

State funding comes with strings attached

Restrictions are placed on personnel, spending in return for \$ 500K in Extraordinary Aid

By John Zucal Managing Editor , Orange Transcript

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City officials expressed relief when state officials announced Orange would be one of the few Extraordinary Aid recipients in December.

For some of them, that may have changed when they were asked to accept cost-cutting demands by state officials.

State officials announced Dec. 22 that Orange was one of 13 municipalities which received Extraordinary Aid from the state Division of Local Government Services. Orange was awarded \$ 500,000.

Between the holidays, city officials received a "Memorandum of Understanding" from state officials. In it, state officials required its acceptance by Mayor Eldridge Hawkins Jr. and the City Council before it would release funds for this year and further years if awards continue.

The City Council accepted the terms during its Jan. 19 meeting.

While work on the 2010 fiscal-year budget continues within the City Council, state officials have told administration personnel in the memorandum to develop a plan to reduce the city's need for Extraordinary Aid in the 2011 budget. Under state regulations, municipalities are not to presume aid awards when preparing budgets.

Orange may have considered itself lucky to have received aid. With what was supposed to be a strict deadline of Sept. 25, 2009, Orange submitted an application to the DCA but did not have a budget ready until Dec. 1. Because of that chain of events, said John Mason, Orange's business administrator, the city was one of three which were required to sign memorandums. "They indicated that memorandums were being mandated for Orange, Irvington and Plainfield because our budgets were not submitted with the application on the filing deadline," Mason said Tuesday. Edwin Carman, a spokesman for the division, confirmed Mason's statement Tuesday night.

Even after city officials received the state memorandum, it was not made public for approximately 10 days, said a member of a residents' budget committee.

"This was sprung during the middle of a budget hearing when the chief executive officer dropped this bomb," Bruce Meyer, chairman of the Citizens' Budget Advisory Committee, said Monday night. "They let us know there was little that could be done because there was little that could be controlled."

Among the requirements set out within the memorandum:

- Personnel: A hiring freeze on new employees; salary freeze for non-union employees; plan for staff reduction through attrition, position consolidation or outsourcing; freeze on hiring consultants.

- Finances: No funds budgeted for charities or "sunshine-fund" expenses; monthly revenue and expense reports issued to state; out-of-state travel and in-state overnight stays prohibited, with few exceptions; timely foreclosure and lien sales; most expense reimbursements prohibited.

Waivers may be granted by the division's director, however, the city must provide justification for receiving permission.

Edward Marable, the City Council's president, said Monday night some of the division's demands had been in force or under consideration by the council or the Hawkins Administration. One example, said Marable, was a travel restriction within the administration. Now that has been extended throughout city government.

"It actually was a blessing in disguise. These things represent accountability," said Marable. "They're good ideas

even if we did not get a nickel.”

In a statement prior to the council’s vote, Hawkins confirmed Marable’s statement.

“ Many of the requirements in the memorandum had already been implemented or initiated by my administration,” said Hawkins. “ Both the sound fiscal practices and the reporting requirements in the memorandum are in keeping with the goals and practices of my administration.”

Meyer said the division’s demands are good, just a year late.

“ This was much what the budget committee recommended last year and none of them were implemented,” said Meyer. “ But we very much welcome the requirements for fiscal responsibility.”