

**The Governor James J. Florio Archive**  
**A Colloquium on the Transition and First Six Months**

**Eagleton Institute of Politics**  
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**Welcome and Introductions**

- Ruth B. Mandel, Director, Eagleton Institute of Politics
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**Ruth B. Mandel:** Good afternoon and welcome. It's great to see this group sitting in this room. I'm Ruth Mandel, Director of the Eagleton Institute of Politics. It's a pleasure, it's an honor, it's a delight to welcome you to a very special event for all of us and I- certainly for us at Eagleton and I hope for all of you in the room. We're here to consider the Administration of Governor James J. Florio and we're delighted and honored to have you with us for this happy occasion, Governor Florio. It's been a long time in the making. We've had many interesting conversations about it and I think we've got a terrific-- you know, I'm going to say a terrific program but in a way I think of this as a group interview, because it's all of you who did this together and we're recording it for posterity and we have an occasions to hear about that, hear about it from memory's perspective and hear about it as you see it today. We'll look forward to hearing from many of you shortly.

I do want to say that we're very sorry that Lucinda Florio was unable to join us for this important day. Fortunately we'll have video of the program for her to enjoy later. For those of you who don't know, there are risks in getting a new puppy, and she has a few stitches to prove that. But please send her our regards and best wishes. Today's program showcases the most recent efforts of Eagleton's Center on the American Governor. In 2006 the Rutgers' libraries were the fortunate recipient of a gift from former Governor Brendon Byrne who donated papers and other memorabilia from his distinguished career in Trenton. He and his wife Ruthie raised funds to support processing, cataloguing and preserving the materials at Rutgers. This coincided-- they were doing this and then we had been thinking about balancing some of the work that we'd been doing on the legislative side with the executive side -- so it coincided with Eagleton's interest in complementing our longstanding work on State Legislatures with a new focus on State Executive leadership.

Perhaps it will surprise you, I think I've said it to some of you on various occasions ,but I want it to be on the record again, we were so surprised to learn that nowhere in this vast country is there an academic center devoted to the study of the office of governor. Eagleton and Rutgers aim not only to take on that role, but to do it with distinction and to begin with a special emphasis on our own Garden State and notably while this Center studies history, we're designing it to utilize evolving technologies and with an online archive of documents, images, and publications, and a series of video interviews with each recent elected Governor and key associates. These will be available forever in this state and beyond so that if someone does decide in Oregon to study the Office of Governor in New Jersey and elsewhere we hope we will have the best national resource. They will be able to tune into it and further their studies without actually having to come here in person although I'm sure we'll welcome anyone who wants to come here and study as well.

We're also ensuring that noteworthy events, including today's program, are recorded, and also made available online for present and for the researchers. I've just mentioned it also of course for political practitioners we hope it will be useful for people in the future who are putting together an Administration or at a particular moment an Administration to be able to turn to what we have in the experience here in New Jersey to give them some guidance, to give them some advice.

We're well on our way to compiling Brendan Byrne's virtual archive and the Kean virtual archive is not too far behind. We're able to take today's step in establishing the Florio virtual archive in large measure because of support provided by many of you in this room. We want to thank all of you and all of our contributors for their generosity and their foresight in preserving this important historical record. Many, many people have helped us to make all of this possible, and there's no way to introduce and thank all of them by name, but I do want to acknowledge and call on a colleague here in Eagleton who has played a central role on the team that is developing the Center on the American Governor and especially the Governor Florio section. He is John Weingart, Eagleton's Associate Director who has -- and I chose this word carefully--who has lovingly devoted many hours contributed his formidable knowledge of the Florio administration and State Government as well as his vaunted creativity to building today's program. As we begin this session we are deeply in his debt and John is going to come and tell you a little bit about our plans for the Florio section and today's program.

<applause>

**John Weingart:** Today begins a process to build the Governor James J. Florio Archive. We believe this will be interesting, useful, important and even fun, but it is not without challenges. To begin with, we are not setting out to compile an exhaustive history of the actions of every state agency from 1990 to 1994. Our emphasis is on the Governor: the training, experiences, philosophy and beliefs he brought to the State House; the decisions he made and actions he took; the ways in which he exercised leadership; the initiatives, events, and responses that shaped those four years in New Jersey; and the lessons that Governor Florio's leadership can offer for present and future governors in New Jersey and other states

We all know, however, that a Governor very rarely acts alone so the line between studying Governors and studying State Government is a blurry one that we expect to refine – and perhaps redefine – periodically as our work proceeds. We all also know that there is rarely consensus on exactly what happened or why. We hope to be guided by the maxim attributed to Senator Moynihan that everyone is entitled to their own opinion but not their own facts – and to present facts as objectively as possible while also recording

conflicting viewpoints from the time, some of which may have mellowed over the past 17 or 18 years, and others which may now be more strongly felt.

We have the benefit of our previous work on the archives for Governor Byrne and Governor Kean which provide some good building blocks - but also some cautionary notes. In fact, I expect the Florio Archive to quickly become more useful in some ways and to lead to improvements we can retrofit onto the others.

We will need your help. We plan to launch the Florio Archive online in January with introductory materials, including video and transcript of today's discussion, and then continually add to it over at least the next two years.

You may have seen a link to a draft version of the Archive Website in our pre-Thanksgiving email; in any case, it is included in the Program Booklet in the box on the bottom of the first page. Please look at it. If you can suggest any improvements in the next few weeks, we'll try to incorporate them before making the site public. Much of the most important material, however, is in the Program Booklet for today's event. I encourage you to take it with you when you leave today and critically review the material in the 2<sup>nd</sup> half - after today's agenda and speaker bios.

At the very end is an initial list of major issues and initiatives from the Florio administration. Already Bob DelTufo, Michael Catania and Joan Haberle have told us of others that should be added. I hope you can look this over in the next few weeks and let us know what else we missed or what we've included that may merit less attention or is or poorly stated, as well as material relevant to any of them.

Does the bio of Governor Florio miss any key information that should be added? What should be added, or perhaps corrected, in the 1989-1994 timeline on pages 15-20?

Going forward, our plan is to add links from each of the major issues and many of the dates in the timeline to both historical and contemporary relevant background and analysis. So, for example, if you're on your computer looking at the Florio Archive and see that on July 11, 1991, the Governor signed the nation's first "Living Will" law, our goal is that you could click on that date and get to a copy of the law, press stories about it and perhaps video of the bill signing. Ultimately, we hope to add analysis of its impact both through links to existing works and, we hope, by stimulating new research and writing.

Also, I suggest you look at the plan we outline on page 21 for creating the Florio Archive. Today's program will focus on a number of major issues and significant events but for most, and perhaps all of them, it will only scratch the surface. We will convene future, more-specific and probably smaller sessions on some of these policy areas as well as others, and will welcome your suggestions of which ones would benefit from such a format and key players or observers who should be included.

We will also conduct individual interviews with Governor Florio and selected people from within and outside the administration but will try to focus them - perhaps more than we have with our other interviews to date - on the role of the Governor and, when relevant, comparisons with the men and woman who came before or after.

Finally, we seek your help in assembling documents, photographs, and interesting artifacts that we can scan or photograph, as well as relevant video and audio recordings. These can be very useful but I ask with some trepidation. We are not seeking to compete with 1-800-GotJunk. We need material where the context is clear. If you think they should be part of the Archive, please help us figure out how they should be captioned or labeled. Why are these memos important or interesting? Who is in the photos and when were they taken?

So, thank you all for being your being here today - and welcome to those watching or listening or reading the transcript at some point in the future.

Let me turn the program back to Ruth. Thank you.

<applause>

**Ruth B. Mandel:** It is true that at a certain point in life anyone who helps you to clean out your attic or basement is a godsend. And this is a little bit of the history of how the Byrne part of this archive started in Governor Byrne's and Ruthie's basement. It's now time to present the man at the center of today's program, certainly in this company he needs no introduction and you can find as John mentioned a fuller biography of him in your program. But perhaps we could view this entire afternoon as reintroducing him and his legacy particularly to the wide and enduring universe of cyberspace.

While he was Governor for only a short time and faced enormous challenges, he was able in those four years to have a significant lasting impact on the state greater than that of many people who served much longer. Whether or not they agree with him, there's no question today and in all the proceeding years since, New Jerseyans

respect Governor Florio's knowledge and deep commitment to bettering the state through carefully public policy. No one can doubt his commitment to finding workable solutions to some of the most complex problems we faced then and that we continue to face. Jim Florio served in congress for eight terms authoring or spearheading important environmental legislation and other significant measures before coming back to lead New Jersey when he was elected Governor in 1989. In 1993 he received the John F. Kennedy Profile in Courage award created by the Kennedy family to honor the best public servants. Governor Florio was recognized for quote "His courageous political leadership in gun control, education, and economic reform." Today he is Of Counsel to the law firm of Florio, Perrucci, Steinhardt & Fader, and teaches right here at Rutgers at the Bloustein School. He's a familiar visitor in this room, a valuable contributor to our programs. I'm honored and pleased to welcome back to the Eagleton Institute of Politics, Governor James J. Florio.

<applause>

**James J. Florio:** Thank you very much. I feel very much like I'm in attendance of my own viewing.

<laughter>

Let me first of all extend to all of you Lucinda's regrets at not being able to be here. Just as I mentioned to a few of you, we have a new puppy. Lucinda last Saturday took the puppy out for a walk, the puppy pulled, there was a hole in the street, she fell into it and she got some-- she's alright, but she got some stitches and she got a big black eye and her ego doesn't allow her. She also reminded me this is only the second injury that she's had since she's known me. The first one some of you may recall. I took her out. We played tennis one day, and I put the shot here and then here, trying to make her run back and forth which she did and she broke a bone. She proceeded to enjoy telling everybody that I'm not a particularly good tennis player but I'm a very aggressive tennis player. And then I had to have staff people send me notes informing me that tennis was not a conflict sport. There's not supposed to be any contact in tennis.

But I want to thank everyone for being here. This is very nice. Nostalgia reigns as I look into the audience and see faces. I want to also thank everyone at Eagleton for all the hard work they've put into making this whole enterprise something that is hopefully of value to the people of the state and the people who do have access to this facility. I want to also express my appreciation for this process and this project forcing me to do something that I really don't do very often which is look back. Philosophically I'm just committed to never looking back because I don't think it's particularly productive, but I've had to do it in this undertaking and it's been somewhat enjoyable.

I mean I really think we did some fairly important things that I wouldn't have paid attention to if I hadn't been forced to look back as a result of this program. In my

15 minutes what I thought I'd do was to just give you some recollections of what I think my mindset was at the appropriate time, that is before the campaign, during the campaign, and then in the transition period that we'll be focusing on today, so as to give you an opportunity and to give me an opportunity to see if in fact the original intent at least as it was in my head was something that we came into compliance with. The things that we did, some of the things we did were good, some of the things didn't work out. But I think it's important to be able to analyze where you were intending to go and where you actually went.

I think the first observation that I would make is that we did a lot of preparation, much of which was not particularly known. And Carl Van Horn is here and he was really very helpful to me, actually in the year before we even started the campaign and having Saturday morning seminars on different topics that we had. And many of them were here at Eagleton if I recall correctly. We had five or six people on the topic of the day: urban policy, transportation, healthcare policy. Some of you were at some of those meetings. And it really enabled us to be very well prepared not so much for the campaign, because as campaigns become more superficial you don't need all of the depth to go through a campaign, but to prepare us for initiatives to become involved with and that was something that was useful.

Greg Lawler is here. From that point he was in Washington and that was another part of the preparation we had. We appropriately used authority in Washington to learn more about New Jersey. I had a committee that I was the chairman of: Transportation Commerce and Tourism. The commerce component of it allowed us to do everything and Greg had great relationships apparently with the parliamentarian who determined what was the scope of our authority. Commerce gave us a scope of everything, so we had hearings on boxing. We had hearings on all kinds of things and as you can appreciate we had these hearings with a definite tilt towards New Jersey. So for boxing we had Larry Hazard who was the Boxing Commissioner in New Jersey came and testified. When we did any of the environmental things, we focused on New Jersey superfund sites. So we had a learning process that allowed us to be able to expand our knowledge base so as to be fairly substantive when we ultimately did come into office.

My favorite topic was insurance. That we had was hearings on insurance which was interesting. because the federal government doesn't have a whole lot of federal jurisdiction over insurance, but through Greg's good art of defining the law and getting the parliamentarians to subscribe to it we were able to have hearings on automobile insurance in New Jersey and things of that sort. And that was a good useful exercise as well getting to interact with people from New Jersey. There were all kinds of people that came up here. Ken Merin who was a Republican who was the Commissioner of Insurance was very helpful to us in learning the business. One of the reasons why the insurance industry didn't like us particularly, we knew what we were talking about when we got into office. That was problematic for a whole lot of people in that area.

I'd like to just make a couple of observations about some policy matters we became involved with and these were matters that were issues that I suspect we'll be talking about a little bit today. One of the most important ones of course was school funding. And the school funding we raised the cost of the campaign but we raised it in a gingerly way. We didn't beat up on people because we made the decision that there wasn't a whole lot of benefit in beating up on the Kean Administration. Of course the Governor was reasonably popular and at that point we didn't need to do it. I observed that and I had a nice relationship that I developed with Cary Edwards after we both got out of politics. I was serving on the board with him. And I always teased him about how successful he was to sort of rope-a-dope the issue for eight years, never having any kind of conclusions and that was very talented, a very talented and beat up in the course of the campaign the administration for saying everything was wonderful in all of our cities on the educational front. When it was clearly, objectively, not particularly good.

But we were able to get people together to focus on this issue and when we came into office we were prepared to deal with education, but not as rapidly with a court decision after eight years came down a couple of months after we were in office, and didn't have a sense it would cost quite as much as it ended up costing. So that was a two billion dollar number that we had to deal with.

The environmental issues we focused on in our hearings because as some of you may recall that summer of 1988, '89 the majority of the shore was closed: hypodermic needles, all kinds of toxic waste being washed up, garbage being washed up. And that allowed us to be prepared to go forward very quickly which we did with the Clean Water Enforcement Act being passed by the congress very quickly.

Another of the insurance issue was another one that we were prepared to deal with very rapidly when we came into office because we spent so much time preparing for it. The JUA, the Joint Underwriting Association it was called, the JUA which purported to be for bad drivers was encompassing about 53 percent of the drivers of the state were in the bad driver fund so we were able to get that done fairly quickly. As I said that could cause some animosity, some permanent animosity over the four year period with the insurance industry, but it was something we feel was a good thing to do. Two issues that I just wanted to briefly touch on and they were not highlighted through the course of the campaign but by virtue of outside events occurring became fairly important.

One was the whole gun issue. There was an event in Stockton, California where a crazy person took out an assault weapon and killed a whole bunch of school children. And then something that was a personal event. I went down to Camden talked to the then Prosecutor, Sam Asbell. I remember being struck by the fact that he told me he couldn't send law enforcement people into North Camden, one of the sections there at night, because the bad guys had more fire power than the law enforcement people did. And that highlighted the importance for me of dealing with

the whole assault weapon issue. I'm not sure if John Lynch is here. I think he was supposed to be but John Lynch was apprehensive about the issue. He said not so much on the merits, because you had to be an idiot not to appreciate the fact that we didn't need any more Uzis in the state. By doing the politics and prepping with hindsight he was correct that it was a difficult issue to deal with although I will tell you. I think in some respects I think one of our finest hours was the whole effort, the successful effort. We had to beat off the effort of the new legislature that came in to repeal the gun ban so I'm very proud of that.

And then the last issue I will just mention briefly is the fiscal issues the budgetary issues. I was working off the experience that I had in 1981 when Tom Kean and I competed and I was challenged because I would not sign a no-tax increase pledge. And Tom did and I teased him a bit. In fact it took him about 18 months before he violated his no-tax pledge largely under pressure from Alan Karcher, who was the Speaker at the time, who sort of bludgeoned the Governor into signing this law. But I still -- in our campaign in 1989 -- refused to sign the pledge but I copped out a little bit by saying that I could foresee no need to do this on the basis of what was represented because what was represented was there was a 300 hundred million dollar surplus ending the year that we were finishing, when in fact it turned out to be a 600 hundred million dollar shortfall. So right there we were almost one billion dollars in the hole and the projection for the next year was two billion. And then we thought the school district case would come down a little bit later. It came down very quickly. Well anyway, that's just a couple of the thoughts that I had about my mindset going into this whole process. I have insisted upon and I've been granted the opportunity to be an ex-officio member of all of these panels.

<laughs>

So I can have no inhibitions about raising my hand. Thank you very much.

<applause>

***End of Introductions. Transcript of First Panel begins on next page***

**First Panel – The Transition: Selecting Staff and Planning for 1990**

Moderator Ruth B. Mandel  
Panelists Brenda Bacon  
Douglas Berman  
Karen Kessler  
Steven Perskie

**Ruth B. Mandel:** Thank you very much. The Governor is seated strategically at that end of the first row and will jump in at any point with <inaudible> and I'm sure with your, not simply your tolerance but your pleasure. The Governor's remarks remind me of a conversation that he has with many of us here any time we talk about this project, this archive, this section of the Center on the Governor and that is he's not terribly interested in building monuments and statues and nostalgia. He's interested in talking about policy; the policy then, related to policy issues now. And as we go forward, and as John indicated develop more programs under this section, we will responsive to, respectful of and care a lot about making sure that we present those kinds of programs and hope that many of you will participate in them as we go forward.

I'm now going to present our first panel. Even though the Governor has opened with some observations about key policy issues and areas, we're going to talk in this opening session about building the Administration. And we're going to begin with the Transition. And as we all know we live-- we're fortunate enough to live in a democracy in which, whether we're at the federal level or in the states, we go through orderly transitions. And we're proud of that and I think rightly so and we mention it all of the time. But there aren't very many people, maybe everyone else in this room is an exception, but there aren't very many people around who know anything about what that really means. What happens in a transition? What happens-- they know what happens right there in front of the cameras but what happens behind the scenes? What happens between the Administration coming in and the outgoing Administration? How often is that similar or different? How many outgoing administrations make sure that they burn who knows what and make it difficult for incoming administrations? How many are constructive and generous in the way that they share information and help the transition? I mean there are all kinds of things we just don't know. And I'm not suggesting that we are now going to find out everything there is to know, but we do think it's very important as part of this section on the Florio Administration, and in all of the sections in our Center on the Governor, to focus some attention on the issue of transition.

