

N.J. public workers just charge too much for their services

BY MICHAEL BUSLER

COMMENTARY

Here in Atlantic county, which seems to be occurring in many municipalities around New Jersey, Pleasantville will lay off seven policemen, while Galloway Township may have to make cuts in the police force as well. Similarly, city workers in Atlantic City and Hamilton Township are facing the same fate. Why is this happening? Is this a trend or just a one-time thing?

The problem is that local governments have seen declines in revenue as the recession has reduced significantly reduced tax revenue. That, coupled with limitations on the funds available from the state, have caused some severe shortfalls. To make the problems worse, their costs continue to rise because they are contractually obligated to pay annual salary increases.

So now the local governments are faced with a deficit. Their situation is that they have to either raise taxes (primarily property taxes) or reduce spending. Since most voters feel they are already overtaxed, the only solution is to reduce spending. How will they do that?

Local government services are labor intensive, which means they have to reduce labor costs probably by about 10 percent. There are only two ways to do this. They can either layoff 10 percent of the work force or ask the entire work force to take a 10 percent cut in wages and benefits. Obviously, neither option is pleasant. Many city workers note that they have already sacrificed and cannot give up any more.

"Look this is not easy." a local government official might say. "Generally, the public is very happy with the services we offer. The police force, the teachers and other government workers do a great job. Our towns are safe, our kids are generally well-educated and the services provided are excellent. The problem is that the workers just charge too much for their services. And they charge way too much after they retire. The Bureau of Labor Statistics says that workers in the public sector earn 50 percent more which option they would rather have. I hope they opt for the wage cut and we can keep everyone employed. But it is up to them."

The real long-term solution to the problem is to stimulate the economy so tax revenue will increase without increasing tax rates, and to offer fair wages and benefits to all state workers. Until that happens, sacrifice will be the word of the day.

Michael Busler