my own story. I have a 20-year-old at home who works, from time to time, little temporary jobs and so forth. She still is working on building her skill base, let's say. She does not have a lot of skills, and she is being routinely offered \$9 an hour. You go by some of the fast food restaurants-- Again, I'll defer to Melanie Willoughby, who can relay some other stories from what's happening in retail.

The fact is, the market in this economy, is dictating wages -- entry-level wages for unskilled labor, well above what the statutory limit may be. I think Burger King is getting up there to \$7 an hour or so. We can debate that all day. The fact is, getting out of line with a rate that is unique to New Jersey doesn't make sense, especially at this time.

Two last items, and I'll conclude.

We talked about workplace violence, a legitimate issue, one that is being addressed, and it would be addressed more. A lot of companies would be interested in talking about ways to make their workplace safer.

But as you may know, Mr. Chairman, every year, on the national level, the AFL-CIO and other groups have made it clear that they don't want to see legislation that business groups have been asking for that would make it clear that if you, as a business -- a nonunion business -- establish a safety committee to talk about these kinds of issues, you are not going to run afoul of the National Labor Relations Act. And that has been one of the real stumbling blocks moving ahead on some of these initiatives, because those that have tried to have found that they're being accused of creating employer

controlled committees and alike. So we believe that there's lots that can be done on the safety front, but this is not the way to do it.

Assembly Bill 1226 isn't necessarily the way to do it either. That's the one that says that we would make mandatory workplace violence plans for companies of five or more. It's not that looking at those issues, trying to come up with solutions, doesn't make sense. It's that to say, "Well, we've created a plan, now, at the smallest companies, that if something happens. in spite of this plan, we now have a document that could be used in court to sue and extend liability to the employer." That isn't a way to fight this issue. And that's the kind of issue that we've got to come to grips with.

Finally, on the issue of the sweatshop reform: You know, Mr. Chairman, you've seen us here year after year. When it's been an issue raised by the Department of Labor about enforcing workplace standards -- clear-cut workplace standards-- I don't recall us ever giving you or the Committee a hard time about what are clear cut, recognized, workplace standards that Department of Labor is trying to enforce or is looking for better resources to enforce.

The word that we keep getting back from the Department of Labor and others is that they are very seriously concerned about anything that would approach a sweatshop environment, that they are prepared anFebruary 14, 2000 ready to act, that, certainly, Assistant Commissioner Len Katz and others who have responsibility for this are ready to go this afternoon.

If Kevin can tell us where those 100,000 people are working in sweatshop conditions-- I won't speak for the Commissioner, but I have a very strong sense, from working with that agency, that they are ready to move on

it today. They have the resources. If they need more resources, they will come and share that with us and the Committee. And we'll look at that.

But what I keep hearing is they are interested, they are ready, they cracked down a couple of years ago and made a special focus on sweatshop conditions. So if they are out there, and people know where they are, certainly the AFL-CIO and anyone else should come right to the Commissioner and do not stop, do not pass go, go directly to the Commissioner, because I think action can be taken on legitimate workshop violations -- workplace violations. That's the way we should approach it.

The problem with the legislation we've seen, as you know-- You were engaged in extensive conversations with us, as were members of the Committee -- legislation so broad that people who were not remotely sweatshops, in the traditional sense, could have been interpreted as being sweatshops and subjected to penalties and stripped of doing business with the State of New Jersey or other agencies.

That's not going to address the real problem. We are here. We are ready to address the real problems. Again, we think there's a lot that can be done, there's a positive agenda out there, if we're willing to seize it.

I can just say, in conclusion, that the Business and Industry Association is very eager to work in partnership with all members of the Committee, with the Department of Labor. As I said, some of the issues are ones that we know that we share common ground with the AFL-CIO and the other labor interests.

So again, I think there's plenty of work to be done, and we would be glad to work with you in doing it.



ASSEMBLYMAN GEIST: Thank you.