The name of this panel in your program is The Transition: Selecting Staff and Planning for 1990. And you'll find full biographies for all of the-- for the four people here. There were really six people whose names were always mentioned in connection with the Transition. Four of them are on the panel. Angelo Genova is sitting in the audience. And Jon Shure. I haven't seen Jon. I don't think he's with us today. But Angelo and Jon continued in roles that they had during the campaign.

The four people sitting here took on different roles in the Transition and then moving into the Administration. So there's a slight difference in the place they had in the history of this transition. I'm not going to read you their bios but I am going to quote, before I turn it over to them, from a newspaper article that appeared in the Star Ledger on the 9<sup>th</sup> of November right after the election, written by Dan Weissman. And in it he quoted the Governor-elect in describing each one of the four people here. And we were planning to do this and I have these quotes and I will, but I do want to say first that we got this really wonderful gift about an hour ago when Angelo Genova arrived bearing with him, and this was a surprise, and he gave it to John Weingart who passed it on to me because of this panel.

This is a copy of the Star Ledger from that very day. And this is the article by Dan Weissman from which I was planning to quote and I will quote and we will now have it in our archive. And I know you can't see it, even you who are on the panel but you can later take a look at what you looked like then if you haven't looked at your old photograph albums recently. But everyone on the panel is pictured here. And it's really, I want to thank you very much on behalf of all of us here. And it was great. He explained to me, he can explain it to you later, again, if he likes, but it had something to do with someone getting a divorce and cleaning out their attic. So that's how we're benefiting with this wonderful artifact.

**Brenda Bacon:** We want to see the quotes.

**Ruth B. Mandel:** I'm going to read you the quotes.

**Steven Perskie:** Just pass it down.

**Ruth B. Mandel:** You will know if you ever had anything to do with a museum that you don't get to touch artifacts like this without special gloves that curators use. And then they get treated in certain ways. So once you pass through that process I'll let you touch it.

**Karen Kessler:** <inaudible>

**Ruth B. Mandel:** It's with great pleasure that I get this conversation going with these four people starting over on the other end. Doug Berman, who was during the Administration the Treasurer; during the campaign, the Campaign Manager. And he was tasked according to the Governor-elect and as quoted in this article by Dan Weissman he was, "tasked with coordinating the operations in which we will be consciously listening to a wide range of groups of individuals to try to formulate how we will go forward". So Doug I'll give you a couple of minutes to think about what that meant then, what it means now and how it related to any reality at the time. That was his job.

Sitting next to him is Steven Perskie, the former Senator, very distinguished State Senator and Judge, who joined the campaign when he stepped down from the

Superior Court in October. Joined the campaign and became in the Transition, the Director of Transition, that was his title. And was tasked with according to the Weissman quote and the Governor-elect, "Steve's wide range of contacts in and out of government will help assist in organizing the governor's office and supervising the search for top people in the executive branch." So there's a large piece of personnel work there.

And Steve is sitting next to Karen. I'll be interested to know later how closely they worked together on this because Karen Kessler, Deputy Director of the Transition was tasked, again according to the Weissman article and Governor Florio's quote, with "working with Steve in charge of personnel matters." So these are the two people who were designated as the central point people in bringing the new Administration-- bringing good people to the new Administration.

And at the end of the table here to my right, Brenda Bacon, who was Chief of Management and Planning in the Administration overseeing all healthcare and human services reform efforts and was a senior advisor to the governor during the campaign. Well, first of all in the '81 campaign worked with that campaign and was a senior advisor. She became, in this effort, the Deputy Director of Transition tasked with a quote "a review and evaluation of all state agencies, a very important part of what we are doing," the Governor-elect said.

So I'd like to open this by asking all of you to reflect on how you were described here and what you actually did. And I have this image in my mind which you may or may not find useful, it was useful to me in thinking about this, it was that there's an old house, a big old house and it's an important place and we have lots of important memories associated with it. It's Government. It's State Government. And now we're going to get a new owner or really I thought no it's not, it's not it's a renter. But the renter has to come in and furnish it, organize it, make it ready for the day when the family moves in, when people move in. And so your job was to take this old house in Trenton and to prepare it for moving in day. And we want to hear about what each of you learned about the role you had to do and how you did it. And I'm going to go down to Doug and then we can come forward.

**Doug Berman:** Well, first, I'm really excited to be here. It's so great to see so many old friends. Now, I've been involved in government or politics for a long time. I just want to say that, you know, I've always-- it's like being back on the campaign trail. I just wish there were people in government today like you Governor. It would be a lot better for America. I'm going to vary a little bit from what you asked. The transition...

**Ruth B. Mandel:** Not permitted. (laughter)

**Doug Berman:** It's relevant though and it echoes what the Governor said. Governor ran his campaign on a couple of issues, one the environment. We talked about clean water and appointing an environmental prosecutor. We didn't vary from

that very often. We talked about the importance of dealing with crime. And that had two messages. He was for the death penalty and we would get rid of assault weapons. We said we had to fix the insurance problem. There was a \$4 billion deficit that the state had to deal because of how we were dealing with car insurance and we said we would fix it. And then as he said, we finessed the issue of what we thought might happen with respect to the budget. We had looked long-term. The \$1.8 billion surplus that had been growing during the Kean administration had shrunk to \$300 million because spending was no longer tracking with revenues. And that trend was going to cross itself. But that they had begun to use the savings account to cover the bills. And it was very committed to policy.

We had the good fortune by mid September to be in the lead. And I remember turning to the Governor one night in the office and saying, can you really fix the insurance thing? I mean is this for real? And he said, "Yes!" And I know that early on we asked Greg and Rick Wright, already in the campaign, to begin to formulate that because the Governor believed in an administration in which it was going to be about policy. We knew early on that it wasn't just about who was going to sit in what places: but be it Carl, Scott, Angelo, Brenda who was down the hall in the office, we had already begin to think about how we were going to get the policies the Governor was advocating, that would be better for the people of New Jersey, through.

And so when we talk about the Transition, I had written him a memo still during the campaign that said look, we're going to have a budget problem. If we don't do the insurance thing first, this big promise that you have made to the people we will never get to do because the budget will consume it. And so that was the first substantive topic that, I think, Steve early on had to start to think about how he will get through the legislature, and Jamie and others and then Greg and Rick Wright. We kind of made a decision and I hoped the legislative guys follow the same thinking but that we would do insurance. We would do the gun bill because that was going to be really tough and a big fight. And then we would deal with the fiscal matters that we thought were coming down the pike. But from the beginning of the administration, people's-- I think we were thinking about assignments and responsibilities in terms of executing and getting passed the policies that the Governor had been talking about throughout the campaign. And believe there had to be a consistency between what he had campaigned on and what we did when we actually got into government. And so a lot of it had all ready begun, right.

I have a kind of view of politics that says there's three kinds of things that affect what happen. The externalities, right, things you don't control overall that happen like a recession. There are other actors, the legislature and other people. And then your own actions that are both good and bad in the context of trying to get things done. As the Governor suggested, three days before the end of the campaign, Governor Kean got up and said there's a \$300 million surplus. The very first briefing OMB three days after as I was becoming the State Treasurer and thinking, well I'm going to try to do what the Governor asked, reach out and they say well, it might

not be 300 million. It might be zero. About two weeks later, well, it might be \$200 million in the current year until slowly as the transition between the OMB reporting to the Kean administration and the OMB reporting to the Florio Administration those numbers became 600 million in the current year and then 2.5 billion without the school problem in the upcoming year. And I'm going to let others talk about it but a key part as we come back to talk about the Transition is a lot of efforts that were beginning to be dealt with some never I don't think public to this day, to what to do about that 600 million before we even took office. But let me stop there and let others talk.

**Ruth B. Mandel:** Steve, you went on to become Chief of Staff in the administration.

**Steven Perskie:** I haven't figured that out yet. Yes.

**Ruth B. Mandel:** But you had another role in the Transition and how did that happen?

**Steven Perskie:** I'm not sure. Let me first express my appreciation as well. Those of you who do have dogs, other than the Governor, know something about the concept that one year in a dog's life is equivalent to seven years in human life, something like that. I spent 366 days in this effort and I really want to express how deeply I appreciate the opportunity to revisit the delights and the joys of those 366 days. When I remember them I'll let you know.

<audience laughter>

As far as the transition process is concerned, it's all of these years later and there's still some things I haven't been able to figure out. The short story, and I'll try to keep it short, is that this started-- I was sitting as a Superior Court Judge. I had known then Congressman Florio for a long time. We had served in the Assembly together before he went to Congress. We managed through the assistance of mutual friends to have some conversations. And it was clear to me that I would be afforded if I wanted it, and I did, the opportunity if he were elected, to come in and play a role in the governor's office which for a variety of reasons intrigued me particularly because I knew, as did everybody else who worked with him before he was elected, that he was principally focused on policy. And there were some critically important policy determinations that were about to be made. But as a Superior Court Judge, of course, I could not be in any way involved in the political process. So we arranged, again, with the assistance of one particular mutual friend for me to do some homework and some research through unsigned memoranda that went back and forth to him with respect to how the Governor's office should be organized, what his thoughts were, my research.

As we went through the spring of 1989 and during the primary season I got more involved with it. At one point, I actually was in Trenton incident to my own

reappointment and spent some time there that day with the assistance of a friend of mine in the Legislative Services office, and getting all of the documents from the Kean transition and even some from the original Byrne Transition, to do some additional homework. And all of that, in my mind, was fine. I was planning on doing all of this, giving some suggestions for how the office should be organized and planning to stay on the bench until after the election where I was nice and safe. And then some time, I think, it was early in July, the candidate, the Governor, I'm going to call him the Governor, he wasn't then, called me and he said, "I've got a problem." What's your problem? "Well, a lot of people on my staff are being critical of me because as far as they know, I'm not giving any thought to what happens after the election. You and I both know that's not so but I am not able for obvious reasons to share that with anybody." So we decided that it would be okay with both of us if he assigned somebody to come down and see me and to get all of the materials that I had all ready collected, which by that time included some materials from the state. I remember Scott Weiner had done a memo and some others. So he sent a fellow down to see me one day by the name of Angelo Genova whom I had not met previously. And Angelo and I worked it out so that all of whatever wisdom I thought I had what was given to him and he took as far as everybody else in the operation was concerned, he took responsibility for a very low level, a very low key effort to design and organize the administration at the beginning. And that was also fine with me. I still planned on staying on the bench until November.

And then some place I want to tell you it was around the middle of September, it wasn't working. And it wasn't working because by the middle of September there wasn't anybody in the state of New Jersey who didn't now who the next Governor was going to be. And that meant that there was even more pressure to get rather specific in terms of not only what the structure of the Governor's office would be and how it would be organized, but rather who would be filling what kinds of roles and the situation became untenable. And therefore, I was invited to join the campaign on October 3<sup>rd</sup> or 4<sup>th</sup> of the year as I forget what name I was given. It didn't matter and it was intended to fool anybody and it didn't. Everybody knew what my role was going to be. I do, by the way remember, I don't know if you do, that at the time that I did step down and it got whatever news it got, Governor Florio was 16 points ahead in the polls at that stage. And he wound up winning by twenty points and as I made clear to Doug at the time, those four points were on account of me.

<audience laughter>

My original expectation through this entire process, the Governor and I had never had a specific conversation as to exactly what role I would be playing. We both concluded it would be best to leave that to be evolved by circumstance. But in my own mind, I contemplated that the best thing for me and the best way I could be helpful would be in the position of Counsel to the Governor, where I could assist both in the shaping of policy and in the direct deals with the legislature, which was

where I had had, obviously, 11 years of experience. And most of the legislators, including most of the senior legislators were people that were very well-known to me. Somewhere along the way and I have never figured it out, I really haven't and I don't know the answer today, maybe somebody else does. Somewhere along the way that got morphed into my becoming the Chief of Staff. And then I recruited Jack Sweeney to serve as Counsel to the Governor. My principal role in the pre election process, in the month between when I stepped down and the election, I set up a small office in Atlantic City about one-fifth the size of this room, where I wound up entertaining a variety of applicants for a variety of opportunities. Some of them were candidates in their own minds for cabinet positions. Some were in the staff, some of whom are in this room who I invited so that I could become-- first of all, so I could meet some of them. Some of them I didn't know, many of them I didn't know. But I was kind of taking inventory, what do you want? What are you looking to do? Do you want to be inside? Or do you not want to be inside? If you want to be inside what kind of role do you contemplate for yourself? And I had that discussion with a great many people.

After the election, my principal focus initially was, again, internal. When I say internal I mean in the structure of the Governor's office. I had learned by that time, how the Governor wanted to operate, different leaders, different executives operate in different fashion, some prefer a peer group structure. My conclusion was that this Governor was going to prefer what I always called a spokes-and-wheel concept, where he was at the center and had direct interaction with a variety of people rather than have it structured. So we designed that and my principal focus during the early part of the Transition was, again, on the internals. John Shure, of course, was the obvious choice for press. We needed a legislative liaison. I found somebody that I didn't know that I wish now I had known earlier because she's that talented sitting right in front of me, Diane Quinton. And the various other positions that would structure the Governor's office.

One of the principal ones was the position of Director of Policy and Planning. The Governor one day called me in and said, "I need you to go see Brenda Bacon". Why should I go see Brenda Bacon who I really did not know at that point. "Because I want her to be in here and she's not all that enthused yet." <audience laughter> I went down and had lunch with Brenda Bacon and spent some time explaining to her why it was so important that she join the effort and assume that responsibility. And when we got all finished, she looked at me and she said, "You know, you sound just like him," which I then and today take as a compliment.

You asked a question about Karen. Karen was an integral part of everything that we were doing. Her focus, at least as far as I was concerned, was more external than my focus. She was out there finding names and candidates and possibilities for a wide range of policy and substantive positions, where as at least at the beginning was focused more on process and structure. As far as the legislative piece is concerned, we'll leave that for the remaining part. I agree with exactly what Doug said. We had a very specific agenda. My recollection is on the night of the election

the principal, if not the soul policy statement that the Governor-elect made that night, was on auto insurance. And that that was going to be focus number one and it indeed it was. And with the cooperation of the legislative leadership from whom you'll hear in a little while that was accomplished. We then turned to the guns. I'll have some more to say about that later. That was the longest day of my life. And the rest of it went from there.

**Ruth B. Mandel:** He actually stated, according to the press, that it was the automobile insurance and a smooth transition. So those were the two.

**Steven Perskie:** Right. The only policy or substantive focus of my recollection of that night was we're going to do auto insurance and that indeed was the job from day one.

**Ruth B. Mandel:** I just want to ask you a follow up because of something you said and it would be a question I would have asked later and other people can comment on it later but how often did that happen during this transition? That is the Governor-elect himself calling you or others and saying there's a certain person? I mean how involved was the Governor-elect himself and certainly he can speak to it too as well.

**Doug Berman:** I don't think that that was more than once an hour. <audience laughter> As I recall...

**Ruth B. Mandel:** So Brenda, I'm sorry, you weren't singular.  
<audience laughter>

**Brenda Bacon:** I didn't think I was.

**Doug Berman:** If the election was on Tuesday which I think it was it would have been Thursday before he said to me, knowing my background obviously as his, that we would both see the Attorney General as being in any structure a very important part of the building process. He said to me, "You know, Bob Del Tufo?" Sure I do. I've known Bob Del Tufo for a long time. "Go tell him I want him to be Attorney General." So I called Bob Del Tufo who was three block down the street. And we had dinner and-- see he eats after with all of them. And Bob Del Tufo became Attorney General. The Governor-elect was intimately involved in at least everything I was touching he knew everything I was doing. He would obviously direct me in some instances and, in general terms, or some instances as that in rather specific terms. But he was certainly very intimately involved in every-- not necessarily in the second level or what I would call second level assistance in the structure of the Governor's office, but certainly with respect to all of the cabinet choices, absolutely. So you would say that that would be pretty much the pattern that he guided you to most of the top appointments. He had that in mind all ready.

**Karen Kessler:** Some. Some.

**Doug Berman:** Not necessarily—the Attorney General he knew who he wanted.

**Karen Kessler:** Right.

**Doug Berman:** Treasurer he knew who he wanted.

**Karen Kessler:** DEP he knew who we wanted.

**Doug Berman:** DEP he knew who he wanted. But there were a whole range of other very important positions. And also George Zoffinger

**Karen Kessler:** George Zoffinger. But there were a lot of that he met for the first time after we had met them.

**Doug Berman:** Absolutely. Karen, who will speak for herself, brought in a number of candidates for a number of positions. And obviously at the end of the day the choice was not any of ours. I do remember one instance; we were looking for an environmental prosecutor. And at one of our morning meetings at some point in the discussion and there would have been eight or ten of us, I guess, in the room, whatever and he said, "Okay, how many people in here show of hands, know who I'm going appointment as Environmental Prosecutor?" And I didn't raise my hand. I had no clue because it wasn't part of what I was doing. And I assume Karen probably knew or whatever. In any event, a couple of hands went up, one or two and kind of a puzzled look, what's that about? And he said, "I just want to know who to blame if it gets out before I'm ready to announce it." So if your question is was he intimately involved in the important pieces of this I'd say, yeah.

**Ruth B. Mandel:** It was delegated out but also actively engaged. I'm going to let you speak for yourself Karen and say that you were described and have been described as a talent scout in this process. Personnel is what I quoted before. But as someone who could be a talent scout in the big world out there for the Governor-elect. So if you want to start from there and talk about when you got involved, how you got involved and what you did.

**Karen Kessler:** I had a few different roles. Let's start like this. I come from private industry and I became Jim's director of finance during the campaign thanks to Doug Berman calling me. I was on maternity leave and he felt that he probably felt he didn't have to pay me for the first four months since I was being paid by my employer, so that's how I got this job. And I ended up staying on as finance director. I never had any thought that I was going to go into state government. That wasn't my rhythm. That wasn't what I loved. So I, in many ways, it was an easier choice because I wasn't competing for any of these jobs. We raised a lot of money during the campaign and a lot more than had ever been raised before. And when we hit about \$10 million and we started buying sweatshirts for the campaign staff we knew we sort of had hit the amount of money we needed. And short of

raising excess of money I remember going sitting with Doug and saying, I think, we're done. I mean it's September but I don't really think we need a lot more money. And I really thought at that point...

