

# The Star-Ledger

## Unused sick time still being abused by public workers, N.J.'s top corruption watchdog says

By Blake Nelson

NJ Advance Media for NJ.com and The Star-Ledger

Published Feb. 19, 2020

A lack of regulation allows some public workers to abuse unused sick time and taxpayer dollars, according to a new report by New Jersey's top corruption watchdog.

The State Commission of Investigation said Wednesday that cities have had to divert money from park cleanups and issue unnecessary bonds to cover payouts for sick time and other benefits.

"It is simply absurd that, more than 20 years after the Commission first sounded the alarm about excessive compensation and questionable perks for public employees, these practices remain the norm in many areas," the report said, adding that "taxpayers should not have to fund outsized retirement bonuses."

None of the flagged practices are illegal. For example, a retiring employee is allowed to use unused sick time and other leave to stay on the payroll for months after leaving the job. It's called terminal leave. In recent years some police chiefs have cashed in their unused comp and vacation days for as much as \$400,000 and \$500,000.

Investigators reviewed 50 towns and agencies.

Jersey City paid \$8.1 million in terminal leave to retiring employees last year, the report said, forcing them to issue millions of dollars worth in bonds.

In Paterson, officials cancelled plans to clean a local park and buy new vehicles because of tens of millions owed in terminal leave.

Lodi paid more than \$800,000 from 2013 through 2018 to employees cashing in their unused sick time.

The report called on lawmakers to outlaw terminal leave and create limits that apply to all local governments, among other recommendations.

Officials in Jersey City and Lodi responded to the report.

"In an effort to end such abuse, Jersey City no longer issues any bonds like this, although it was a past practice," Kim Wallace-Scalcione, a spokesperson for Mayor Steven Fulop, wrote in an email. She said that while previous union contracts forced the city to make some payouts, the mayor had introduced a proposal to lower "the health benefit waiver for new employees," among other efforts to reduce costs.

Vincent Caruso, Lodi's administrator, wrote that the borough was "committed to stamping out waste and abuse" and "applauds" the commission's report, but he cautioned that a desire to save money needed to be weighed against the need to properly compensate officers. An earlier effort to reduce severance pay was blocked by a police union, he said, and eliminating some of these practices would likely require a change in law.

A message left with the mayor's office in Paterson was not immediately returned.

The agency has written about this before, including in 2009, when it flagged more than \$39 million worth of "excessive cash benefit payouts to public employees" in just a handful of local governments.

The legislature did later cap the amount of accumulated sick time that some retiring employees could receive at \$15,000. Then-Gov. Chris Christie vetoed a related measure that would have gone further because he wanted to end sick time payouts completely.

The report noted that selling sick time back each year allows workers to go around that \$15,000 end-of-career cap set by the legislature. (One 2017 news report calculated that public workers statewide had amassed almost \$2 billion in unused sick time.)

Some public employees receive extra money the longer they work, and that longevity pay can increase pensions by up to 18% every year, the report said. The commission recommended banning longevity pay from being used to calculate pensions.

Pat Colligan, president of the state Police Benevolent Association, pushed back against the idea that longevity pay was harming taxpayers.

"If you want to make it harder to recruit qualified police officers in this state, keep chipping away at these benefits," he said.

Contracts that allow these perks were collectively bargained, he said, and one benefit may have replaced another, like a pay raise.

Regina Wilder, a spokesperson for state Assembly Democrats, said they would "thoroughly review the findings and recommendations" of the report.

Investigators did praise towns that have adopted stricter measures than the law requires, including the Borough of Seaside Park, which they said eliminated sick time payouts altogether.

The report was SCI's first since it named a new director in December.