Any questions for Jeff Stoller? (no response)

Thank you, Jeff.

MR. STOLLER: Okay.

ASSEMBLYMAN GEIST: Today's witness list is long, and I'll remind all of you that there are no bills before the Committee. (laughter)

Now that we've had the opening discourse on some of the bills assigned to this Committee, I would like if we could focus future testimony on policy, without specific bill proposals so we can keep the theme one of fundamental fairness.

I do encourage the critics of these bills to reach out to the sponsors, so that that dialogue can continue. I know they did so very well with me last session on their emphasis. And I'm sure that forum can continue again. So I would encourage BIA and others to reach out to some of the members of this Committee, relative to some of the initiatives that some of the members of this Committee have introduced, so that they can establish that interaction directly.

I'd like to call upon the labor community-- Alan Kaufman, CWA.

I'm going to try to -- business, labor, labor, business -- move things right along.

Welcome to this Committee.

**ALAN KAUFMAN:** Thank you, and I appreciate the opportunity to speak before the Committee and get to meet some of the new members of the Committee.

Kevin covered a broad spectrum of issues, but he did leave out a couple that I would like to bring up.

One is -- it's in the news now, and I hope we don't all get taken down the path that I see this going, as we're going to try to find out which member of the administration got which memo from the Sierra Corporation on the problems with Parsons, so that we can try to apportion blame and find a scapegoat for what happened here.

What happened here is that we privatized a government service. We rushed this through. We rammed it through. I, personally, was involved, as was CWA, in a month's long battle to try to stop this, where we pointed out, in front of committees -- we sensed up the Legislature. We had press conferences that it was going to cost the taxpayers more money, which it did; that Parsons was a firm that had been involved in fraud and was being sued by government agencies; that we represented supervisors who had worked for the State for 25 years who were not out to make a profit, who knew how the equipment worked. They went around. They were always looking at the equipment. That was their responsibility. They said they knew what equipment worked and not. And we also had a major issue that when this was privatized, that we were going to lower wages. They were going to get rid of family health care. We were going to lose our pensions.

So a policy of lowering the living standards for working people in New Jersey, taking oversight away from the State, putting major responsibility in the hands of a private corporation with a bad track record-- This is what went on. It has nothing to do with what memo was sent anywhere. And I feel that maybe things have changed since the law was passed in 1995, which

allowed the Treasurer to make this decision and the move to privatization as people have seen things like this, and others that give people pause.

But I do feel, as a general issue, that there's not-- Public employees do not get respect. Government service does not get respect. If this had been left in the hands of the State and the workers that work for the State, this never would have happened. It never would have happened. It would have been done cheaper. And people would have been aware of the problems with the equipment, because I talked to many supervisors who always tell me about equipment. That was their job.

So I hope we don't get down into a memo thing and deal with the issue of privatization. I know that the Governor vetoed a bill that went through. I think it dealt with privatization of schools. There are bills out there on privatization. And I think it is a labor policy because it -- the premise of it is to lower peoples'-- You're only saving money because you're paying somebody less. You're providing them less benefits. The private sector is no more efficient than the public sector. And when we've handed it over to Parsons, they were paid three times to inspect a car than what the State was doing. So that's one issue.

The other issue is still out there. I do think that it's important for the Labor Committee to really realize that, I think, in the public sector, that public workers do not get -- do not have the same rights as in the private sector. And even some of the bills on the right to negotiate or nonimposition aren't even in this Committee.

So I duly think those are labor issues that become State government issues or some other issues. But they're really labor issues. The

right to negotiate, even though we signed the contract -- the Governor is still out there with a plan to change our compensation in the way we're paid in the middle of a contract. It never would happen in the private sector.

So the right to negotiate the Civil Service Bill, which was reintroduced -- I think it's in the Assembly State Government Committee -- civil service issues were taken care of, but the right to negotiate isn't -- nonimposition -- those types of basic issues. So I guess what I would lay out is a privatization issue, the right to negotiate, scope of negotiation.