**Ruth B. Mandel:** Wow.

**Karen Kessler:** I was going to go back to my life in New York and that was going to be it. Instead, I remember going to see Jim. And most times when I said I needed time on his schedule he would roll his eyes because he knew had to fundraise which was always his least favorite activity. It probably still is to this day. And I remember walking in and saying, I think I'm done. I think we've raised enough money. I don't think we need to do this any more. And he at that point said to me, "What about starting to work on transition?" And I remember going in the elevator by myself and letting out this squeal and saying, dammit he really knows we we're winning this thing. I mean we had never said it out loud that we were going to win that early. So my first responsibility or the way we first approached it was with Kurt Shadle, who was working with me, is we called the Democratic Governors Association in Washington. And we went because there really was no Internet to speak of in a big way. And we went to Washington and we got their manuals on how to put together a transition and came back with sort of all of these materials. And we started looking through them.

And then I called Ed McGlynn and I remember feeling like I was in a secret covert spy operation because I was so afraid he was going to call the legislature and see who is this arrogant campaign that was picking up the phone. And I said could I meet with you. And I went to meet with him and I said I need the floor plans, I need to see the office sizes, I need to talk to you about where we're going to set up transition, remember? And we came back sort of with all of this material. And at that point, Jim had said to me, "I need you to go meet with this guy named Steve Perskie." And I went to meet with Steve. I had never met him before and I sort of said, here's all of the stuff I have. And we began to sort of divide up.

So it was everything from office space and who was going to get it and how many floors we needed. And it was probably which will be humorous to those that watch it a few years from now, the first e-mail campaign. We all were introduced to e-mail during the campaign. None of us had had it before. So when we started Transition and within four seconds of getting named to our jobs and the world wanted to find all of us, some of it came through e-mail. And every day when the mail was delivered that was like the big rush. And I had a few jobs. One job was getting all of these letters from people who gave us a list of everyone who had to be fired, within five minutes, from the Kean Administration. And there were a lot of people that made sure we knew who they were. We had one group of people who made sure of everybody who had, you know, a year-and-a-half left until they got their pension, please can't they stay, come on, please, please. So that was sort of another list that we had to sort of through. We had a lot of those.

We had a lot of people, particularly people from South Jersey, who felt that this was our time and so therefore most of those jobs should go to people from South Jersey. A lot of people who felt there should never be anyone hired who was not a New Jersey resident. But the governor was very clear to us and said, "I'm looking for the best. That's what I'm looking for. And I don't care where they're from. And I don't care how you find them; I'm looking for the best." We did not hire a search firm although we talked about that for a while because we felt it was going to add time to the process and money to the process. So we started our own networks and we called and called and we found an Education Commissioner in Texas. And we found a Transportation Commissioner in Colorado. And whether they were from Colorado or they were from Collingswood it really didn't make a difference to Jim. It was who was the best? We brought them in if they had a track record. We brought them in if we thought they had the kind of personality that was going to work with him, someone who was going to be a hard worker, someone who was going to sort of "get" the whole policy.

The cabinet was really a different kind of search. But then when we started going to the next levels that's where we started looking at an awful lot of people that we knew people who we knew were hard workers, people who had track records, people who we thought could get along with people. And then there were always those stories which I know I told you over the phone, My most favorite, was we got a letter from a State Senator extolling the virtues for someone for Jeff Connor's job - for the Banking Commissioner job which is one of the last positions that we filled, telling us how fabulous this candidate was. And the candidate was cc'd at the bottom and at the top was a sticky and it said "Please ignore this letter." It was a real introduction. <audience laughter>

It was sort of all of the forces coming together at once. Our job was to be gracious. Our job was to always remember it wasn't us who was elected, it was Jim Florio who was elected. Our job was to sort of represent him and serve him well. Do not act as if this was all about us. But it was also to learn how to say no graciously and sometimes how to say no directly.

**Ruth B. Mandel:** Question, so there was never a headhunting firm. Your guy in the other transitions, I think, Governor Kean's Transition there was...

**Karen Kessler:** They must have had more money than we did.

**Ruth B. Mandel:** Well, you had enough money in September.

**Karen Kessler:** We talked about it. First of all, the transition had a budget; that was the first thing.

**Steven Perskie:** She's right. We talked about it.

**Karen Kessler:** We did.

**Steven Perskie:** And we decided that given what we had all ready going for us we didn't need it. And Karen filled that role. I mean I remember going to see Ed Koch who at that time was just going out of office in New York City because we had some common people that had worked for him had worked for me. And do you have any names that you would like us to take a look at? And indeed, some of them did come into the process.

**Karen Kessler:** You know, I would say there were only two people in that year that the Governor was elected, we were one of two national elections. There was a lot of attention paid to us particularly because of some of the issues that the Governor was dealing with. So we had for my purposes we had had a fundraising base all over the country. We had people that were giving to us from all over. We had prominent people calling out and reaching out to help us. So it really wasn't that hard to establish a national talent bank of people who were willing to go out and look for us. And as I said, the Governor had probably half the cabinet pretty much in place as we he was elected. He knew who he wanted for some of those roles. There were the other roles that we really had to go out for. And then once we got below that we really pretty much stuck to New Jersey folks anyhow.

**Ruth B. Mandel:** But when you brought in someone from Texas or from Colorado if it was someone the Governor didn't know, how did that happen?

**Karen Kessler:** We sat in a hotel lobby in New York and we would like cycle them through. I mean how did we find them?

**Ruth B. Mandel:** No. Once you found them then you brought them in and before they met him...

**Karen Kessler:** Well, Steve and I would meet with them. We would talk for a while, we would do-- I mean probably now it's rudimentary background searches but we did as best we could then. I remember, we'd call Angelo and make sure that they had done nothing too horrific in their background that they showed up in some federal register somewhere. And then when we felt we had somebody who on a lot of levels was going to work we would say to the governor, we've got a couple of people we want you to talk to about transportation. Even though we pretty much we could call it because we knew him well enough to know who he was going to really like.

**Steven Perskie:** But we never even dreamed about the notion that we would sell on a candidate for a given position and then tell him about it.

**Karen Kessler:** Never.

**Steven Perskie:** That was not going to happen.

**Ruth B. Mandel:** It's just that it sounds very direct, very energetic. And having served on more than I can tell you academic search committees, this sounds like a model of effectiveness for how a search might take place for high level positions. Yes, Governor.

**Governor Florio:** Just to share an insight with you that I think is significant. I mean the two weakest places in the whole cabinet were as a result of people from out of state, Texas on education, South Carolina, I think, on health. And good people, good credentials whatever, just didn't understand the toxic nature of New Jersey politics and were not able to do it. But I thought as an interesting insight of those folks who came in highly credentialed just could not just adjust to New Jersey politics in the education field and the healthcare field.

**Ruth B. Mandel:** Yes, that's an interesting point. But there was another question--well, I'm going to let Brenda go and then I'll come back with some of it, but there was a question about whether you actually talked about categories. We need to have some republicans. You talked about South Jersey. The ethnicity issue, the gender issue. I know that there were women's organizations by that point some of which we had to do with organizing resumes and sending them in to make sure there was that sensitivity. So I just wonder what happens inside in talking about those kinds of issues. But I want to go to you Brenda. You were tasked according to what I quoted before with "reviewing all of the state agencies" and coming up with what?

**Brenda Bacon:** Well, first of all I'm glad to see we've mellowed to the same degree that the governor has. <audience laughter> We were a very policy driven group of people as is apparent and still are. And I think that one of the things that was important for us to do is to figure out whether we could get these policies done. I mean the governor was very focused on not just having the policy but getting it implemented, making it happen. And in order to make policy happen you have to certainly have people in those agencies and departments who are willing to get that done. And as we all know in state government there are many people who have been there for many years who have seen administrations come and go and could care less what your bright new idea is. And so we spent a lot of time looking at these different agencies and the different departments and their mid level leadership beyond the commissioner because you can certainly bring in the commissioner, but who else is there? And were they willing to work with us? Did they believe?

And many people in state government, unfortunately because they've been there so long, don't believe anymore. You know, they don't believe you can really get it done. And we really believed we could do these things. And we certainly had an agenda you know, taking on a lot of issues in a very short period of time. So we took on the insurance lobby, the gun lobby. We had tax reform, education, healthcare everything. So in trying to hit all of those things and looking out on that landscape there was a lot of work to be done in terms of who we wanted to

implement this. I think probably the area that we could have done better on was listening-- you didn't know who to listen to. And no transition is easy. There's no such thing as being able to plan and have an orderly transition. I think the Kean Administration was very good in sharing information. But you do what transition usually wants. You don't keep doing transitions. And so once you get good at it, you know, it's kind of over. And I think at that point we didn't know who to listen to and who not to listen to.

I look out at Kathy Crotty and say, "I wish we had listened a little bit more to you on a lot of things." I can say that now. We wouldn't have said that then. We were like we had the idea. So I think that because we were so idealistic, so determined, so aggressive that we may have missed some opportunities perhaps in some of the government agencies and some of the departments to get people more bought in to what we wanted to do.

**Ruth B. Mandel:** Do you want to share anything that you wished you had listened to her about?

**Brenda Bacon:** I think probably learning some of the wisdom of Trenton such as it is. <audience laughter> I also came from the private sector and went into government. In fact, I didn't know I was going into government until the Governor announced it in the paper. <audience laughter> And usually if you're in private business if you set a goal and you get the people working on it and you know where you're going it happens. And government doesn't happen that way. And I think in Trenton also there was a lot of emphasis on power rather than policy. And even though people may have believed in the policy, they would never admit it if their role in the power structure and the credit of getting that policy done was not where they thought it should be. And I think that perhaps we didn't understand that as much as we could have or as anybody would have as a new administration coming in. In retrospect, when Kathy would say, "Well, gee, So-and-So tried to do that and this is what happened and this legislature doesn't like that and this-- you know, you can't get through this way. Go this way." And we were like, oh, no, we're going to this way. Okay. And that proved to be an issue for us, a challenge.

**Doug Berman:** I agree with Brenda. The single biggest mistake in the first part was not spending enough time, not just with the legislature, but available kind of just where you had a cup of coffee. We had a lot of things to get done. And needless to say back to some of the things on the agenda.

I was allowed to staff the Treasury. I mean the governor had told me I was going to inherit this again before the end of the campaign. I had started to think about how to deal with this large bureaucracy. There were a lot of key jobs that we're going to need to get touch council on really quickly that I could rely on so I could talk to Steve, Brenda and ultimately the Governor about the budget and a lot of the other issues that were going to be on. Thinking that I should go over and have a cup of

coffee and just sit there in the morning <inaudible> Trenton. And in hindsight that would have been a really valuable set of time, not that I think that I had the time.

And the other thing is I don't think we appreciated -- the second transition that was going on, but Speaker Doria and Wayne Bryant were also transitioning in to the majority for the first time in a long time. And so all of what was going to happen between having two houses were interacting and how they were going to organize themselves and what that was going to be like, we didn't have a sensitivity to. And I think internally, the best person we had who was perhaps to tune into it if he had the time, had been tasked to organize the Governor's office and recruit everyone else. So that Steve who we all assumed would be that conduit didn't have the time to say "Hey guys, we've got to go see these people and we've got to go talk to them." And we got a lot done but it came at kind of a tension level to making it happen that perhaps was greater than needed in the urgency of moving ahead.

**Steven Perskie:** Two things. First, I want to subscribe to that. That's the conclusion I've drawn all of these years later that from a policy and substantive point of view, 22 years or 21 years after the fact I don't apologize for anything. I think if they had led it alone, just close your eyes and imagine where New Jersey would be today financially and from every other perspective if what we had done in those years had been left to grow. So from a substantive and a policy point of view and from a tactical point of view, in terms of the fact that between the November election and the June 30 budget date, as you'll hear later today, and look at everything we were able to accomplish. We meaning we, and the legislature, were able to accomplish. But we sowed the seeds of our own failure in there through what Doug is talking about. We solved a lot of people's problems before they knew they had their own. And then it became necessary after the fact to say, well, if we hadn't don't this then and in political terms that argument does not-- then did not-- did not then, does not now resonate.

The other point I wanted to make, you asked in the papers that you circulated the other day in the selection process or in the identification of the candidates process, did we have what you should forgive me I'm going to use my word, not yours, did we have any quotas? Were we looking for women? Were we looking for geography? Were we looking for race? And the answer because I thought about once you asked it the other day and I have no recollection of any conversation of that nature. I think a lot of it was because in the natural process we wound up touching a lot of bases without doing it that way. For example, Judy Yaskin became the Commissioner of Environmental Protection, not because she was a woman, but because of a whole lot of other reasons. And there she was nevertheless as a woman in charge of one of the most important departments in the government. And similarly with other people what you might want otherwise have wanted to look for kind of filled itself in. But I don't remember ever seeing that and saying he gee, we're really short on this and we're really short on that.

**Ruth B. Mandel:** I don't actually speak very much about quotas. I don't like the word very much. I wasn't asking it from that aspect.

**Steven Perskie:** You didn't use the word, I did.

**Ruth B. Mandel:** Yeah, I was asking it more from the perspective of this was a time, it was well into all ready a time when we had all become-- it was a part of our conversation in politics and in government. How do we make changes in our democracy in recruiting those who govern, whether it's to run for office or serve in appointed positions or whatever, where there's more of a mix than there had been in the past in all sorts of ways. So partly that's ideological or a sense of change, evolution of the democracy. Partly it's very political. There's a reason to say-- I mean Karen is the one who said well, South Jersey or whatever it is. So I was just interested if it was in your thinking?

**Karen Kessler:** We did outreach. No one every said we're low on this, we're high on this, be careful. There was none of that kind of discussion ever, ever. But we definitely did outreach. I remember once-- and I forget the guy's name too, but I remember we did outreach to the Bar Association. Within the Bar Association there were different subgroups. And I remember the Hispanic Bar Association came to us with a candidate that they wanted us to consider to head the Kosher fraud unit. Do you remember that?

**Steven Perskie:** I remember that.

<audience laughter> <overlapping conversation>

**Karen Kessler:** And we weren't getting a whole lot of traction on the job frankly. <audience laughter> So when we get this application and the Hispanic Bar says this is a candidate we really want to advance. And I'm thinking why? And sure enough he was a Puerto Rican Orthodox Jew lawyer who really wanted this job. And I remember saying, bingo, bingo we got him just like that. <audience laughter> Because there wasn't a lot...

**Steven Perskie:** We would have had to invent him if he hadn't...

<audience laughter>

**Karen Kessler:** So there were a few like that. But basically we did do it. I mean part of my job really was to with the people that were working with me was to do that outreach. It was not just to wait to see what came in over the transom although there certainly was a lot of that. But it was also to pick up the phone and call some of the organized talent banks that were out there that existed. And say we're looking to fill a number of positions in government who would be interested. And that is how we found some of the folks.

**Steven Perskie:** It just occurs to me in this context to tell a story that I have solicited and achieved permission, specific permission to tell because it kind of is a little bit related to this. Shortly after we got started because the only reason I know that is because we were all ready in the governor's office. It was obvious that we needed to have a staff behind me. We needed a deputy chief of staff and a number of people were recommending a fellow that I had not met at that time but knew very well by reputation by the name of Jamie Fox. So I went to see Jamie or he came to see me or whatever and we met each other and it was obvious at least to me from the very beginning that this was a fabulous candidate to do what we needed. So we brought him in and as was required at that time, of course, we sent his name and resume over to the State Police for the required background investigation we'd known as a "four way" it probably still is. But before we got it back Jamie was all ready across the office doing his thing. And at some point a couple of weeks later, whatever it was, I get a call from the superintendent of state of police who Jamie then and now refers to as 'J. Edgar', <audience laughter> and he says, "I've got to come see you." Remember, this is January/February 1990. You have to understand that because you'll see. Anyway, "I got to come see you." The Superintendent of State of Police is calling me with a problem. So he comes over, what's the problem. He said, "Well, we've done the background on this guy Fox." And he says, "Everything is fine. No obvious." I said, what's the matter? "We think he may be gay." And my exercise, of course, at that point was to keep a straight face which was probably the most difficult think I've ever done in the Governor's office. <audience laughter> And I don't even remember what I said to him something to the effect of." oh we'll check it out". <audience laughter> I don't even know because I couldn't wait to get him out of the office so that I could run across the hall and say, "Jamie guess what?" <audience laughter> So much for closure.

**Ruth B. Mandel:** Yeah. I'm so glad we have that for posterity.  
<audience laughter>

**Steven Perskie:** I did ask permission to tell the story.

**Ruth B. Mandel:** Doug, I'm going to let you make that comment. And then we did begin a little late so we're running a little late on this but I do want to give-- we promised 10 minutes to people to add.

**Jamie Fox:** If I may just to point out...

**Ruth B. Mandel:** Wait, you must for the record and I didn't say this before...

**Jamie Fox:** I'm Jamie Fox. I'd like to say that 30 days later Clint Pagano was forced to retire.

**Steve Perskie:** Absolutely right. You're absolutely right.

<audience laughter>

[Note: Clinton L. Pagano, served as Colonel of the New Jersey State Police from October 24, 1975 until his retirement on February 15, 1990.]

**Ruth B. Mandel:** The sensitivity that you were thinking about I just want to say was from the day the Governor started, we were just different than prior years. Jean Holtz and Dave then were the first two people in this little conference room from day one when the governor first asked me to kind of start putting the campaign together. We took the conference room in the law firm I was part of. But senior women, I mean Karen, Brenda, Sharon out there were integral to the campaign from the very beginning, Emma. So it was just natural. And the only thing that made a difference, I can't speak because Karen and Steve did the Administration but as I was thinking about the Treasurer's Office, I would just push for more candidates. The issue is only it's easy to come forward with everybody who everybody thinks. We recruited Bob, you were in the city, right, when we recruited you back to head the Office of Technology for the Government. And it was making sure that they looked before they just said, yeah, okay and that was part of it. It didn't mean they'd get the job but you knew that you wanted to see a wide range of candidates.

