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Murphy's office knew about ex-N.J. official's hiring of cronies, corruption watchdog says

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A former top official in Gov. Phil Murphy's administration who resigned amid criticism she'd pushed out employees to make room for friends and family had closer contact with the governor's office than previously disclosed, New Jersey's top corruption watchdog said in a report Wednesday.

Lizette Delgado-Polanco stepped down in April 2019 as leader of the New Jersey Schools Development Authority, the agency overseeing school construction and renovation in the state's poorest areas.

"Murphy administration employees said they did not authorize every detail of Delgado-Polanco's managerial decisions but their actions, and in some cases, inaction, made it clear that she conducted her overall activities as CEO with the tacit approval of the Governor's Office," according to the State Commission of Investigation.

Delgado-Polanco was ultimately a "woefully inexperienced CEO" who oversaw an agency plagued by "questionable administrative actions, suspect hires and outright managerial malfeasance," investigators wrote.

Delgado-Polanco previously denied claims she turned the agency into a patronage pit. She called the SCI investigation a "hit job" full of mischaracterizations in a document included in the report. She declined to comment further when reached by phone.

During his latest press briefing in Trenton, Murphy declined to comment on the report, which he said he had not read.

In an email, a Murphy spokeswoman did not directly address the investigation but said the office's current leader, Manuel Da Silva, "has made significant changes to the agency which strengthened hiring processes and procedures."

"The SDA continues to look for ways to enhance efficiency and accountability, which included the hiring of a consulting firm to further analyze and improve internal HR practices," Christine Lee wrote.

Republican lawmakers said the findings showed more oversight was needed.

"Firing highly qualified government employees and hiring family and friends who lack sufficient skills is the epitome of abuse of power and personal greed," state Sen. Kristin Corrado, R-Passaic, said in a statement. "The Murphy administration must be held fully accountable for their aversion to the truth."

Delgado-Polanco took over in August 2018. The job description called for someone with an advanced degree, but Delgado-Polanco didn't have a bachelor's, nor did she have "construction-related experience or any background in running a multi-faceted organization," investigators wrote.

During the next nine months, an agency that was quickly running out of money nonetheless set aside \$2.7 million for new hires, the report said. That included money to hire Delgado-Polanco's best friend and her best friend's daughter-in-law, even though neither were qualified, investigators wrote.

Delgado-Polanco also fired 15 people, including 14 on a single day. She told a human resources director "to keep quiet" about part of the reorganization, according to the report.

All the while, the governor's office received regular updates even though the board tasked with overseeing the agency was kept in the dark, investigators said.

"Records obtained by the Commission indicate a steady stream of frequent communication — via phone and text message — between Delgado-Polanco and top-ranking members of Gov. Phil Murphy's staff throughout her employment," according to the report.

"I would say Ms. Delgado-Polanco consulted the governor's office at every step of the way in the entire reorganization process, so they were made aware of all the decisions that were being contemplated before they were actually executed," said Al Alvarez, her former chief of staff, according to the report. (Alvarez later lost his job after he was accused of rape, an accusation he has denied.)

Delgado-Polanco defended her work as a way to drum up public support for more funding and as a strategy to make the agency more efficient.

The investigation was a "smear campaign" against her and the governor, she wrote in an affidavit. Her extensive experience in state government made her well qualified for the job, she said, and other officials at the agency were also involved in hiring and firing.

"It defies credulity to principally blame me for all the problems at the SDA," she wrote.

She added that she could not respond to every accusation because she did not have an advance copy of the investigation.

The report also blamed the governor's office for obstructing a deeper review of what happened.

A "full accounting of the events that led to her appointment were thwarted, in part, because key decision-makers in that process failed to provide meaningful testimony,"

investigators wrote. They singled out Pete Cammarano, Murphy's former chief of staff, for saying he didn't remember many details, and for being stopped from answering some questions by a lawyer for the governor's office.

Cammarano took issue with that characterization, according to a letter included in the report. He had testified to all details he could recall, he wrote, and he said investigators inflated his oversight role. While he had been in contact with Delgado-Polanco and knew about some of her changes, that hardly amounted to green lighting every decision, he said.

Cammarano did not immediately respond to a request for comment.

The state attorney general's office did open its own investigation into the agency near the end of 2018, and Murphy eventually fired 30 employees, including 27 Delgado-Polanco hired.

While Delgado-Polanco is gone, and pension records show she is no longer a state employee, it's not clear the agency could avoid a similar scandal in the future, investigators wrote. Another report will include recommended reforms, they said.

Meanwhile, three lawsuits stemming from Delgado-Polanco's tenure remain active, according to the report.

The human resources director who said she was told to "keep quiet" sued after she was fired for "insubordination," the report said. The woman later received a \$550,000 settlement.

NJ Advance Media staff writer Matt Arco contributed to this report.