And on the minimum wage, it doesn't affect public workers. Although, when we took over the judiciary, there were workers making about \$10,000 or \$11,000 a year. I know there are bills in on this -- \$5.50, \$6.50-- And these discussions, I do really feel -- and maybe everybody does, too, that we're all in the twilight zone or never-neverland. No one can live on \$5.50, \$6.50, \$7.50, \$9 from Burger King. I think that it's, at least, \$10 or \$11. It would be \$10 or \$11 if it kept pace with inflation when it was back to a \$1 an hour back in the 1960s or 1970s, whenever that was. So it shouldn't be a minimum wage, it should be a living wage. And a living wage is way, way higher than even the most generous of what's being proposed.

So I think those are the basic issues that-- People should have a living wage. Jobs shouldn't be privatized, and they should have a democratic right to negotiate over their terms and conditions of employment.

Thank you.

ASSEMBLYMAN GEIST: Thank you.

The Chair thanks you for indirectly referencing some of the Chair's bills in your discourse this morning on privatization.

MR. KAUFMAN: We've got great bills, let's get them passed.

ASSEMBLYMAN GEIST: And this is a great Committee that could consider them sooner than later.

Thank you for your testimony.

Melanie Willoughby.

Melanie Willoughby, New Jersey Retail Merchants Association.

It's always a pleasure. Welcome back.

**MELANIE WILLOUGHBY:** Thank you.

Welcome back to everyone. It's nice to see you all.

I did hand in a statement, which does deal, very specifically, with many of the issues that the Committee has dealt with in the past, and that I'm imagining will deal with in the future. And so rather than going over all of those in detail, because I do know that your time is limited, what I wanted to do was talk about some of the policies that the retail industry has been involved in and that we would, very much, like to work together with the Assembly Labor Committee.

First of all, I think that the whole issue of training -- workforce development is a very, very important one to the retail industry. The industry is the second largest employer of New Jersey citizens. And so, as a result of the fact that we employ almost 600,000 of the people in the state, it means that we have a very specific need for ensuring that we have a well-trained workforce.

When you think of the retail industry-- I know there are a lot of misconceptions about the industry, and I really wanted to talk with the Committee a bit about those, because when you think about the industry, you think this is an industry that's composed of primarily part-time, entry-level

workers. And many times-- And the way many of the Department of Labor's policies and the policies have been constructed, it has been to really look at where you believe the higher paying jobs are and have not been focusing on things that we could be doing for many of the industries that are the service industries, which is where your biggest job creation is.

So what is it that, perhaps, the Committee could be doing, together with the Department of Labor to try to ensure that in those industries where you have the biggest creation of jobs, that we are working in order to ensure that we are training our people so that they're able to be on the career path in the retail industry or any other service industry?

So to that end, the Commissioner of the Department of Labor, and I would say -- and I was very honored that I was asked to serve as the Chair of the Employer Council of the Department -- and the Employer Council of the Department is given the responsibility for working on educating employers on workforce development and training.

And what I have been doing, in working together with the Department, is to try to first educate the Department on, really, what retailing is all about. Yes, many of us have had jobs starting out in the retail industry, working part-time for K-Mart or Wal-Mart or working in Burger King. And we think of those jobs as not being jobs that lead to a career.

But I would like you to know that retailing is a career, and it is a very good career that pays very well. You can move if you are very entrepreneurial -- and that's what it requires in retailing, a very entrepreneurial individual -- to go from being a sales person, to move to assistant manager, to manger, to store manager. And when you're talking about a store-- Let's take

a store like the Gap for instance. If you're store manager of the Gap, you have, perhaps, 30 employees in that store, and you're earning \$50,000 to \$60,000 to be a store manager of the Gap. If you decide then to move on and become a store manager of a K-Mart, where you have 300 employees that you're responsible for, and a very large budget, you could be earning \$150,000, not including stock options. If you want to become a store manager of a Wal-Mart, you're at \$300,000, including stock options. And, believe me, you're doing very well.