**Ruth B. Mandel:** Thanks for adding that. As I said, we started a little bit late but we want with all of these sessions since as I said at the beginning it's really a community interview. So this was brief but focused on that issue of transition. I would invite people now who'd like to add something to that. And also there were quite a number of things, of course, I didn't get to ask you and some that you mentioned what really worked very well, what would you advise others, how did what you did in the transition process have a positive impact on governance and so forth. So some of those and anything else that people would like to put on the record about the transition stage, the processing stage we'd really appreciate if you'd add now. And, again, I have to repeat because this is being recorded and we must have your name for transcribers even though everyone knows you in the room. Please say it into the microphone.

**Angelo Genova:** Angelo Genova. This is probably in the nature of a question more than a comment. But the context for the transition was 1989 coming off of eight years of a Republican Administration, Republican controlled legislature. And my recollection is that there was a great deal of pressure and tension between the policy objectives of the administration and the New Jersey political establishment at the time having expectations. Can you comment on how you dealt with those? And balanced the Governor's policy agenda with the proliferation of interests coming from various places, the party leaders and the like that the transition be responsive to a party that was out in the wilderness for eight years?

**Steven Perskie:** Well, I think that the fact that we were able to do what we did in the first six months of the Administration answers the question. That for the reasons that Doug has indicated, there were some problems under the surface that

we never managed eventually get on top of is true. But the fact is that we were able to work the agenda with the leaderships and the legislature with differing degrees of enthusiasm to be sure. And the Speaker can speak to this himself, but the fact is the obvious. If we weren't able to have made the accommodations and arrangements that we were able to make eventually to the leadership we wouldn't have gotten anything passed. And the fact is that we got 41 and 21 on every initiative that we set out to do. It cost us a lot. Eventually, it cost him more than any of us, but we got the 41 and 21 every time.

**Angelo Genova:** But I guess my question, Steve, is the patronage piece. That's what my question was.

**Karen Kessler:** I was going to say there were more people in New Jersey that had that red book than I think had a phone book at that time. Everybody had the red book. Everybody all ready had highlighted pages of where they thought belonged, who belonged to what commission. And every county leader and every democratic person we ever ran into and everybody who ever gave us a nickel to the campaign, everybody had sort of their wish list and we got a lot of them. And some of them were so incredibly inappropriate that in the privacy of the office we would say can you believe? I mean there was one great one and I won't say who it is, but the person wrote I really want to be Attorney General and this is why I should be Attorney General and it was like 14 things. And then it said, and if I can't I need an exchange at the corner of Route 1 and 9 for my client who needs a variance for a gas station. We're like are you kidding me? But there was everything and anything in between. Everybody felt they should have got a job. Everybody said to us the same things. Tom Hinkley [ph?], <inaudible> he came in from Brandenburg, "Don't you leave those people in for one minute, those were entitled." All the old Byrne people who felt that it was their jobs that were sort of rested from them that they wanted back in. All of the people that were new that had sort of been part of the campaign that wanted back in. I mean there was...

**Steven Perskie:** Every day. Eight days a week.

**Karen Kessler:** It was. And how do you balance it? You balance it the best way that you can. Fortunately, there's an awful lot of appointments to boards and commissions which is really not what most of them wanted, but that was sort of an option. We kept records. We kept tracking. We sort of did our version of Excel spreadsheets that existed in those days and sort of said we'll be back to you. And in the end, you had to sort of say if you make a cut you've got to make it for quality and let the chips fall where they were. And we were really fortunate because we were working for a guy who felt that way from the get go and who never felt anyway other than that. And always would say to me in particular because I had done the fundraiser, "I didn't know that guy gave us money." I mean Jim had not a clue who were his fund raisers. So it wasn't a question of keeping him happy because he didn't know who they were to begin with.

**Brenda Bacon:** I think we had a lot of information coming at us not only from people who wanted jobs but also policy. There were a lot of people who had a great idea that for eight years nobody would listen. And they thought this is the way to fix that, this is the way to fix this. So you had a lot of data coming in to your point of people being out of power for eight years. And I think a lot of pressure, also, personnel-wise, you said this before from South Jersey because South Jersey had never had an opportunity, they felt, to be equally considered for leadership positions. So there was a lot of pressure coming from there as well.

**Doug Berman:** Ruth, I know we're short on time...

**Steven Perskie:** Western Southern Jersey.

**Brenda Bacon:** Western Southern Jersey.

**Doug Berman:** ... but this is the story that sets up to me one of great contrasts between people who think he was a great governor and then Jim Florio that unfortunately led to a lot of the choices that then we had to make over the six months. We knew there was a <inaudible> budget deficit. So did the people in the Kean administration who dealt with finance. And there was a plan to raise the sales tax immediately during the week when Governor Kean was still Governor and the new Democratic state legislature was going to take office, in order to push off the issues around school funding because the sales tax increase was all that was really needed to get the budget through. And you can put a sales tax increase into effect in basically a month. It would have greatly reduced the deficit in the fiscal year we were inheriting and really solved the problem going forward. And the details of that bill were resolved at the staff level. The Governor had been briefed. I believe Steve had briefed the Democratic leadership to some degree that this was going on. Steve, myself, and the Governor went up to Drumthwacket to see I know it was Feather , I forget who the other person-- I think I've got...

**Steven Perskie:** I think it was Debbie Poritz.

**Doug Berman:** No, it was the Governor's Chief of Staff, I think, and Governor Kean, his two staff people were urging him to do it. And they looked us in the eye and he said he wouldn't do it. An act of political cowardice for what was best for the State of New Jersey because he didn't want to ever be seen as raising taxes. And the legacy of that lives on. And I asked Steve because I was pretty sure he was the other person in the room with me and the Governor on our side.

And that, unfortunately, set so many other decisions in motion because coming out of the campaign and being the political strategist as well as coming into take the budget, we know that communications and how all this was going to play out would be tremendously important long-term, which was why we were starting with the car insurance. And the hope was long term to let the decision we all assumed was coming down from the Supreme Court come down later. Not have to deal with it

right away but hold hearings around the state. Let the issue develop so that you could resolve the income tax. And use that down the road and solve the budget thing a different way. And because Governor Kean wouldn't do that it changed every decision that then had to get made for the best interest of the state over the next six months. And we will talk later about how we paid price.

**Ruth B. Mandel:** Yeah, you'll have <inaudible> get into this. I want to give one more person at least a chance to add to this? Did I see a hand? No.

**Brenda Bacon:** I actually would love to hear Speaker Doria's comments on transition because, again, you were going through your own transition. How did it feel to you what we were doing?

**Ruth B. Mandel:** Say your name even though you've been tagged.

**Joe Doria:** Joe Doria. To be honest we were so busy doing the legislative transition that we really weren't paying close attention to what was going on in the front office. We were busy trying to get ourselves together. Remember, the Assembly for four years had been under Republican control. We were busy, myself and Wayne Bryant, trying to just make sure that we could get our committee structure up and to begin to deal with some of the issues. And to be honest the only issue I remember that we were immediately involved with was with Greg on the auto insurance because that was the first issue. So during our transition we were working very hard to try to deal with the very complicated auto insurance issue. And there was a personality issue there which was very, very difficult to deal with. There was a special committee set up if you remember that was going to function on auto insurance. And the Chairman of the Insurance Committee, the new insurance committee who had been actively involved, Mike Adubato, was not going to be on it. And I had the pleasure of telling him that. Fortunately, I was able to do that and he was very reasonable, the Governor will remember, he was not happy and he wanted to speak to the Governor. But in the end he was supportive and we were able to get it done. So our transition was at that time very important and we were going through a lot. And we also lost our Executive Director because if you remember, Dick Coffee became very ill. And so not only did we have the problem of trying to organize ourselves we also had the difficulty with the executive director, who had the experience of doing the leadership, not there. And dealing with the auto insurance issue immediately which worked out in the end very well.

**Ruth B. Mandel:** Thanks, Joe. I think we'll be getting back to some of that later in this session on the legislature perspective. So with that I'm going to thank all of you for what you did then and for what you did today and for what you're going to do for the rest of this session and as we go forward. It's an honor to have you here.

***End of First Panel. Transcript of Second Panel begins on next page***

**Second Panel – The Major Issues**

Moderator John Weingart  
Panelists Douglas Berman  
James Fox  
Gregory Lawler  
Steven Perskie  
Carl Van Horn

**John Weingart:** Thank you for coming back. For staying. And welcome to the second panel. Let's see, a word to people on the panel, and everyone, when you refer to people, even if they're in the room, if you can give last names, too, since for posterity, that would be helpful. There are a number of people who wanted to be here, who couldn't, for a variety of reasons. Governor Florio, I mentioned. John Lynch, who had to be in North Carolina today, but who was going to be here. And so we'll talk with him and others as time goes by. The panel, our second panel, Doug Berman and Steve Perskie, who were on the first. Carl Van Horn, who is Director of Policy. <applause>  
<laughter>

**Carl Van Horn:** I'll give you the 20 later. <laughter>

**John Weingart:** Okay, Greg Lawler, who is Legislative Counsel. Jamie Fox, who is Deputy Chief of Staff, as you heard. I think what we're going to do is talk-- when I was trying to set up this event-- we were trying to set up this event, the initial agenda I had, had two panels. One on Designing, Presenting and Passing the Fiscal '90 State Budget. And then a second one on Assault Weapons. And two things happened. One was I had panelists for each of those. And for the one on the budget, there were four panelists, and one by one, they either couldn't come or they told me they weren't really involved. And it was left that that panel was just going to be Doug Berman. <laughter> And I thought, I realized history would repeat itself. And the other thing, the more important thing was that...

**Douglas Berman:** Thank you for that.

**John Weingart:** <laughs> ...was that a number of you pointed out, and as Governor Florio made clear, that these four issues were so intertwined during the transition the first six months, of insurance, guns, the budget and education, that you really couldn't pull them apart too well. So we're going to start to try to talk about them in order, which they arose, I guess, and continue where they were with the first panel with Doug and talking about the budget. And I've asked you all to sort of think about the question Angela Genova asked at the end of the last panel of, "Were there policy choices, or compromises you were making, along the way, or not?"

**Douglas Berman:** Well, there are certainly trade-offs. But to set up kind of as we took office, and the swearing-in picture there is out in the hall, a nice starting point,

right? By that point, we knew we had a yawning budget crisis for a way to solve the then current fiscal year, and a even larger one for the first fiscal year that was going to come out. Tactically, from a political point of view, we knew we wanted to do the substance, and back to, we had to do car insurance first, so that the governor could deliver on a promise from the campaign that assault weapons would be difficult. And as you just-- I set at the outset of the last-- or the end of the last session. The quick solution, raising the sales tax to help close the then current year, Governor Kean refused to go forward on. And so, from that moment on, a whole different set of choices faced Governor Florio in how to resolve what we had to do.

Knowing that in the sequence of things, he had his inaugural address and then it's three weeks later-- four weeks later is the budget address. So we didn't have a lot of time to figure out what to do. There was a series of discussions early on that when we dealt with the budget, which we would do in June, the hope was to cut a lot of the budget, which eventually we did. The governor's budget was actually the first time it was smaller in state spending year-over-year in the budget we introduced. But we still needed taxes. And to just try and balance it with the sales tax, and wait for what we all anticipated would be the looming *Abbott v. Burke* decision. And eventually deal with that with the sales-- with the income tax which had been tied historically in New Jersey to school funding.

Uh, a series of meetings were held with the legislative-- new legislative leadership. As they were testing that proposition of could we sequence them that way? Speaker and I were remembering it was in the then Governor's outer office, not his small office, but the Speaker, his majority leader, Senator Lynch-- I don't know if you were there, Senator Dalton or not -- but some of Senator Lynch's leadership was with him. Steve was there. And the Speaker and the Majority Leader of the Assembly kind of communicated that they did not believe their caucus would be able to want to deal with taxes twice. Deal with the sales tax, and wait on the school formula. And coming out of that, it then set in course that we would try to come up with a fiscal plan over the next four or five months.

Well, we passed car insurance and guns, and then come back and deal with it. And I remember, 'cause going back, we were weak on relationships to the legislature in the leading people early on in the administration. And Steve, really being the only one, and him not having been in Trenton for a while, other than Jaime who had come over from the legislative side. I say to Steve, "Politically, we'll never get out of this hole. We should take them on. We should face down the caucus." And Steve's telling me, "You can't do that. That's not going to work," against everything else we had to do. Again, those choices led to how we played out the next six months. And you know, let's go to other things that then came on, because then the budget and school formulas are in the background as the first issue is car insurance.

**John Weingart:** Okay, Greg, you want to take it from there.

**Gregory Lawler:** Sure. Let me actually start before the Governor was elected Governor. Everybody knew auto insurance in New Jersey was a disaster. You know, we were fortunate enough to have jurisdiction over insurance. You know, sort of stepped into it gingerly at first. I don't know, maybe two years before the governor's race. Had a series of hearings, not really with the expectation that the Congress was going to do something, but really as an educational/political endeavor. The result of that was, not only did the insurance-- the auto insurance situation in New Jersey get worse, Carl, who actually remembers things, reminded that it was the number one issue in the State, you know, in a purely political sense, whoever careered with JUA, you know, it was a political gift from heaven. I think the governor himself came up with the expression, you know, "The JUA is DOA." <laughter>

**Steven Perskie:** Said that the night of the election.

**Gregory Lawler:** I think you said it many times. <laughter> The interesting part is that the Governor, because he cared, was actually totally prepared to deal with it. Doug, you mentioned before, or Steve, maybe you did, "Are you really going to fix this thing?" Well, the answer was, "Yes!" You know, "Why not? It's fixable." It was a promise from the campaign. It was a fixable problem. It was a mess. But like a lot of problems there, you know, you start pulling them apart, and they're not really that complicated. You can figure out how to deal with them. The thing that I, you know, when we went to-- obviously, we're there. We had-- as Carl showed you, we have our five-page description of what we're going to do on auto insurance. You know, you start talking to the legislature. I remember Kathy rolling her eyes at me a few times, or whatever the gesture was. <laughter>

**Steven Perskie:** It was the occasional hand gesture, too.

**Gregory Lawler:** You know, the Speaker actually got involved in this himself. I don't know what's happened to Paul Anzano, but he was, you know, a very good person who understood insurance, and we worked very carefully with. You know, there was a momentum behind it. I can't help this, because it's how I think, but it is a marked contrast to what you see going on around the country today. You know, nobody really cares about the substance, and what political enemy can we attack? You know, they're, frankly-- a partisan comment-- they're all going to pay a price for, because it's just attack. But it really was a substantive solution to a problem. Not that anything's easy, but it got taken apart, put back together again. You know, I think with some enthusiasm, the legislature passed it.

**John Weingart:** Was it bipartisan support?

**Steven Perskie:** Yes, there were Republican votes in both houses.

**Gregory Lawler:** Yes, there was.

**Steven Perskie:** Not all of them! <laughter> But there was a significant-- I think in the Senate there were two or three or four. And in the House, there were more.

**Gregory Lawler:** But even an issue like this-- and I think this is also going on today-- nothing is ever free. You know, you pay a price for everything you do, because everything is controversial. You know, there's somebody on the other side. Bob Del Tufo will remember. I think we got sued 43 times by the insurance industry, and didn't lose a one.

**Robert Tel Dufo:** I was that good. <laughter>

**Steven Perskie:** <claps> That's why Florio wanted him for Attorney General, you see?

**Gregory Lawler:** Steve referred to this before, you know, enacting policies, good policies, you use up political capital each time you do it. You know, the insurance industry was the-- I don't mean they were the enemy, but they were the enemy in this fight. You know, they didn't just lose. They lose, and they fought back again. And they fought back with some of the other groups that, you know, are going to be the result of other things we talk about here. And you confront very, very formidable, very organized, wealthy, powerful coalitions. And again, you see a lot of exactly the same thing going on today. You know, there are grassroots groups out there that are-- there are some grassroots participants, but there's a lot of money behind those grassroots participants. And they're trying to exact a price for the policies that are...

**Governor Florio:** Just to interject, one of my very clever, but ill-advised remarks was when Allstate said they were going to leave the State. You and I said, referring about the fact they had their hands around us, "Which part of our anatomy?" <laughter>

**Gregory Lawler:** I do recall that. <laughter> I don't believe that anybody left the State. One of the reasons was because we said, "If you leave. Adios. You're not just leaving for auto insurance. You're leaving for everything." And they didn't want to leave, as it turned out. But again, when I-- as others have said, it's a tribute to the Governor's approach to things. But you find yourself in a problem that needs solving. You go attack it, understand it. It also happened to be in this case, you know, a political gift from God that you get to fix it. But it is part of a calculation of, you know, every time you do something, you got to husband your political capital, because you know, no matter how popular something is, there are people out there opposed to it, and they are organized and they fight back.

**Governor Florio:** One of the resources we had was Sam Fortunato, who was the Insurance Commissioner. And he was an ex-executive, high level, understood everything. We'd have meetings with the insurance people. They would give you

what they would normally give you. Sam would know what was real, and what was not. And he's a very, very valuable resource.

**Steven Perskie:** And Kenny Merin - you mentioned before - was very helpful in the process.

**John Weingart:** Okay, so guns. Steve. So the Governor said guns started from the incident in California, and his experience in Camden, before the election.

**Steven Perskie:** And it was-- as I recall-- I was not involved, obviously, in the design of the campaign, but I did watch it, and I certainly knew-- as did everybody else-- that it was one of the things the Governor was very focused on, and mentioned as part of the major early agenda. And as you've already heard, the decision was taken to do insurance first, and then the guns. My recollection, just to follow-up on something that Doug said, because he did trigger a recollection. I do remember the meeting. And I think it was in your office, but wherever it was. What I think I remember is that the Assembly leadership was telling us-- this is early in the process-- this might have been February-- January, February, March.

**Joe Doria:** It was after the budget message.

**Steven Perskie:** Okay, and the message that I was getting, at least, that I remember was the Assembly leadership was telling us, "Whatever we're going to wind up having to do, we want to do it once."

**Joe Doria:** Right.

**Steven Perskie:** "We don't want to have a tax vote here, and a tax vote there. Hold off as long as you can. Get the school decision down if you can. And then figure out what we're going to do, and do it once."

**Joe Doria:** The only caveat would be that the biggest problem was that the Democrats just took over. That a large part of the caucus felt that the sales tax was a regressive tax that hurt poor people. Especially, urban poor people. And that the income tax was a progressive tax, so Democrats should be for an income tax, and not necessarily putting a sales tax in first. And that was really very strong amongst the urban legislators in the back caucus. And that's what was one of the problems, because they felt, "We're Democrats, we're the majority now. We're going to put in Republican tax first, and not do the Democratic tax."

**Steven Perskie:** I recall it exactly that way. And as I suspect we'll hear in a little while from Senator Dalton, that message didn't resonate all that well as we moved down the hall. But what I clearly remember is that we were told by the leadership, "Do this once."

And that reinforced the notion of doing these in phases. So we get to assault weapons, and I've been trying unsuccessfully, and Bob can help me to remember. He designated one Senior-- Deputy Attorney General.

**Robert Del Tufo:** Peter Harvey.

**Steven Perskie:** Thank you. That's exactly right. I should have asked you <inaudible>. Peter Harvey worked with us on that. The good news was, from a political point of view, that while we were going to have a lot of work to do in terms of the details of exactly how we were going to define what it was that we were going to ban under what circumstances. And there was a lot of back and forth with that with the PBA, and with a number of others. My recollection of it now is that we started that process with a sense of comfort that we were going to get 41 votes in the Assembly. It may have been that-- it may be that after all these years, my recollection is tilted because of what happened in the Senate. But my sense of it now is that while we had some work to do and we did it, the Assembly leadership was onboard and we were able to get the vote through the Assembly, which we did first, for all the obvious reasons. The senate was a problem from jump. There was one Republican Senator, who would have crawled over cut glass for the opportunity to vote for the bill. And nothing that anybody said to him, in his own caucus or anywhere else was going to dissuade him. In fact, what he really wanted was to be the only Republican that voted for the bill. Anybody can't guess who that was?

Right, Donny?

[Note: Perskie is referring to Bill Gormley who had succeeded him in the State Senate.]

**Don DiFrancesco:** Yes.

**Steven Perskie:** Okay. And it wasn't Donnie, by the way! Okay, so we needed-- technically, we needed 20 Democrats. But we made a decision from the beginning that we really wanted to have at least 21 Democrats for a whole bunch of policy and political reasons. That was a brutal exercise. The one piece of it that I remember the most, it seared me that day-- and it's stayed with me all this time-- I just don't remember the name of the senator, I believe, from Hudson County, who was involved. But at one point, I get a call from Senator Lynch. Keep in mind this was when the Senate offices were on the first floor at the end. So to get from my office to Senator Lynch's office, I'd walked down the State House, the main corridor, went out the side door in front of the Senate chamber outside, inside again, walk down that long hall, and Rich's office was on the left at the end. That becomes relevant because I get a call that Senator Lynch needs to see me in his office with Senator-- I'm just trying to—

**Joe Doria:** Christy Jackman

**Steven Perskie:** No! Christy Jackman is a name I would never forget!  
<overlapping conversation>

**M1:** Tom Cowen.

**Steven Perskie:** Tom Cowen. Thank you, that's exactly right. John Lynch is in his office with Tom Cowen and he needs to see me. Okay. Only that was the day that the bill was going to be voted in the Senate, and there were, I don't know how many hundred-- hundreds of people there to object to the bill. None of them looked like me. None of them was dressed like me. None of them spoke many of the same words that I spoke. So I asked the State Trooper, who happened to be a distant cousin of mine-- asked the State Trooper who was assigned to me-- and who was in plain clothes, as it turns out, luckily-- to walk with me to get there. And it took the better part of a half-hour for me to negotiate that space. And I believe then, and I believe now, that if the State Trooper had been in uniform and if anybody had recognized me, which nobody did, as being the Governor's Chief of Staff, I never would have made it into the end of the hall. It's the only time in my entire life, seriously, that I was ever afraid for my life. And I really was. It was the most horrible-- that was when they were breaking windows in the annex and they were screaming-- and you just can't imagine what was going on. We really had the belly of the beast with that. That's my clear recollection. As far as the logistics of the politics were concerned, John Lynch did everything he had to do. We wound up, I believe with 21 and 1. If it wasn't 21 and 1, it was 22 and 1. But we wound up with what we needed to get it done.

**Don DiFrancesco:** Steve, you only had one Republican?

**Steven Perskie:** Yes

**M4:** Dumont [Senator Wayne Dumont] didn't support it?

**Steven Perskie:** No, we had just the Republican from the south somewhere.

**W1:** For the record, add one more.

**Gregory Lawler:** Bill Gormley.

**Steven Perskie:** It was Gormley I don't think Bob Martin was in the Senate then. He was in the Assembly.  
<overlapping conversation>

**Steven Perskie:** He had-- Brown was in.

..  
<overlapping conversation>

**Steven Perskie:** We had one Republican senator, and that was from the second district. And as I said-- and he made it very clear to me-- I assume he made it very clear to the Governor that this wasn't about the Governor, this wasn't about the bill. This was he wanted to be-- and I'm not complaining. I mean, he's obviously-- he was there from the beginning.

**John Weingart:** What's the end of that sentence? He wanted to be what?

**Steven Perskie:** He wanted to be the only-- if he could help it-- he wanted to be the only Republican that voted for the bill. For whatever political or policy reasons, he wanted to vote for it - Which I can't speak to. In any event-- I was never, until that last day, until John Lynch had Tom Cowen in that office, I was never sure that we would have 21 Democrats. I believe that we were comfortable with 20. But obviously, for our own purposes, to have 20 Democrats and one Republican wouldn't have been from our point of view as politically desirable as it was to get 21 and 1. And that's what we fought for, and John Lynch, in my opinion, then as now, did yeoman's service with respect to that. Kept us fully apprised. Told us whatever we needed. Christy Jackman was a tough vote, but at the end of the day was there. But John would call us periodically, "You need to talk to So-and-So. So-and-So is worried about this and that." Sometimes it was pretty, because it dealt with, "Well, I have a problem with this definition, and I really need you to cha--." That was easy. Some of it wasn't so pretty, because a vote for the bill would depend on circumstances that had nothing to do with the content of the bill. But we didn't do anything immoral or improper, and the bill got passed.

< inaudible audience comment >

**Steven Perskie:** That one I don't know about.

**Douglas Berman:** And you know, it was the first ever in the United States assault weapon ban ever.

**Steven Perskie:** And in my own view, nobody from the Boston area spoke to me about it. But in my view, when the Governor three years later got the Profile in Courage award, the press attention to it at the time dealt principally with the issues of the taxes and his ability to stand up and fight for the tax program. In my own mind, the gun bill was every bit as important in that determination.

**John Weingart:** The gun bill was passed in what month?

**Steven Perskie:** The gun bill was passed in, I want to say April or May. I mean, it was warm enough that half of those people in the halls were there in rolled up T-shirts, tattoos showing, and cigarette packs and all. So it was not-- they didn't need coats and jackets. It was April or May.

**John Weingart:** So Carl, education played throughout this, but how'd that work?

**Carl Van Horn:** Yeah, well, the segue from that is I remember when the assault weapons bill was signed in the Governor's outer office. Speaker Doria was there, and he came up to me and essentially grabbed me by the lapels. And said, "You're not going to make us do something tough again, are you?" <laughter> And I said, "As a matter of fact, I have some printouts I want to bring over to your office tomorrow about the school funding bill." And so, but really, this was-- in a sense-- I want to say about the Education Act, it was really a lifetime in the making, in the sense that Governor Florio's commitment to this as a person to education is very deep.

And I remember distinctly the first time he assembled, he assembled several people, as he was often wont to do, to write the same speech. And so we'd kind of compete with each other for that honor. And someone asked him, "Governor, you've just been elected by a huge majority. What do you want to be known for?" And I think a lot of people thought he'd say, "I'm going to reform auto insurance." You know, these were all the things in the campaign. He said, "I want an equal opportunity education for every young child in New Jersey." Now to some people in that room, that was a bit of a shock. To me, it wasn't. Because I had spent, as he said before, the previous couple of years in fairly secret meetings. I mean, obviously, people in the campaign knew and others around him. But we didn't talk about these things in the press. And Doug and his colleagues wisely kept him from talking broadly about these issues during the campaign. But we had very intense discussions. In fact, we met with many legislators. We had lots of conversations about this for years. It was really two years in the making. And the reason-- I think the other reason behind-- besides the Governor's personal commitment to it was this was an issue-- for those of you who aren't familiar with this-- it's something that Canon kicked down the road for many, many years. *Robinson v. Cahill* decision was 1973. The first Abbott decision, Abbott one. Found that it needed-- it didn't meet muster and had to be reconsidered. It was then kicked over to the administrative law, Judge Lefelt, who wrote, I think, an 800-page decision, that only Bob Del Tufo could write something that long. <laughter> And that was as Cary Edwards did, postponed that from being considered. And so we all knew that it was going to happen.

The Governor-- it wasn't that he wasn't in any way forced, in my opinion, into this position. It's something that he wanted to do, felt very strongly about, and we were preparing for that, as we did with many of these other policies. So it wasn't at all part of the campaign in any way. In fact, I went back and looked at the Eagleton poll. And one of the questions that I was asked is, what are the key issues facing the State today? Right? An open-ended question. Not a single person that was recorded as having said "education." All right?

The top issues were auto insurance reform, guns, violence, other kinds of things. So no one said that. You know, and here's the Governor, right after he's elected saying we're going to do that. And not a surprise to me. So this issue, I think, had to be

addressed from his perspective. And I think the other point about his style of governing was, I guess I would call it, the Governor was not a person who likes to have messes left around. In other words, a problem unaddressed is offensive to him. And here was a problem that needed to be addressed. And not a trivial problem, but a huge problem. And so we worked towards coming up with the policy, and of course these were the days before, I guess I would say, advanced computer analysis, and which I remember there was one young guy from the Woodrow Wilson School. I can't remember his name, who was essentially the only person in State government who could do these computer runs. And at one point he told us-- he wanted to go off and do something else-- and we kind of basically locked him in the State House and said...

**Douglas Berman:** And not to interrupt Carl, but the way we got him, right? He belonged to the Education Commissioner. And that was a holdover, right? And so nobody told me whether we could really do it or not. But I transferred him over to OMB, he and an associate, as a emergency thing. And then Education Commissioner Cooper being called and he said, "Well, you can't do that." And I said, "So well, stop me." And so that's how we had the resource to actually be able to do all of the analysis in the end. You know, and this young kid did it all.

**Carl Van Horn:** That's right. And the problem when you have that analysis is that people can look at the numbers and figure out who's going to win, and who's going to lose very, very specifically. So we did hundreds and hundreds of runs. Tweaking this issue and that. Shuttling back and forth between Senator Dalton and Senator Lynch's office, Speaker Doria and his colleagues. And this all got out pretty quickly. 'Cause as soon as you give it to one person in the legislature, it's going to be in Dan Weisman's office within moments, who was the *Star Ledger* reporter, who was very effective at the time. So everybody knew what was going to happen. And I, and probably everybody else at this table and in this room who worked in administration, entertained many, many meetings with legislators, explaining why-- explained to us why the formula we thought we were going to do was the stupidest thing they'd ever heard of.

**Steven Perskie:** You can't possibly do it.

**Carl Van Horn:** Yeah, "You can't possibly do it. My district will die. I will never win my office again." Well, they were right in some cases. <laughter> They were. But you know, we nonetheless persevered, and again, it's important that has been said earlier, we weren't sure when the court was going to decide, although, I think, Steve and others had pretty good antennae about that. About what was going to happen. And I don't think we had any doubt about what it was going to say. And so the court did render its decision in early June. It was June 5th of 1990.

**Steven Perskie:** Was it that late?

**Carl Van Horn:** I think so.

**Douglas Berman:** Yeah, it was June.

**Carl Van Horn:** One of the interesting things about it, for those of you who think about how slow government moves, think about this, the decision came out in the morning about 10:00. Steve convened us, and he told us, "The Governor will announce his position at noon." Right?

**Steven Perskie:** Yep.

**Carl Van Horn:** We're sitting there looking at this, whatever, 100 page decision.

**Steven Perskie:** It had been delivered at least by the Supreme Court at 10:00, but they had sent over some copies for us when they got there at 9:00. So we had like one hour. We had one hour head start.

**Carl Van Horn:** And I remember saying to one of my colleagues at the time-- I don't remember exactly who, "We don't really need to analyze this. We know..." Jon Shure and I and others sat down and started drafting some remarks for the Governor, 'cause we knew what he was going to say. And he went on and said, basically, "We're going to make this happen."

And of course, we had the computer runs, and the formula all, you know, in many ways, worked out. Now one of the other factors that I'd point out here is that, again, because of what Doug said earlier, we have had a fixed amount of money available, right? Because we knew essentially what was possible in many ways, having been worked out with the legislature. So it's not like we had flexibility in terms of how much money was going to be spent. It was X-amount of money. So the formula was clearly a zero-sum game. It was not something that we had much flexibility on, in terms of changing the amount of money. And it really meant that huge amounts of money were going to be poured into these 30 districts, which were the huge winners. And there were hundreds of losers in the process. And you know, much more can be said about that. But in the process, of course, we alienated huge amounts of people in service of this very worthy goal. Including many of the Democratic party's most important constituents.

Then the Jersey Education Association, primary number one, the suburban school districts, and many other people. But again, in addition to, obviously, as I said before, the kudos of the Governor's leadership in this, the leadership of the legislature was stalwart. And they got this through. Again, I think they believed in it as passionately as the Governor did. Or at least they made it happen, whichever. But it was an incredibly difficult struggle.

And within one month after this-- less than a month actually of the Supreme Court decision being announced, we had in place the Quality Education Act allocating more than a billion dollars additional money to education. And there's so much

more to be said about it. but just one point to make that at the end of the day when Governor Florio stepped down, the gap between the richest and the poorest districts had been cut in half during that period, so.

**Douglas Berman:** I wanted to— the challenge of getting the budget balanced and knowing that we had to redo the school formula, right? Was this puzzle that we were working on for a number of months. Carl is talking about the runs. We knew we had to cut the budget and we cut two billion dollars and those cuts were painful. We still couldn't make it balance and the first time I ever heard people from the tax division they came in and told me we had negative growth. What's negative growth? Well revenues were shrinking because we had gone into a recession in New Jersey. So every month the gap was getting bigger. And we knew what a penny on the sales tax would do, and the debate was on the margins, could you add some elements to the sales tax so that you could get a little bit more revenue? Because historically when you were in a goods economy and 70 percent of the money came out of goods, sales tax raises a lot of money. As we move to a service economy, fewer and fewer things were being taxed that were part of our commerce, and so how to broaden the base of what would be covered in the sales tax was an element of getting enough revenues assuming you would use the sales tax that balance the state financing, knowing that you're no longer a triple rate credit, but that was a very important thing and it really mattered and we were intent on keeping it. As Carl said, that left you the income tax and a lot of runs were done politically as to who and where that number could be. And it was finally resolved that we would only raise taxes on people who earned over \$100,000 which was 17 percent of New Jerseyans, but that number was estimated to be about a billion dollars and so we knew that there was that billion dollars into the pool.

And then as Carl said they were doing the runs. And a very critical decision of the policy people working on the school formula was that pension aid should become part of the general pool. Now, people have to understand this historical issue here. Early on school teachers, the state said we'll pay your Social Security. That became the state will pick up the pension costs which over time led to very wealthy districts cutting deals with their teachers union such that in the last five years their teachers would get this big bump because the entire bill would be paid for out of state aid. And it was off of the top. The first money went to pay for teachers' pensions. And my memory is it's a billion-

**Joe Doria:** That's where the state did pay for the pensions. Not where we stopped.

**Douglas Berman:** That's right. A billion-four and an element to get enough money because another, like Carl, we had conversations with the Governor and it was Governor, we can solve the Abbott 30 districts without having to do anything else. He said "No, I want to help most kids in New Jersey." And so by putting that billion dollars in the formula that Carl and Tom Corcoran and others came up with helped 80 percent of the kids in New Jersey. Eighty percent of the school districts got more money. The challenge was much went west, much went south, because they were

poorer relative to the income tax. But what to do? And so that the Quality Education Act said the pension age should be treated the same as everything else. Those equations then worked, the three together.

I remember that morning, Steve, because this is the only thing I took back out to prepare for here because it still bothers me, which was the dictum in Abbott on the issue of teacher pensions where they say, "We note the teacher pension, it's distributed in all districts, is in effect counter-equalizing." That was their question, right? "But the administration considerations justify the present system. We will at this time abide by that judgment without foreclosing the possibility that such aid may be constitutionally infirm." I remember saying to Steve "We got to go challenge this." If this stands the whole thing will fall apart. I later saw the Chief Justice after he was no longer Chief Justice. He's told me this is the single thing he regrets the most. The leaving this as dictum rather than a holding when you look at what the future of the state is going to-

**Joe Doria:** And that's what killed us. The NJEA which was supportive of the entire formula and the fact that more money is going, they opposed the inclusion of pensions for a number of reasons specifically they felt it was going to hold down salaries.

**Carl Van Horn:** That's right.

**Joe Doria:** And that it would become then a negotiable item, and so the NJEA opposed it and we passed it. And when we passed it we walked to, and Bernie will remember, we walked through a gauntlet of teachers who were spitting on us at dawn because of the fact that we passed this.

**Douglas Berman:** Yes.

**Joe Doria:** It was a better formula. It provided more money, but because the pensions and the union leadership said this was bad, they were against it and they worked very much against us as a result of the inclusion of the pensions. And eventually the pensions have been taken out.

**Douglas Berman:** Right, but the irony is and this is where the union leadership and how this all plays out in real life, right? Eighty percent of the districts, teacher salaries would have gone up because there was more money. It was in the wealthiest districts and what we had said was the state will make the contributions. We'll guarantee that the contributions were made, and we'll be the credit to make sure the school districts ante up so that your funds are in there. But the wealthiest districts control the union and that was a key part of that. And so you know this decision of whether or not- and the only other thing I will tell you Carl, my memory is because I remember it clearly. It was in May and we were still trying to put all this together and it was clear we were having trouble. The Governor held a press conference and he knew this better than any of us all but told the Supreme Court

"Guys, I need your decision." Right? He basically went there, I'm pretty sure it was in May and said the court needs to rule. They need clarity and order to get it. It was three weeks later that the court decision came down.

**Steve Perskie:** There was a lot of dialogue to that effect going on. I mean obviously the court was not then as it never has been quite properly able to tell anybody what they're going to do or when they're going to do it. But there was a clear line of communication that the court understood the realities of the state schedule and the state's budget process and understood the importance of the timing of that decision with respect to the submission of the budget.