So, in essence, the retail industry is a place that is one where there's a tremendous amount of growth and a tremendous amount of opportunity. So I would like to try to eliminate the vision that it is an entry-level, low-skill, low-wage place of employment, because that's very far from the truth.

So to that end, what is the retail industry doing, in order to try to eradicate this view of the industry? Well, what we have done is that, on a national basis, we have developed retail skill standards. And the retail skill standards are those standards that the retail industry will be adapting to ensure that these are what will be -- how we will train all of the employees that are coming in as entry level. And so we will have every retailer adopting these standards, so that they will be throughout the entire industry. And in the State of New Jersey, we are very fortunate to have the very first -- well the second retail skills center, because the first was in King of Prussia -- but the very first retail skills center in the State has been built at the Jersey Gardens Mall in Elizabeth.

And it is an incredible place, where they are training 5000 people to be in positions at the mall, giving them a career path. And this skills center is actually going to expand to be able to provide jobs to not only those that are working at the Jersey Gardens Mall, which is employing 5000 people, but to the retail malls around the North. And we're now looking at the possibility of building another one in South Jersey.

But there are other ways that we could be developing curriculum within the schools, within the county colleges, to be able to train people on what we call retail skill standards, but what the Department of Labor, and working with them, are now calling just service skills.

As a matter of fact, the curriculum has already been developed, and the Department is already looking at utilizing this curriculum in training their people who are working with the public. This can be utilized in the casinos. This can be utilized by banks. This curriculum can be utilized by any service industry. And what it is, and necessary to do, is to really look at the laws presently on the books so that it doesn't hinder these type of retail skill standards being part of the training programs that the Department of Labor supports and that we are now going to be promoting to the county colleges, as well as to the School to Work Programs. And I am presently working with the Mercer County WIB, to put together a School to Work Program that is based on the retail skill standards curriculum. And this is not just retail skills that we are talking about -- being talked about in New Jersey, but this is national.

So what this means is that someone who is trained in this type of program would then be able to have their certificate that they could take anywhere in a retail store and be able to say that I was trained in these services,



or to a bank, or to the casinos, and they will know that they have met a certain standard. And it's giving them a leg up, and a higher salary.

And so we are very, very excited about this project, and we really want to work together with the Committee to look at what laws are, perhaps, hindering the continued pursuit of this program. And the Department of Labor is very excited about it, and we're very pleased to be working together with them on it. But I think the New Jersey Business and Industry Association, and also the AFL-CIO, have indicated just how important the development of our workforce is, because, you know, they are what makes New Jersey a phenomenal place to do business. And we have to make sure that we have the employees that are going to continue to fill in, starting from the entry level and moving on up.

And it's not just about technology, as I know is a very, very important issue for the Governor, but we really have to look at training all of our citizens to ensure that they are going to be able to get good jobs and move up.

And you don't need a college degree, by the way, to work in retailing and be the store manager of a Wal-Mart. All you need is to be really entrepreneurial and want to work hard.

I think that the -- one of the other big issues that has been impacting the retail industry, certainly, is the whole issue of sweatshops. And we have been working on a national basis, and I wanted you to be aware of this, and I'm more than willing to provide the Committee with the work that's being done by retailers on a national level and on an international level.

We have been working together with the National Retail Federation to basically ensure that we have in place, every national retailer has in place, a standard, that I know, Mr. Chairman, you and I have spoken about, that they utilize in judging whether or not a manufacturer is adhering to the labor laws of the United States and to all the states. And that those standards are now becoming universal among the retailers, so that they all are utilizing the same standards. And that we are very, very hopeful that these types of standards are going to ensure that we will not be doing business with sweatshops.

But you can't always know exactly what the manufacturer is doing, because manufacturers subcontract and subcontract and subcontract and subcontract, and so you need to try to ensure, through your own contracting, that every one of those subcontracts adheres to those standards. But it is certainly something that the retail industry is doing to police itself and doing on a national and an international basis, and that's where we really believe it needs to be addressed.