**Douglas Berman:** Right but the governor ended up holding this press conference, because it was that decision that helped us at least make the argument as we went into that one week of around the clock legislative sessions and maybe-

**Steve Perskie:** All night.

**Douglas Berman:** For a week when we passed in sequence the sales tax increase, the budget, the income tax increase and the QEA.

**John Weingart:** Let me call on Jamie Fox. You joined the Administration later than all these people - in December, right?

**James Fox:** Yes, I was not- I was there from the first day of the Administration but I was never - I'd never worked on the campaign and I was not part of the Transition at all. I did listen to Kathy Crotty [Executive Director of the Senate Democrats] for many years of my life.  
<laughter>

**James Fox:** But I had worked for a number of elected officials and worked in Trenton and knew a lot of the legislators. For whatever reason Steve Perskie and the Governor offered me a position. My recollection is that when you from a 30,000 foot standpoint, the Governor just won 61-38. He brought both houses of the Legislature with him. You can make a decision, do we move quickly and get his agenda done while we have the public on our side. We just won a landslide victory. I think in the next six months, as all these gentlemen pointed to and they were the ones who sent the policy along with the Governor and the Legislature, we march down the field and we voted for a number of progressive, Democratic valued legislation - education, auto insurance, everything that's been mentioned, and the darkest day was- the darkest day for me was when the Legislature went up for reelection went down in terrible defeat our majorities. And that was tougher for me actually even than the Governor's defeat by twenty, twenty-five thousand votes but who is counting. But you know the fact that the leaders - the Joe Dorias, the Bernie Kennys, the John Lynchs - you know who delivered those hopes, those were not easily done.

And you're taking John Lynch's case vehemently opposed the idea of an assault weapons ban. He thought it was bad politics. I actually believe and many people to this day believe that one of the things that some great political difficulty in reelection was the assault weapon ban. I do not believe that. I actually believe just the opposite. I actually believe that if one of those things that actually kept the race as close as it was; I believe that ultimately at the end of the day the assault weapons ban was something that helped us at the polls in reelection. But so with Diane Quinton who was the day-to-day hand holder on the Legislature, I guess when the senior members at this table would make the decision, you know, and there would be some fallout, Diane, and I and Jean Holtz and Connie Nolan and a number of other people would actually there's a lot of Legislators, find out what their needs were, made sure that the governor had to go around to a district and appear so that we could rally troops and support in different districts around the state and where were they? Were they in Bergen? Were they in South Bergen? That's what we did, we sort of picked up I guess the pieces from any political damage that occurred from of the bills that the governor wanted done and everyone was done. Not one legislative initiative failed, not one.

**Steve Perskie:** It has fascinated me all of these years, it still continues to. I suggest to you that there's a way that we can all make an awful lot of money. Make a wager. Ask somebody to name the Governor- the only Governor of New Jersey who ever signed increases in the income tax, the sales tax, and the corporate business tax. You will win that wager every time because the answer will be Jim Florio and it's wrong. It's Tom Kean and you know-

**Joe Doria:** All done in one day.

**Steve Perskie:** Absolutely, absolutely. And I had that conversation with Tom a couple of years ago. We had a reception of I forget what it was, but and he sort of graciously acknowledged the responsibility. But it stuns me because you're right, I had forgotten that meeting. But the fact is that after all of these years, nobody in New Jersey will credit Tom Kean with that. They will all credit, "credit" in quote, credit Jim Florio for that and it still amazes me that he was able-- and I don't criticize him for having signed those bills. I voted for most of them. It was in 1982.

**Don DiFrancesco:** Were you still there at the time?

**Steve Perskie:** It was right before I left. I was the majority leader when you were the minority leader.

**Don DiFrancesco:** You just left right after that?

**Steve Perskie:** Right.

**Don DiFrancesco:** I was trying to remember.

**Steve Perskie:** Right, it was Kean's first budget in the spring of '82, I left in July and I don't- I'm pretty sure I didn't vote for the sales tax but I'm sure I voted for the income tax and the CBT but Tom did it. I thought he was right to do it at the time on the merits. I thought he was right to do it politically and he got away with it.

**Douglas Berman:** Well because we had good times. The externalities, this is where I want to go back to. There are two big things that besides the fact that we were in a recession which is never good politically for people. One was it was the beginning of what Greg referred to as now "the politics of personal destruction" rather than the politics of trying to solve problems. I had great discussions and there were others here Republican members as we were trying to solve the budget, they did a lot to educate me as to the choices and everything else. But somewhere along the line the decision was clearly made there would be no Republican support for any of this stuff. Even guys who we had conversations with, that was clear, right? It wasn't about what was good for New Jersey, this was about the politics of Democrat and Republican.

**Steve Perskie:** There were never going to be any Republican votes.

**Douglas Berman:** And there were-- I'm sure you'll speak to that when you're on your panel. But there were in one article Assemblyman Haytaian talked about me in ways as to what my character was and it was alluded to that there was some controversy around that back in those months. He had never met me. Never once had met me, and yet he's quoted throughout this article in a very respected newspaper talking about me all about a change in the politics. And you know it's interesting now because that became the norm in congress and it's hurt this country going forward.

The other is July 1<sup>st</sup> of 1990 a Social Security tax increase went into effect. And everybody's paycheck went down. The people on the Boardwalk said that's the increase, the income tax increase. My taxes just went up because the income tax increase that governor Florio-- that increase didn't go into effect for six more months. But if you try to explain to a voter who is in a recession, in a pinched economy, no, no, no, that is something that was passed by the United States Congress a few months ago and has nothing to do with what's going on now, you will lose that political argument.

**James Fox:** I also think that one thing that we learned was when you sub- raising taxes only on 17 percent when you think that 83 percent of the public benefited by the tax equity plan. But a lot of people believed, "well my son may make that type of money. My daughter may make that type of money." It was almost a psychological-

**Steve Perskie:** I want to be able to make that kind of money.

**James Fox:** So even though it's only going to 17 percent, there was a negative reaction as if they didn't find it- they thought it was hitting them although they knew it wasn't hitting them but they thought little Johnny might get there someday.

**Carl Van Horn:** The other point I want to make is we haven't talked about this yet but there was the revenue sharing component in this to keep property taxes down. And if you look at the charts of property taxes in the industry in New Jersey, there's only one time when it goes sharply down and that's the year after this budget went into effect. But it just shows you how difficult it is for people to understand that process and how it works. And actually what it did, we learned and it wasn't just the NJEA, it was every district who wanted to raise taxes who have now had someone to blame. And they did a very good job of that.

**Steve Perskie:** And the converse is that when the property taxes went down neither the Governor nor the Legislature got the credit for that. The Mayor did. The Mayor got the credit for that.

**Carl Van Horn:** So and then every Governor since then that tried to defy gravity on that point has paid a price for it. Because it's not something that you can convince people the trend is actually helping them.

**Steve Perskie:** Correct.

**James Fox:** Yes.

**James J. Florio:** I don't know, is Brenda still here?

**Brenda:** I am.

**James J. Florio:** Brenda was at the meeting that we had with the Hands Across New Jersey people and invited the leadership, about five or six people into the Governor's office to have a discussion about what they were concerned about. And they were very nice people, sort of lower middle class people, working class people. And I said "How many people here make more than \$85,000?" They all laughed. I said "Well you're not going to pay-- first of all, the tax has not gone into effect, and you're not going to pay anything anyway." "Oh." And then I said "How many people got a homestead rebate?" "Well we get a homestead-" and they all raised their hands. "How many people are getting money back from the JUA elimination?" Three hundred dollars or whatever it was. They all raised their hands. I said "Why are you here?"

<laughter>

**James J. Florio:** Everything we've done is for you. And one guy – [John] Budzash the fellow who was the Chairman at that time, "One day I want to be a millionaire. I don't want to ever have to pay taxes." At that point sort of gave up on logic but-

**Steve Perskie:** I think of myself as a possible person who's going to get to that.

**Douglas Berman:** Or somebody who we were talking about this: when the dollars that came together in the coalition that kind of came together, the NRA was the single biggest lender against this administration.

**Brenda Bacon:** And I think that is an important thing.

**Douglas Berman:** And it underwrote Hands Across New Jersey. John Budzash was a front man for the NRA. It had nothing to do with that other than the gun lobby had decided that you had to pay a political price for doing what was right on guns.

**Joe Doria:** And let me just say this: a few years later in discussions with me, he admitted to that because he became very disillusioned and actually became supportive of Democrats and he actually said that to be true.

**James Fox:** But I think we have to look back that a lot was done by Governor Florio. When you look back on many of us have worked with different people. Every one of us should be proud that worked for the simple reason that look what was accomplished and look how we fought back. We went neighborhood to neighborhood, houses to houses, and we came damn close.

**Man 3:** Twenty-five thousand.

**James Fox:** Twenty-five thousand and a loss is a loss. It's as tough to lose by five votes as it is by five thousand or fifty thousand, but we were making progress and it was just being the recession and the evil empire of the NRA and a couple of other people who didn't philosophically agree with us. And sometimes when you take on an enemy the enemy gets you back. Sometimes you win, sometimes you lose. And but there's nothing that we should be ashamed of.

**John Weingart:** On that note why don't we take a short break and then we'll move to the Legislative panel and then we'll have time for comments and questions after that. Thank you everyone.

<applause>

***End of Second Panel. Transcript of Third Panel begins on next page***

**Third Panel – The Legislative Perspective on the Florio Administration’s  
First Six Months**

Moderator     Alan Rosenthal  
Panelists     Daniel Dalton, State Senator (Democrat)  
                   Donald DiFrancesco, State Senator (Republican)  
                   Joseph Doria, State Assembly Speaker (Democrat)  
                   Bernard Kenny, State Senator (Democrat)

**Alan Rosenthal:** I’m Alan Rosenthal and I’m moderating and, I guess, asking questions which legislators aren’t going to answer, of course. This panel-- this is the Panel on the Legislative Perspective on the Florio administration’s first six months. I call this the truth panel. Let me introduce myself since nobody has introduced me.

I’ve spent a career studying legislatures. And so I certainly have a legislative perspective and little else. For the past few years, however, I’ve gotten a gubernatorial perspective. I’ve been writing a book on governors around the country. And it’ll be out in March. The “Best Job in Politics” is the name of the book. The “Best Job in Politics” for any of you who want to write it down. <audience laughter> And that really reflects the gubernatorial perspective. You know, in looking into governors and talking with governors and surveying governors and reading memoirs of governors, I’ve come to realize how advantaged governors are when it comes to policy leadership. And I think you can tell from the two panels, the two previous panels and Jamie Fox’s remarks that Florio got everything he wanted out of the legislature. This is not unusual in the country. Governors do very well, not only New Jersey governors, although we think we have the most powerful governor, maybe the only powerful governor in the country it isn’t so. All governors are quite powerful. The differences among governors in the states in terms of their constitutional and statutory and political powers are far less than the differences between the powers of the governors and the legislatures in the 50 states.

The difference between the power of governors and legislatures is quite significant. And this is primarily not because of the constitution or the statute it’s because of the structure of the office. The governor is one, the legislature is many. The governor formulates an agenda. He may consult. He may mull it over, he may decide, or she may. But the legislature has to agonize to get anywhere. It’s the R’s, the D’s, the Assembly, the Senate. Its 80 legislators here, 40 legislators there, however many. And as one institutes both policy in most states, formulates the budget. The governor has an enormous defensive weapon in the veto power. So governors do well in their policy leadership. And I think here we’ll explore from the point of view of the legislature a case of the respective powers and policy leadership, you know, of the governor and the legislature during the Florio administration or during the beginnings of the Florio administration. The legislative panel here, all of you people know these legislators far better than I do all who

have served during that administration, Dan Dalton to my immediate right, Donny DiFrancesco, Joe Doria, and Bernard Kenny.

Now, I guess we ought to start off, I'll ask questions and the conversation will proceed any which way it does. And I'm going to just start at the obvious place with a bang, how did Governor Florio and the legislature work together on the tax issues during the early part of the administration? Should it have been done differently? Or did it occur the only way it could have? I guess, I should start with the former speaker.

**Joseph Doria:** That's a good question, <audience laughter> a very good question. I think the legislature-- remember, the Assembly and I could speak directly to the Assembly. The Senate is different situation. The Senate had been Democratic all through the 1980s and into the 1990s. They actually, as Senator DiFrancesco just reminded me, didn't actually run with the Governor in 1989. They had run in 1987 and they had a four year term through 1991. So the Assembly was Republican and had just turned Democratic. And so we were busy trying to reassert where we were within the context of not only the legislative authority but also as it related to our own organization as I said earlier.

There was a great deal of confusion at the beginning. The issues were there. We believe obviously that we had a Democratic governor and we should support that Democratic governor. That was extremely important that we felt that we needed to be loyal. We felt that we needed to follow through on what the Governor's issues were. And at first that occurred. I think the communications as Doug Berman pointed out, the Treasurer, pointed out could have been much better. And I think that hurt as we went through that first six months. Everyone was feeling their way. And we have a lot of new members who had only recently been elected, who didn't really know the process and that was part of the problem.

So as it relates to the issue of budget and as I said earlier, the big issue was if we were going to raise taxes, we had to raise Democratic taxes. The income tax was a Democratic tax. The income tax was the progressive tax and sales tax was the regressive tax. The caucus, especially the minority members of the caucus, very much opposed the sales tax because they felt it laid a heavier burden on the poorer people especially those people living in the urban areas. And so that was the context of that continuous argument about well, what should we do first? And that was the reason why when myself and Wayne Bryant, who was the Majority Leader, discussed the tax issue we said, well, "we'll never going to get a sales tax passed unless the income tax is also going to be passed because our members just felt it was not a Democratic tax." And as Democrats we needed to stand up for what we believe. So that was one of the big issues.

And every one of these issues, whether they be the taxes-- the easiest one, in reality, was doing the car insurance, except for the issue of the chair, Mike Aduato, and going around the Insurance Committee with this special committee, that was

the most difficult part of that issue. Otherwise it was a very easy issue for the members to vote on. But every other issue became more difficult. The assault weapons up until the day of the vote there wasn't the necessary 41 votes. There were a group of Legislators from South Jersey, Tony Marsella being the leader of that group, who felt that it was going to hurt them very significantly. Those who came from counties like Gloucester County and Salem who were in districts that had been Republican, now were Democratic. They didn't want to vote for it. And to be very honest, the reason why we got the vote was because of what Steve Perskie described. The State Police for some reason let all of the demonstrators, the NRA people into the building, we were in the Annex. They crowded the hall. They crowded the courtyard. During the debate they broke a couple of windows in the Annex where we were at that time. We were in temporary quarters.

The result of that was when I went back into the caucus after some discussion and we still hadn't have the votes, my question was do you really want those people to have guns? <audience laughter>

And do you know what? The few people that had questions Tony Marsella and the people from South Jersey in the end voted for it because of the actions of the NRA people who were there that day. The way they looked, the way they acted that really had an impact.

**Brenda Bacon:** It was frightening.

**Joseph Doria:** It was frightening and Steve's absolutely right. I walked through that group. I refused the State Police escort. I walked from my office which was down the hall to that chambers and I agree with Steve, I was more than afraid. One of the few times in my life because they were not being very rationale. So every time we voted on something there was a different reason for doing it. It was never easy. But in the end, my members were very, very dedicated to the Governor. They believed in what the Governor was doing. They believed in what we were doing. They felt it was the right thing. But politically, they were very much afraid. And obviously they were correct in that assumption when the election came a year-and-a-half later.

But it was the right thing whether it be QEA, when the QEA-- I never supported the pensions being included. I kept on saying we were going to get killed on that but in the end I said, if that's what the Governor wants that's what we'll do. But the main thing is if we had had the pensions in and kept them in the pensions would have always been funded. We never would have had the problem we have today because they would have been funded first out of all of the school aid on a continuing basis. And we have to remember that the last time all of the pensions were funded by the state was in the Florio Administration. Since that time the pensions have not been fully funded. So we were acting responsibly. It was not easy. And the answer is it was not easy.

Every one of those votes was difficult for a different group of members. I remember people like Marlene Lynch Ford who knew that it was going to be the end of her political career but in the end she did what was right. It wasn't easy. She and John Doyle had a very a tough district, the Tenth District. They did what they knew - Marlene Lynch a few times really were very difficult but she did what she in the end believed was the right thing to support the Governor and to do the right thing for the citizens of this state.

**Alan Rosenthal:** Let me ask you a question to any of the members, any of the Senators or Assemblymen, did the Legislature have any counter proposals? Anyway to modify things? Or any way to change the strategy? Were there are any suggestions that the Legislature could make more or the legislative caucuses could make that the Governor might listen to.

**Donald DiFrancesco:** Alan, let me remind people, first of all, I was not the Minority Leader at that time. John Dorsey was. I was sitting in the back with Bill Gormley, by choice even. <audience laughter> By choice.

**Alan Rosenthal:** I was just going to say, was it volunteer on your part?

**Donald DiFrancesco:** Yeah, it was. And Chuck Akane [ph?] who was invited was the Assembly minority leader. And Bob Franks I'll remind you was the State Chairman of the party and my running mate and Assembly member. And so my view was more of a distant view of those first six months. Actually, Steve almost talked me into voting for the gun thing. I mean I was very close to being the other vote and, of course, would have been with Bill Gormley. But to your point and it's vague to me and I wasn't involved and I wasn't part of the leadership so I wasn't meeting with the Governor. I don't think there were any alternatives proposed by the Republicans, certainly, no Rrepublican alternatives. I wasn't privy to what was going on with all of you behind the scenes. But I was impressed having been only minority leader for three years earlier in the decade I was impressed by the leadership's ability to get the votes to do all of this. In retrospect and I incurred the wrath of the NRA a few times, also-- I'm not sure is Jamie still here? I'm not sure that I could agree that perhaps that one bill, and I'm not suggesting it was not a good thing to do or anything like that, that might have been the one bill that I would have left out of the package in order to basically-- from a political standpoint. I'm thinking I want the man to be there for eight years.

**Steven Perskie:** From the Governor's political or from the Legislature.

**Donald DiFrancesco:** The Governor's standpoint.

**Steven Perskie:** I would ask you the how many of those people in that whole if the bill hadn't been passed, would have <inaudible> Florio lose anyway?

**Donald DiFrancesco:** But they funded. They helped Bob Franks run the campaign against and as you say 25,000 votes is not a lot of votes, very few votes. I'm sure you have a variety of reasons why the 25,000 went the other way starting in places in the north like that. But I just think there was one bill that I thought, maybe, you tackle down the road, so to speak, that was one but how would we know?

In defense, how would you know that 101.5 would be born. That Hands Across New Jersey would have that effect perceptually with people where people weren't paying the increase in the income tax thought they were. I just think that might have been the one bill that perhaps clearly put...

**Alan Rosenthal:** What you're suggesting is that the Governor in trying to do good policy overreach politically. And it was mentioned by Pat on this earlier, you pay a price and you...

**Donald DiFrancesco:** I think politically it was just too much.

**Joseph Doria:** Let me just tell you a story. This is a true story. Right before the vote on the assault weapons bill I met with the chief lobbyist who was representing the NRA and all of the Hunters Association and all. And he sat down in my office and he knew that we were short on votes. And he said to me, "Understand, you get the votes and we pass this, understand I'm not coming after you and we're not coming after you or the Governor on guns. We'd lose our guns. We're going to come after you on everything else you do. Anything you do today, anything you will ever do, we will be there. You won't know we're there but we will be there and we will make sure you lose and the Governor loses." He said that to my face. It was a direct threat.

**Donald DiFrancesco:** They always talk like that. <audience laughter> I've listened to that so many times.

**Joseph Doria:** Let me just say this one-- you know, you're right. I mean it was-- I have to admit I was new to the Speaker's job, no one had ever during my years there, 10 previous years had ever said it to me like that. And it was a direct threat. And I do believe and you're right, they did fund Hands Across New Jersey, they were there. And Donny's right, the Governor is right here 101.5, the Trentonian, never existed before. They became an important part of what happened. Hands Across New Jersey, nobody would have known they even existed if 101.5 didn't exist and had to change their format and needed to build up their ratings and create something. And it's the beginning of this bashing radio that exists today that all of what we have today, all of this really great TV and radio that exists.

**Donald DiFrancesco:** But the Leadership of the Legislature, the Democratic Leadership did a great job of getting those bills done, I thought so.

**Alan Rosenthal:** But their choice was only to get the votes. They didn't have a better strategy...

**Joseph Doria:** Well, we presented. We made changes. Danny, why don't you talk? We made recommendations and did change things. Not necessarily always for the better by the way.

**Daniel Dalton:** Yeah, the context, I think, is important as far as the-- and there was discussion earlier as far as the time and the fact that Joe and Wayne were new to their positions from a legislative perspective. They had been in the minority for the Kean years. Conversely in our house we had been in the majority during the Kean years. They ran with Governor Florio. We did not run with Governor Florio. And so that's sort of the context there, at least, the backdrop of what was going on.

So the leadership, however, in our House had changed, where John Russo who was an able Senate president during the Kean years where we'd maintain the majority under John's leadership, moved out and John Lynch moved up. And I think the fact is that we-- and we were of agreement with the Governor's office as to what the priorities were. We had dealt with auto insurance during Governor Kean's administration. I had been very involved in that. And we had passed legislation to make the threshold optional. We had talked about making healthcare primary as far as the PIP portion of automobile insurance. So there was sort of a familiarity with those issues because we had worked on them. So when the Governor said during his campaign that automobile insurance is going to be the first thing out of the box, we were of total agreement with that. And then as we learned as his term went on what Doug pointed out that the budget situation was becoming more dour, more dour, more dour, I don't think in fairness to other Governors that that is the first time they got fudged up numbers by a previous administration. I think that's sort of, unfortunately, the way things happen in Trenton and probably happened in Washington.

But that was the other issue, the budget issue. And then the third issue was Abbott, the pending Abbott decision. My feeling and first of all I have a tremendous background with Governor Florio. Governor Florio gave me the opportunity to participate in government. And when the point was made earlier that his just nature was you didn't ignore problems you addressed problems. You weren't there to tiptoe around problems. You were there to aggressively attempt to solve problems. He felt that it was important to aggressively solve the education program. And I think a lot of that stems from the fact that he had represented one of the poorer school districts for many, many years in the country and that's Camden. So when he made that an imperative we may have thought from a retail level that was a mistake. But from a policy wholesale level everybody in the room agreed with him. Everybody in our caucus maybe with several exceptions but for the most part, the vast majority of folks were ready to go and address the issue. And as Jamie Fox pointed it out because it was the right thing to do. And I was fortunate to serve with

a lot of people who felt you were there to do the right things. And you were there to take on the tough issues and you didn't dodge them.

And I think now looking back on it the reason we were there to some extent, at least in the Senate, is that we were not-- we were, I think, a group of good retail politicians as well as wholesale policymaking politicians. And to some extent the retail part of it we may have forgotten or it may have gotten lost in our early success. And I think that's important to note. We came out of the box. We were successful. We addressed a lot of important issues whether it be auto insurance, assault weapons, the Shore issue with clean water and we were on a roll and we were going to keep going and going. And I think if we had to do it over again that Abbott issue should have been looked at and we should have looked at it where we brought more people into the process as to what the issue was all about. Because as you heard earlier there were a lot of moving parts to this, a lot of moving parts. And trying to get people to understand those moving parts on a retail level, because ultimately that's where we lived, was very, very difficult.

And became very difficult, I think, for the Governor from the Legislative perspective and I'm sure Joe can speak to this too. I mean just think some of the names at that time we lost in the Senate that were just true to my mind just very, very fine political folks that were public officials there for the right reasons. And we paid a heavy price for that. And I think we should have made sure that Abbott was understood by the general public better that it was.

**Governor Florio:** Can I just say generally, just to reinforce the point that Dan made, there were a number of people, people from the Senate side coming and saying, " don't do this this year. You've all ready got a basket that's full of things. Wait until next year. You don't have to go do it." And I said-- I had a couple observations. One was a political observation that now was the time to do tough things. Next year was going to be a legislative election year. You're going to have a problem doing it that way. So get things done that have to be done that are tough early on when you still have the perception of a mandate as a result of a good election outcome. And the other thing that was just the sort of stubbornness of saying that means you have another whole year of kids who have wallowed around for the last eight years with no resolving of the problems in some urban districts. But he's right, there are a number of people that came to me, particularly the head of the Senate John Lynch, talking about why don't we slow this thing down?

**Alan Rosenthal:** Was there any hubris involved?

**Governor Florio:** Probably so.

**Doug Berman:** But you have to back to the Speaker's comment, that the Speaker was reading his caucus about whether or not we could separate out the two issues. And his read of his caucus was that that wasn't going to be possible. That if we postponed dealing with Abbott and slowed it down and didn't deal with the income

tax because holding it for that that we would never-- his caucus would not pass the budget either. And he had to get the votes as well. So it was both Houses that had to go along.

**Steven Perskie:** And that was the ying and the yang, you've just put your finger on it. The Assembly leadership was saying, "We need to do this. Whatever we need to do, we need to do it once." And the Senate leadership collectively was advising that we spread it out. And there were even today looking back on it there are risks-- there are positives and negatives to both approaches. We chose what we chose. I agree with Dan completely that even with the choice that we made to do it all at once that there were things that in retrospect, we could have done better and could have done more of in terms of addressing what you've called the retail politics and I think that's exactly right. But there was never then and to my way of thinking all of these years later still isn't any clearly defined, if you had done it like this, everything would have been okay. I don't accept that.

**Daniel Dalton:** And I'm not suggesting that.

**Alan Rosenthal:** Nobody is suggesting that. I've tried to get... <audience laughter>

**Steven Perskie:** Dan was not-- I didn't mean to suggest that you were. I think what you said I agree with every word of it. There are things, as we've all said today, we could have done differently and could have done better. But there is at least to my way of thinking looking back, there is no one road that we could have taken and gotten done what we needed to get done and still have come out clean on the politics. Donny, you may be right. If we had held off on the guns maybe until the second term...

**Donald DiFrancesco:** Because the other issues were so important to the Governor. I mean I know this was a big issue too but it didn't have the impact in the state as the education and the auto insurance. Those were important issues that had to be addressed in your mind. That was the one issue I thought you could put off.

**Steven Perskie:** You may be right. But it isn't clear, at least not to me, that even if you take guns out and certainly that would have changed the dynamic a good bit, but there was still the tax question. And there was still if we were going to solve this problem at all, we were going to have to do it with an income tax. We were going to have to do it with a sales tax. And that was going to have its own political impact in 1991 whether guns had been at issue or not.

**Daniel Dalton:** Yeah, I think, in retrospect, Steve and Don, guns-- guns I thought was the right thing to do from a wholesale level and a retail level. I think we could have-- the party could have survived doing guns. And I came from a district, as you know, where that was not an easy thing to do. My sense it that, again, you're

dealing in a recession. And you're dealing with where people are, much like today, they're experiencing great financial hardship. And then they hear about increasing the sales tax, expanding the sales tax, increasing the income tax and they don't understand why. And I think the thing is that if you're going to do a budget problem and fix the budget, you fix the budget. And then if you do an overall reformulation of school funding in the State of New Jersey you better be out there making the case as to why. And I thought that was-- and, again, there was a moral question as to whether we continue to let this fester. And then there was the retail question as how are we going to survive this politically? And believe me when I tell you that there were guys in our caucus, guys and ladies in our caucus, who understood what they were doing. They understood what they were doing. And to their credit along with Governor Florio's they decided to move forward and I'm sure Joe feels the same way.

**Alan Rosenthal:** Senator Kenny.

**Bernard Kenny:** Well, I was a very junior Assemblyman starting my third year and Joe Doria from Hudson County is the Speaker so I would have done anything he asked me to do. <audience laughter> And I did. <audience laughter> But I just want to say I've known Governor Florio for 30 years. And I drove him around in Hudson County in 1981. And we used to make all of these stops. And then I, of course, served during his term as Governor. And in 2000, Bob Janiszewski called a meeting in the Casino in the Park in Jersey City of all of the Hudson County Democratic organization people so about 30 of us arrived there and they had all of the chairs set up and Bob Janiszewski had a podium and he was the Chairman at the time. And the purpose of this was who we are going to support for U.S. Senator. And that we were going to bring John Corzine-- because the word was it was going to be Corzine. And that we were going to bring him later on that day to meet with him at the Casino. So he makes the spiel as to why we should support Corzine. So he goes, so everybody is okay with that. So I raised my hand and I don't know if you remember this...

**Joseph Doria:** I remember this.

**Bernard Kenny:** And I said, well, what about Governor Florio? Why aren't we inviting him here to talk to us? And there was dead silence.

**Joseph Doria:** So he said we've all ready decided everybody is with Corzine. And I said, well, I think, we should bring Governor Florio in for the same opportunity to meet with us. So that didn't go anywhere. <audience laughter> But this is the best part. So Janiszewski then leans backs, there was a curtain, he pulls the curtain open and Corzine steps out. <audience laughter> Corzine steps out from behind the curtain and I said, uh-oh. <audience laughter> But getting back to this whole thing I was very junior so my perspective now is from my experience since then. But these things are always very hard to judge. You know, the Duke of Wellington after the Battle of Waterloo, he said it was a very close thing. You know, things are

always very close in politics. Bart Giamatti said that baseball is a metaphor of life. Football is politics and that politics is football and where there were winners and losers. The only thing I would say is that there was a great consequence to the debacle of 2001. I mean Donny would agree with this, we lost 20-some Assembly and 10 senators and Dick Coffee at the time said we'd be in the minority for 10 years.

**Joseph Doria:** 1991.

**Bernard Kenny:** Right. We were in the minority for ten years. And then we elected a Republican Governor in '93. And the consequences going back to '91 to today are direct. And there are consequences to politics. And so I can't say what we should have done differently. Again, I was very junior. I will say in our caucus, in that Assembly caucus in the annex, repeatedly, people were expressing concerns. Dan Jacobson. John Villapiano, Tom Duch, Lou Gill, Marlene Lynch Ford. And I remember Deverin got up. Tom Deverin got up one day and said, "We're doing too much. We're doing too much." People knew that we were doing too much. And it wasn't a secret. And the thing-- we all have the things that we look at as being ominous. What was ominous to me were the teachers. When we did the QEA with the pension thing and the teachers, and I really didn't understand what was going on then, but when we did that and the teachers met us outside that day in the parking lot I said, we've got a problem because the teachers had turned on us. And that was to me the thing that was most alarming. But Jamie Fox really hit the nail on the head, what do you do when you come in with these majorities after winning with half-a-million votes with a Governor who is known throughout New Jersey and respected, who has a mandate, who lost to Tom Kean eight years earlier by 1,700-some votes. And then he comes in and he wins, what do you with that? Do you go for everything? Or do you calculate it? And it's a tough question.

**Alan Rosenthal:** Well, let me pursue the point that Don Dalton brought up. A number of governors who are pursuing education which means education finance usually, education improvement means raising money, have really gone retail. They've gone to the grass roots. They've had issue campaigns that have gone on for six or eight months. Bill Clinton did it that way. Dick Riley in South Carolina did it that way and others. Was it ever considered seriously within the Administration to go slower, but to get out into the communities of New Jersey and educate and sell the idea or at least sort of get people much more accustomed.

**Doug Berman:** Absolutely. The political strategy, the desired political strategy was let the decision come down and do nothing. Let the governor go around, leading legislators go around to hold hearings. Let the pressure for a school funding come from the school districts because nothing was going to happen. And a resolution work its way out knowing that we had likely the income tax there. But this goes back to a reading of how to move everything together and the Assembly leaderships reading of its own caucus and this question of how do you make it all fit? Because

the political memos we were writing said this is not the right political strategy in terms of long-term retail politics.

**Joseph Doria:** One of the things that helped to get the votes in the end, and this, again, I don't know whether when it came to the caucus he had the authority to do this, but Phil Keegan, of happy memory, was the State Chair. And he came in when we were having difficulty getting the votes to pass the budget and to do the QEA. He came in and said, look, "I have a commitment from the Governor and his people that if you get this done we will go out there and do a mass media retail political campaign. That we will go on TV. That we will do everything possible." I don't know Kathy, if you remember this. I think Kathy probably remembers, probably said the same thing in the Senate caucus. And this helped to get the votes. Unfortunately, that never happened. I don't know whether he had the authority to do that. I don't know if he was talking through this hat. I believe Phil Keegan was an honest man. I believe he thought that was going to happen. But I think that that to my mind is one of the big mistakes that occurred.

**Steven Perskie:** And I wasn't there for that and I understand that. But look at it this way if the choice that was-- this was June of 1990 and from at least the Assembly point of view, the Senate was up in '91 as well. But what I remember better is what we were hearing from the Assembly leadership. The choice was to do whatever we had to do in June of 1990 and spend the next 15 months doing what Phil Keegan...

**Joseph Doria:** But it never happened, Steve.

**Steven Perskie:** I understand that.

**Brenda Bacon:** Can I say something about this? We're spending a lot of time, it seems to me, talking about the political calculations of what we could have done. I don't remember during the administration us spending a lot of time on the politics. I remember us spending a lot of time on the policy. And as I listen to us here today I don't hear anyone saying that the Governor's intentions on the policy or what he wanted to do or what he felt that we needed to do was misguided. It was probably the fact that we did so much in six months. And there wasn't a plan at that point to say, okay, over the next six months we're going to do these five things. And if we had to take one of them off the table what would we take off the table? That's just not how it worked internally. I think the Governor was very determined to do those right things as we said, attack the problems. And in retrospect if we had looked back and said-- if we could have had the foresight to say let's not do guns for another five months or six months, or let's not do education because that would make the difference in the political outcome I'm not sure that we wouldn't have come to that conclusion. I just don't think-- I don't recall us having those kinds of discussions.

**Steven Perskie:** We had the kind of discussion that was focused on if we do it in June of 1990 as opposed to June of '91 we have 15 months and it didn't happen, you're right. But we had 15 months to address the issues. Whereas, said the Assembly leadership, if we do this in June of '91 we're going to have to five months or three months or whatever it is between June and November with that vote hanging around our necks. That was, at least as I remember it now, the emphasis or the rationale, if you will, for the political decision which we're all now second-guessing and there's a lot of reason to second-guess. But that was the rationale for that decision at that time. That the choice was not to do it. The choice was to do it now or to do it later, and which was politically the less damaging? The decision we made at that time was it was less damaging to do it in June of '90. And consequences...

**Donald DiFrancesco:** And historically it was true.

**Steven Perskie:** And the consequences were...

**Donald DiFrancesco:** Historically that was the way you would do things the first year, get it out of the way. I mean I can understand that thinking.

**Steven Perskie:** Which is exactly what Tom Kean did.

**Joseph Doria:** And every political theorist would say that. If you go to Machiavelli, if you go to anybody, any political theorist would say you do it fast, you get it over with and then you move on and you hope then you could sell it and also people forget.

**Doug Berman:** Well, it wasn't-- Brenda, we were moving quickly on a lot of fronts. There was a lot of-- because it was a main point between Steve and myself as to the politics of letting the decision come down and letting the Governor go out and educate about this issue because that's how it would be best politically for the Governor. And Steve constantly saying we've got to respect the legislative process because I was the political, right, strategist coming out of the campaign. And you make your choice, as Steve says, and you go on. And we just didn't have the money, was the reality, to mount the political air war that we hoped to do. Where Phil made the promise, I just know where our coffers were at that point in order to be able to do it, right.

**Brenda Bacon:** And I don't disagree with us having-- that we had discussions about the impact of each particular piece of legislation politically in kind of the big sense, not the retail sense. What I think we didn't calculate is just the doing five or six things right after each other and the impact that would have politically. I don't disagree that we talked individually about the politics of guns, or the politics of education.

**Doug Berman:** But this goes back 101.5, the NRA...

**Donald DiFrancesco:** You couldn't have anticipated it.

**Doug Berman:** Right. How that story got picked up. And the underlying dynamics of New Jersey. Because the rally in Trenton that Hands Across New Jersey had there were 5,000 people there. We gave them a symbol with the toilet paper. Thirty-five thousand people showed up in Hartford at the same time to protest Governor Weicker's tax increase, it was a one-day story. In New Jersey we would go to-- because I talked to any number of reporters saying follow the money trail and they just didn't want to do it. It wasn't the right story for them to follow because if the NRA participation had come out back in the summer of '90 when those dollars started to flow, the whole interpretation of what was going on would have been very different. And people all ready knew that and reporters just weren't hungry.