As for there being any sweatshops in the State of New Jersey, we have -- we're very, very supportive of the legislation that was signed into law last year that increased the penalties for sweatshop violations. And we really feel that New Jersey has the laws already in place to be able to deal with the eradication of sweatshops. And we now have increased penalties, and this provides additional dollars for the Department of Labor to be able to do their job. And we feel that's where it rightfully belongs, with the Department of Labor, and all of the Federal departments to deal with eradicating sweatshops.

And when I -- we know that it is sometimes very difficult to find them because they move.

We, in talking to the Department of Labor, they have indicated that when they get notification of a sweatshop, they go to the place and it's already moved. But my bottom line, with the Committee, is that, in essence it already is -- there are enough laws to be able to deal with the issue, we feel.

If you do want any other additional information on what's going on, on a national basis, I'd be more than happy to provide that to the Committee.

I could certainly run through the issue of minimum wage, reform of family leave law, reform of unemployment compensation for misconduct, employer liability for job references. I could go through all of those issues, but I will save the Committee from doing that, because I have already given it to you in the document that you have before you. You know how we feel about many of those issues, and for the new members of the Committee, I'd be more than happy to sit down and review all of those with you. I'm sure you will be hearing from us about them. But I want to leave it there, and certainly if you have any questions -- and I do very much look forward to working with everyone again. I think that there is a lot we can be doing and doing it together.

ASSEMBLYMAN GEIST: Thank you, Melanie. Welcome back, as always.

Any questions? (no response)

Thank you.

MS. WILLOUGHBY: Thank you.

ASSEMBLYMAN GEIST: New Jersey State Chamber of Commerce, Michael Egenton.

Always a pleasure, Michael.

**MICHAEL EGENTON:** Thank you, Chairman.

ASSEMBLYMAN GEIST: Tell your teammate, Mr. Leonard, we said hello.

MR. EGENTON: I will, and he wanted to extend his apologies. Jim is testifying at the Army Corps of Engineers hearing on the dredging issue today, so, as you know that --

ASSEMBLYMAN GEIST: You're in the right place.

MR. EGENTON: I know. I imagine that can be a long hearing. Interestingly enough, listening to the testimony of -- beforehand, I just wanted to say I typically usually don't appear in front of this Committee. I handle environment and transportation issues. And Jim asked me to read his statement to the Committee. But I want to also say, I think the Chamber is one of the organizations on West State Street here in Trenton, usually looks at the glass as being half full as opposed to half empty.

And why I make that analogy is because I think there's a lot of positive we get in working together, business and the labor community, that I've experienced on the two issue areas that I mentioned. Labor and business have joined together on, over the years, renewing the Transportation Trust Fund. I've just mentioned the port dredging issue. We've both worked together in saving the port jobs and dredging the port to make sure that the port North, in the Newark-Arthur Kill area, as well as in the South, is maintained. The legislation that we did on renewing the brownfields

redevelopment -- I mean there is a lot of issues I think that we can say that we have worked together in, so I just wanted to add that note.

Obviously, I'm not going to rehash some of the issues that my friends and colleagues did quite eloquently from the BIA and Retail Merchants. On point by point, those bills you're aware of. In our newsletter, Assemblyman, since you're new to the Committee, we did sort of a two-year in review on a lot of those bills and where the Chamber stands, and I'd be happy to forward a copy of that to you.

On behalf of the members of the State Chamber and our local and regional Chambers of Commerce that make up our Chamber network, let me briefly give you the overall philosophy we use when dealing with all issues, especially those that may appear before this Committee.

State Chamber of Commerce is interested in continuing to work with the Assembly Labor Committee to forward legislation that strikes a balance between the needs of employers and those they employ. This balance is key in our economically competitive market. Legislation that tips the scale, one way or the other, could result in the loss of business or to limited growth for the State, both of which would hurt employers and employees equally.