**Steven Perskie:** That's absolutely right. I agree with you.

**Kathy Crotty:** There was another event, though, that occurred...

< inaudible audience comment >

I'm sorry, I'm Kathy Crotty. That affected the political outcome particularly on the legislature side and that was redistricting.

**Joseph Doria:** Right. And nobody mentioned that.

**Kathy Crotty:** And I think it probably had a larger impact than any of these individual issues. Now, I think the way in which the issues affected that process was that we were so distracted by the reaction to all of the things that we did, the negative reaction there was a lot of bad feeling all the way around. And the Democrats never really sat down and figured out a game plan as to how we were going to approach it and the Republicans did. And that's the year that they won the map. And I think that overall that probably had a much bigger impact on the legislature election and because we just got our clock cleaned so badly it wasn't simply a result of those issues that we dealt with.

**Joseph Doria:** And I want to agree with Kathy wholeheartedly. We did not pay attention to the reapportionment of the legislature. The Republicans, you sat on that reapportionment?

**Donald DiFrancesco:** That was in '81.

**Bernard Kenny:** But it was, again, our clock was cleaned, and the districts that were created were much more difficult districts for the Democrats. We learned our lesson from that point on and we did much better, much, much better. But that reapportionment we got killed. So that obviously helped us to lose in '91.

**Donald DiFrancesco:** And that's partly true. I mean we did lose a few seats later that we shouldn't have won in the first place. And remember, I was toying with the idea well what am I doing in the minority for 15 years. I'm tired of this. But as soon as we saw and I was down in Cafiero's home district because he was elected in '90, when I saw Christie Whitman's vote against Bill Bradley, we knew we were going to take control a year later. We knew. It was just a matter of how many. We knew. There's nothing that anybody could do from that point on. And you try real hard. I mean taxes went down. I mean I know. I remember. Taxes went down. And there was nothing that you could do to prevent this snowballing effect for the election.

**Steven Perskie:** And Donny, try this one, if instead, what we did in June of '90, had been done in June '91, in your view, what would have been the consequences in November of '91?

**Donald DiFrancesco:** Killed. We'd have gotten killed, yeah. I'm with you. You get it down. I mean I had to vote for the income tax and the sales tax increase in '82

**Daniel Dalton:** But wasn't in '82, wasn't there the Byrne administration when we created the income tax?

**Donald DiFrancesco:** Seventy-six.

**Daniel Dalton:** The schools actually closed?

**Steven Perskie:** Yes. The Supreme Court in the summer of 1976 the Supreme Court closed the schools and that's what forced the legislature to act.

**Daniel Dalton:** But regardless, there was an event, a focus where the public was focused on an event, okay, that caused the raising of the income tax.

**Steven Perskie:** You're right, but what I'm referring to is to compare '82, for example, to '90. In '82, in comes a new Governor who's faced with what he's faced with.

**Donald DiFrancesco:** Was it like New Year's Eve?

**Joseph Doria:** No. It was December 30. We went 24 hours into New Year's Eve. It was 24 hours straight and we passed every tax.

**Steven Perskie:** Right. And here comes a new Governor who seeks-- a Republican governor seeking from a Democratic legislature both houses seeking increases in all three taxes and a restructuring of the school funding as a part of it. Gets it all as a result of that we negotiated the Republicans had to put up all of their votes and we gave them enough to get it passed. And then because the economy in '82 and '83 and '84 was what it was compared to the economy in '91 and '92, Tom and the Republicans, in general, paid no political price for having done all of that. And God

bless them for that. It's not a complaint, it's just an observation. The point is that we wound up eight years later doing the same kind of thing and got killed.

**Bernard Kenny:** I don't agree with that. I wasn't around in the early eighties but I don't think you can compare what happened in '90. There were five, six, major things you did, you just didn't raise taxes. I believe if we had just-- I know John Lynch, who I got to know very well years later, he thought we should have just done the sales tax and not done the guns and just take care of the budget the first year. Now, I know this thinking that do everything at once but what's everything? So that doesn't mean well because they don't want to do the sales tax so we'll do the income tax and the sales tax? I mean where's the logic there? So I think mistakes were made. I think mistakes were made. And that's why we learn from this. Mistakes were made. Political mistakes were made in 1990.

**Alan Rosenthal:** But did John Lynch press that on the Florio administration before hand.

**Daniel Dalton:** Yes.

**Steven Perskie:** Yes. The Senate leadership's position was just as Bernie has suggested. The Senate leadership's position is we should do in June of '90 as little as we have to do which translates into in this context the sales tax for the budget. And guns was a different thing.

**Donald DiFrancesco:** Steve wasn't it like \$400 million?

**Steven Perskie:** I don't remember the number, but it was larger than that.

**Doug Berman:** The one cent was a \$1 billion.

**Donald DiFrancesco:** Right, what was your education gap?

**Doug Berman:** No, the income tax contributed about a billion.

**Steven Perskie:** It was 2.8 billion was the number, right? What was the breakdown between the sales and the...?

**Doug Berman:** It was never 2.8 other than in the press's mind.

**Joseph Doria:** And the other thing that's different between 1982 and 1990, remember in 1982 it was bipartisan. There were Democrat and Republican votes. Everybody put up votes.

**Donald DiFrancesco:** I was only in the Senate, but the Democrats in the Senate pretty much passed the income tax increase which was only two-and-a-half to three-and-a-half. The Republicans provided most of the votes for the sales taxes. I

voted for Matty Feldman. He said, "I've got to go to Florida. I'm taking my grandchildren to Florida, Donny I won't be there." I'll vote for you. <audience laughter> I swear to God. I swear.

**Joseph Doria:** In those days you could do that.

**Donald DiFrancesco:** And I did and nobody cared.  
<overlapping conversation>

**Steven Perskie:** There were Republicans on all of the bills and there were Democrats on all of the bills.

**Joseph Doria:** On all of the bills, right.

**Donald DiFrancesco:** And Tom didn't say nice things-- he didn't smile when he was signing these bills.

**Steven Perskie:** No. He signed them with a frown on his face.

**Donald DiFrancesco:** Remember, we'd get really mad. Remember that?

**Steven Perskie:** Yeah. But what I remember, and you and I were in the leadership positions at that point, what I think I remember is I don't remember-- I think it was either 23 to 17, or 22 to 18, one of the two. And I think I remember telling you "okay on the sales tax bill you're going to need 15 and on the income tax bill you're going to need 12 or 13," whatever it was.

**Donald DiFrancesco:** Right. Something like that. We always knew we had Gormley. <audience laughter>

**Steven Perskie:** Right. We gave you a...

**Donald DiFrancesco:** We always made a deal with him.

**Steven Perskie:** We gave you enough Democrats to get to 21 on top of your caucus.

**Donald DiFrancesco:** Right.

**Joseph Doria:** The Assembly was the same thing.

**Donald DiFrancesco:** You know, Steve, and I know it's getting off the topic, but that first year of Kean's administration he had just won by 1722 votes or something. I guess you would know better than I.  
<audience laughter>

**Governor Florio:** 1997.

**Donald DiFrancesco:** It was a good year. We actually tried to raise the gas tax, remember that? We failed. We failed. And he, of course, he would never bring that up.

**Steven Perskie:** No, he told me that.

**Donald DiFrancesco:** He wouldn't even bring up the sales tax increase.

**Steven Perskie:** When I was teasing him about...

**Donald DiFrancesco:** He didn't raise taxes...

**Steven Perskie:** He signed all three, his response was to me, "Well, if they had given me the gas tax I would have signed that too."

**Donald DiFrancesco:** That was carelessness. Remember, we were talking the other day, the only tax we ever raised in New Jersey in 20 years is the gas tax. It's the only tax we ever raised.

**Steven Perskie:** That's right, and Jersey <inaudible> still don't <inaudible>. <audience laughter>

**Donald DiFrancesco:** Why did you include the sales tax in the package? Why didn't you just raise the income tax?

**Doug Berman:** Because you couldn't get enough money. You needed \$2.5 billion to solve both problems.

**Joseph Doria:** You just asked the question that we did ask, the Assembly. We asked that question and we were told that we couldn't get enough money because we just wanted to increase the income tax, again, on the basis that the income was progressive. It didn't hurt the poor people worse than everyone else. That issue was an issue, you're absolutely right, Doug.

**Doug Berman:** That challenge of government, right because it's what changed even in your little tenure. The bankers would come in early in that administration and say, you know, if you want to change the pension funding assumption, the growth rate on the rate of return you wouldn't have to fund the pensions, all right. We said no. we said no throughout. Mrs. Whitman very early on first said well we don't need to fund it to the same level and that's how she balanced the budget. And then she raised the growth rate assumption again...

**Donald DiFrancesco:** <inaudible>.

**Doug Berman:** ...and said, well, we can take money out of the pension fund because it's over funded, you know, if you assume a ten percent growth rate. The Legislature as Senator Dalton said, and the Speaker said, they came to government to do real government, not to finesse it and those are hard choices.

**Bernard Kenny:** Let me, again, I don't mean to be adversarial on this but the art of politics is not getting too far ahead of the people. And we know in history political leaders don't do what they have to do at that moment in time, they wait. They wait until events occur, until things happen, until they can manage it, massage it and then they get it done.

And I think the panel here earlier and Brenda Bacon and I think you all said it, you were all driven to solve these problems in the first six months. And politics and government is not only about solving problems. It's about winning elections. And that's part of it too. And I take it that was disregarded.

**Doug Berman:** When the public employees aren't going to get their pensions in ten years because that thing is \$50 billion under funded who's going to tell them? Who's going to tell those children that the people who punted on the problem...

**Donald DiFrancesco:** We're not arguing the policy with <inaudible>. As Brenda said, we're not arguing the policy. I understand the policy behind it all.

**Alan Rosenthal:** But the other thing about the politics is that it seems to me that nobody was exactly sure of what the right politics was at the time. It's easy to be reflective on it, but at the time, the Administration was getting inconsistent different signals from the Senate and the Assembly. So I mean...

**Governor Florio:** And that's life in government.

**Alan Rosenthal:** That's life. So you've got to choose.

**Governor Florio:** You're making decisions as to what is the right one even if it's not the right one entails making decisions because theoretically what the whole process of democracy is about is it's a decision-making process.

**Alan Rosenthal:** No. But there wasn't a legislature with an alternative. You didn't have an alternative policy. You didn't have an alternative strategy. You had a lot of different...

**Governor Florio:** That's not correct. I mean there are alternatives that were marginal alternatives. The Legislature is not capable-- I mean not the individuals. The legislative process is not capable of coming in with whole cloth proposals that's why we had an executive branch. The Legislature then sort of nibbles around the edges, perfects things and does things of that sort. And they, for example, I mean the modification off of school funding, that was thought of as going to be more property tax relief so we take out \$400 million out of the funding system for that.

So I mean they made dramatic modifications but they were incremental modifications.

**Alan Rosenthal:** Well, let me ask you this which is a little tangential during your administration did the legislature come up with any major initiatives that you responded to?

**Governor Florio:** No major initiatives, no.

**Alan Rosenthal:** Okay.

**Bernard Kenny:** On that point, it doesn't-- legislatures and my 20 years there, the way it works is that the Governor exerts the leadership and the administration and we're largely reactive. And there's an overwhelming desire on the part of the majority party if it has its governor in the front office is the support him or her. It's overwhelming. People don't deviate from that. It's not the human nature. If you're part of the group and you want to succeed you support your governor. And it's an incredibly powerful thing no matter how upset people may be they do what the governor wants.

**Joseph Doria:** Or they try to.

**Steven Perskie:** Bernie, I would suggest to you that Republicans, seriously, are better at that than Democrats, both in Trenton and in Washington.

**Bernard Kenny:** Yeah, I don't disagree.

**Governor Florio:** Yea, I just have to reassert, of course that point <inaudible>. Dealing with the Republican veto proof majorities in the second two years resulted in actually some good things happening. So when the Republican party had some responsibilities there was more collaboration. The first two years was no collaboration, no cooperation at all because they didn't have any responsibility. So the Legislature in the last two years collaborated with us in the sense that they were willing to engage and come over with negotiations to make some changes going forward.

**Alan Rosenthal:** Dan.

**Daniel Dalton:** I'm not so sure with regard to the Legislature just plays at the edges more it's just reacting because, again, in the previous eight years during the Kean administration we held the Senate. And in many policy areas we led, we didn't follow. The administration reacted to us. We didn't react to the Administration. And so I don't think that that broad statement.

<overlapping conversation> <audience laughter>

**Daniel Dalton:** Wait, I'm not done. The second point I would make is during Governor Florio's administration there was a meeting of the minds as to what we would do at the outset. And in his first six months, believe me, from a policymaking perspective, there was the automobile insurance, not inconsequential, okay. But that was an agreement between leadership and the governor, okay. There was guns, not inconsequential, again, an agreement between the legislature and the governor's office. So things were not just done by caveat, by any stretch of the imagination, nor were they done in Governor Kean's administration by pronouncement. It really depends upon the dynamic that is at play at the time. I remember, again, during the Kean administration in the Senate, where we held control, often times policy-- significant policies came out of the Senate, not out of the governor's office. So in this case, the governor's and the legislature were of the same party. So as a result we had agreed on...

**Alan Rosenthal:** Senator Kenny, do you want to retort there?

**Bernard Kenny:** Well, my experience, is that that was the exception to the rule, what Dan is talking about was the exception from my 20 years experience that the governor's office in Trenton controls the agenda. And the legislature, not that they don't have inputs, but you're talking about 120 people versus one and concentrated power versus diffused power. People get accommodated, people have input. And on some issues some people have leadership roles like Wayne Bryant did on welfare reform. But as a general rule, this is my experiences that it comes from the front office in Trenton.

**Joseph Doria:** I would agree with both Dan and Bernie in the sense that when you have a governor and a legislature of the same party it's more likely that the legislature will follow the governor. When you have a legislature and a governor of different parties, then the legislature has more initiative and more reason and more leverage to take the lead on some major issues. So it depends upon the interaction and the fact of whether they are of the same party or different parties.

**Donald DiFrancesco:** Or the governor won't let you take the lead.

**Joseph Doria:** Well, right, exactly. If you have opposition, you have an opposition situation where the legislature's of one party, the governor's another, then the legislature is going to try to take the lead to take some clout away from the governor.

**Alan Rosenthal:** And Governor Florio, would you like to come up here and have the last word about all of this? I mean you haven't really been defamed so...

<audience laughter>

***End of Third Panel.***

***Transcript of Governor Florio's closing remarks begins on next page***



### **Closing Remarks – Governor James J. Florio**

**Governor Florio:** Well, let me just say this has been very enjoyable and interesting for me and hopefully for you as well. The only substantive point I would inject, which was not talked about at liberty today was the environmental issues, which we focused on as well early on. I guess there was as much controversy as there is with some of these issues. But some of you may recall, I look around, some of you are old enough to recall the eighties, that the Jersey Shore was closed much of the 1988-89 season. We campaigned saying we were going to-- I'm a big environmental guy so I'm going to go up and clean up the Shore and actually we did. We passed some very strong legislation. Some of the money that we raised were used to fund a \$1.5 billion worth of upgrading waste water treatment facilities down at the Shore which was one of the major catalysts for the problems down there. So that was a good issue as well and gave us some points.

The only two points I wanted to raise was one, the difficulty of governing in a state like New Jersey with the whole media situation. I mean one of the things that we did a lot of and some of you can recall this was go out to town meetings in the middle of all of the disarray in the middle of all of the angst that was out there we did a whole lot of town meetings and for the most part the town meetings were very good. They didn't get reported as being very good. I remember going down to Washington Township and we had a fairly hostile audience to start with. I explained what I was doing. I explained why we were doing it. And then the group sort of slowly by surely came around. But there was one guy that jumped up and said, "You know, Governor, you're the worst governor since Pontius Pilate," <audience laughter> ...analogy. And the way they reported it the next day was there were some people in favor, some people opposed. It was like 299 to 1 but he got equal play. So it was a difficult thing to try and do.

And let me just conclude with the observation and we got a little sense of this in the legislative discussion here at the end is that a lot depends upon the personalities. Because I can recall Governor Kean had serious problems with Alan Karcher who has a very forceful personality. And in some respects you almost had a question as who's the governor and who's not the governor. And Alan Karcher really effectively forced the governor to sign over things he had pledged not to sign, that is all of the tax bills. My personality is a bit different than other people's personality. And therefore, we have more ability to get things through that were not as easy to do. But also you engage in the way that you feel comfortable with. And one of the things that I mentioned earlier that was a source of great pride to me was having the vote that stopped the overriding of my veto of the gun ban which obviously was in the second administration. That was an issue that started out, we repealed the gun authorization in New Jersey. And then a new legislature came in and we were able to-- they were able to repeal the gun ban. What I did was to veto the repeal. The Assembly went first very quickly in the middle of the night and they overrode my veto.

**Donald DiFrancesco:** Yeah, I remember.

**Governor Florio:** And then we had the Senate who took a couple of weeks to get themselves organized. And in that period of time we did what was one of the highest-- things I'm most proud of we organized an effort to get people informed and engaged and went around the state and I think Donny remembers this. We went around the state and had the medical people involved, teachers involved, the clergy involved, a whole lot of folks were involved. And we brought the issue to the highest level reducing it to the argument that is New Jersey really better off with more access to Uzi's and AK-47s. To make a long story short, with that concept of engagement and information we got to the point where when the vote came, not a single senator in the whole legislature was willing to vote to override my veto.

**Donald DiFrancesco:** I'm not getting credit for that. He's taking all of the credit.  
<audience laughter>

**Governor Florio:** It was a tribute to the whole idea of participatory democracy. So I regard that as a very important thing because really it represents my philosophy. Engagement of citizens and information to citizens is really the essence of public policy. And that's me, obviously other people have different views. I tease a lot of people who are political opponents, not enemies, but political opponents over the years I've become friends with Tom Kean being one of them. And I teased him from time to time about how he had all of these wonderful creative ideas the performing arts center, the aquarium, civic square, a whole bunch of different things and then he left and I had to pay for them. <audience laughter> Well, I just want to express my appreciation to Eagleton for all of the good hard work they put in and hopefully we'll have other opportunities to come together and think about governing and think about public policy. Thanks.

### ***Conclusion of Governor Florio Colloquium***