Two years ago, in a similar forum, the State Chamber appeared before you discussing one of the longest running economic rally ever. Two years later, we are still feeling the benefits of this rally, knowing full well it will end soon. This Committee has the opportunity to move forward with legislative initiatives that help solidify the economic foundation of our State, so that when the inevitable downturn comes, we are ready.

Employers in the State are looking to government to make it easier to grow their business and easier to hire new employees. Legislation that will make it easier to obtain funding for growth, access training grants from the Department of Labor, or facilitate the transition of individuals to an environment that encourages lifelong learning areas, we look forward to working with you on.

There will be issues before your Committee that we support, and obviously there will be issues that we don't support. The bottom line is that we continue forward with our working relationship, so that the economy of the State continues to prosper. Without such prosperity, neither the employers, nor the employees will survive.

And that's my brief comments, Chairman.

I'd also like to add that the Chamber has also taken initiatives on the whole School to Work initiative. We have a program in the Chamber called School Counts that's run by Dana Egreczky of the Chamber, and any of the committee members who'd like to find out more information about that, we'd enjoy to send that information to you.

With that, Chairman, I -- you know -- very brief in our comments. Obviously we look forward to working with you on a lot of these issues, and we have that open door policy. So, we appreciate the time.

ASSEMBLYMAN GEIST: Thank you, Michael.

MR. EGENTON: Thank you.

ASSEMBLYMAN GEIST: Any questions for Michael Egenton, Assistant Vice President of Government Relations, Chamber of Commerce?  
(no response)

Thank you.

MR. EGENTON: Thank you, Chairman.

ASSEMBLYMAN GEIST: The Director of Legislative Resource, Hotel Employees and Restaurant Employees International Union, Local 54, P.J. Coffey.

**PATRICIA JEAN COFFEY:** Hello

ASSEMBLYMAN GEIST: Hi, welcome to our Committee.

MS. COFFEY: Thank you. Mr. Chairman, members of the Committee, I'm P.J. Coffey, and here on behalf of the over 21,000 working families represented by the Hotel Employees and Restaurant Employees International Union in New Jersey. I appreciate the opportunity to discuss our concerns and outline our priorities for this legislative session.

First and foremost, HERE is concerned with the ability of hospitality industry employees to provide for their families. According to the New Jersey Department of Labor's workforce projections, our industry will be a primary engine for job growth during the next decade and beyond. Unfortunately the jobs created in our industry will be among the lowest paid in the State. They will also be among the least likely to provide medical or pension benefits.

Clearly, this situation is both a challenge and an opportunity for our union. However, organized labor alone cannot be the sole advocate for working families. Government is an important partner in this process.

Governments and states like Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington have acted to ensure minimal living standards for hospitality workers. Quite simply, they have eliminated

the distinction between tipped and nontipped wage earners for the state minimum wage purposes. By doing so, your fellow legislators recognized the uncertainty of tip collection for even the most conscientious hospitality worker, uncertainty that mostly arises from sources beyond an employee's control, such as season or weather conditions. Your fellow legislators also recognized the inadequacy of a \$3.09 minimum wage. It is our hope that you too will act on behalf of hospitality employees and establish one minimum wage for all working families.

Second, HERE is concerned with the continued growth and vitality of the industry it serves. The hotels, restaurants, bars and casinos that comprise the hospitality industry depend upon one thing for their survival, and that's customer satisfaction. The HERE members that wait tables, clean rooms, and mix cocktails are critical to pleasing customers. We are proud of the dedication and professionalism of our membership. But, we are also aware of issues that can defeat the best efforts of hardworking employees; issues that are within the domain of proprietors, but damaging to employees and consumers alike, issues like cleanliness and hygiene.

HERE urges you to follow the lead of states like California in establishing an *A* to *C* grading system for Department of Health certification. Such a system would allow an educated consumer to choose between a clean *A* establishment, or a dirty *C* establishment. It would also give proprietors the impetus to adjust their staffing in order to attain higher ratings.

HERE also urges you to follow California's lead by adopting requirements for food handling and safety certification. Such certification would require all food handlers to undergo training in basic professional



hygiene. This training would minimize the risk to public health resulting from otherwise avoidable salmonella contamination or E coli outbreaks.

A recent National Restaurant Association poll confirms the public support for training and certification. According to the poll, people were more concerned about dying from the food they eat than as a result of a violent crime.

In closing, HERE is committed to representing the interests of New Jersey's burgeoning number of hospitality workers. We have provided information from the states that we have cited in our testimony for your review.

So, we hope that you will give our proposals the highest consideration, and thank you.

ASSEMBLYMAN GEIST: Thank you very much. Your debut before our Committee was well done. Thank you very much.

Any questions for P.J. Coffey, HERE, 54? (no response)

Any questions? (no response)

Thank you.

MS. COFFEY: Okay.

ASSEMBLYMAN GEIST: New Jersey State Bar Association, Bruce Miller.

Welcome back, Bruce.

**BRUCE MILLER:** Thank you, Mr. Chairman.

ASSEMBLYMAN GEIST: I noted that a couple witnesses that had signed up with OLS are apparently not here. If there are any others that desire to testify, please check in with Gregory Williams. Is there anyone here,

before the testimony begins, from New Jersey Industrial Union Council? (no response)

Is there anyone here from the American Federation Teachers, AFL-CIO, AFT? (no response)

Thank you.

Morning, Bruce.

MR. MILLER: Good morning, Mr. Chairman.

ASSEMBLYMAN GEIST: Welcome back.

MR. MILLER: Thank you. I appreciate it.

ASSEMBLYMAN GEIST: Our Workmens' Compensation Section is in good hands.

MR. MILLER: Thank you.

ASSEMBLYMAN GEIST: Welcome back.

MR. MILLER: I appreciate that too. I am the Chair Elect of the Executive Committee of the Workers' Compensation Section of the New Jersey State Bar Association. And I'm just here to make some comments and observations, with respect to the policy I would suggest that this Committee should follow, with respect to our workers' compensation system in the next legislative session.

New Jersey's workers' compensation system works purely and simply. It is consistently rated one of the three or four best, if not the very best, workers' compensation systems in the nation in virtually every study that has been undertaken in that regard over the last five or so years.

The Commissioner of Labor testified and indicated to you -- described to you the efficacy of the system from his administrative standpoint.

Premiums are down significantly and have been down for several years, and benefit rates have risen. My perspective is from the -- that of the practitioner, one who appears in the Workers' Compensation Courts, whose practice is in the Workers' Compensation Courts, and in my particular situation, who represents the injured workers of the State of New Jersey. This system works, because it does exactly what it's supposed to do. It delivers the benefits, the statutory benefits to the injured workers of New Jersey, and in an efficient and timely manner.

Those benefits include temporary disability. As I'm sure you know, temporary disability is essentially wage replacement paid to an injured worker, who has suffered a work related injury, and therefore, as a result, cannot work. And as another witness pointed out earlier, none of us can get along very long without an income stream coming in to support ourselves and our family. And that's exactly what the fundamental aspect of workers' compensation does. It puts money in the pocket of an injured, and out-of-work working person.

No. 2, the second entitlement under workers' compensation is that it provides medical treatment, paid for by the employer or its insurance carrier, medical treatment to take care of the injured worker, and get that person back on his or her feet, if possible.

And finally the third entitlement in workers' compensation is what is called, under the law, permanent disability. And those are benefits to be paid to an individual who has suffered permanent loss of function, and will suffer that permanent loss of function, as by definition, for the rest of his or her life or for many years to come. And it compensates for that permanent loss

of function. Those are the three fundamental, essential benefits provided by our workers' compensation law.

The system works, I think, frankly, as any system works if it does, because of the people in it. And the people in the system include the judges of compensation, who I would say from -- at least from my own standpoint having practiced in the division now for over 30 years -- the judges, I think, are considered more highly -- they are, their positions are considered more prestigious. The work they do is considered, probably, the best it has been in all the years that I've been in the system. And the attorneys who practice in the system, both those who represent the employers and those, like me, who represent the injured workingmen and -women, I think our practice is probably -- has a higher consideration, even by our own colleagues in the Bar, than it has ever had.

One of the things that has contributed to this is that the Supreme Court of New Jersey, approximately three years ago, established a certification program specifically for the Workers' Compensation Bar. As you know, I'm sure, that the New Jersey -- the Supreme Court Certification Program was previously offered to those practicing civil law in the Superior Court, and those practicing criminal law in the Criminal Courts. It was expanded by the Supreme Court to include the practice in the Division of Workers' Compensation.

In order to obtain certification, one has to go through a rather arduous, time-consuming application process, as well as take a formal written examination. And, if passed, one is designated a certified workers' compensation attorney of New Jersey, and can hold himself or herself out to

the public as such. It provides not only a measure of degree -- a measure of protection I should say -- to the public, but it also -- it also, as I'm sure you can understand, provides a very real and substantial level of importance to the -- an acknowledgment to what this practice and the Division of Workers' Compensation is all about.

New Jersey also has the very first and only Inns of Court Program devoted exclusively to workers' compensation, in the nation. The Inns of Court Program, without boring you with any details, but it's very simply a process I think that, best said, evolved in, I guess in 19th century England and carried over into the 20th century, and now the 21st century. It is essentially a mentoring program, and it is a program under which more experienced practitioners, including the judges themselves, educate the younger practitioners. Those involved in the system are designated as masters, those most experienced; as barristers, those intermediately experienced; and as pupils, the younger ones, of course.

And it is an educational process, and the things we teach our young colleagues are things that, frankly, they will get nowhere else, other than through sheer experience over years of practicing in the courts. This is a shortcut to get to that point, and to give them what I consider the very necessary, if not essential, information so that they can practice the proper way. Anyone -- any lawyer, obviously, given a license to practice law, can practice law. These young people are taught the proper way to practice in our courts, and as a result of that it's a very important, I think -- an important system. And as I said, this State is the only State that has such a system for

workers' compensation. There are civil and criminal Inns of Court, not workers' compensation Inns of Court anywhere but New Jersey.

I think one must bring to any proposed changes an historical perspective, as well as an acute awareness of the realities of modern day living. Because, in fact, the workers' compensation law is all about the basic fundamental essentials required by every human being in our society. And I think, when considering changes, they should be -- this Committee should be particularly careful and cautious, with respect to any attempts by certain industries to carve out exceptions for themselves from the benefits and protections afforded the injured workers of New Jersey, under the New Jersey workers' compensation law.

Thank you.

ASSEMBLYMAN GEIST: Well said, as always.

What firm are you with, Bruce?

MR. MILLER: Pellettieri, Rabstein and Altman. We're in Princeton and Mount Holly.

ASSEMBLYMAN GEIST: Thank you.

Everyone in this room should know that. Nice meeting you, Counselor.

MR. MILLER: Thank you, sir. Appreciate it.

ASSEMBLYMAN GEIST: Thank you, very well done.

It's nice to see your commitment to our Bar Association, through your leadership of the section.

Thank you.

MR. MILLER: Thank you, sir.

ASSEMBLYMAN GEIST: Believe it or not, I know of no other witnesses.

Are there any others that desire to testify in light of that particular revelation? (no response)

Seeing none, is there a motion to adjourn the meeting?

ASSEMBLYMAN FELICE: So moved.

ASSEMBLYMAN THOMPSON: Second

ASSEMBLYMAN GEIST: All in favor? (affirmative responses)

Opposed? (no response)

Adjourned.

Thank you very much.

**(MEETING CONCLUDED)**