

December 19, 2013

Joint Committee on Ethical Standards
c/o Albert Porroni, Esq.
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609-847-3901

Re: Complaint against Senate President Steve Sweeney (LD-03)

Dear Members of the Joint Committee on Ethical Standards:

I request that the New Jersey State Legislature's Joint Committee on Ethical Standards (hereinafter the "Joint Committee") determine whether or not it is appropriate for Senate President Steve Sweeney to collect payments from a labor union for "political activities and lobbying" while serving as a member of the Legislature. It would appear to me to be an existential conflict of interest.

In a letter dated October 25, 2013, I previously brought this matter to the attention of Ms. Marci Levin Hochman, the Ethics Counsel for the Office of Legislative Services. She was uncomfortable answering my questions and referred me to your Committee.

This is especially important in light of legislation proposed by Senate Sweeney that directly benefits the labor union he is paid to lobby for. This legislation includes:

S-3012 (Sen. Sweeney, prime sponsor)

This bill permits the Commissioner of Labor and Workforce Development to issue a stop-work order against any employer who continues to pay less than prevailing wage rates in violation of P.L.1963, c.150 (C.34:11-56.25 et seq.) after the commissioner has issued a final order assessing a penalty for the violation.

A stop-work order issued under the bill would require the cessation of all business operations at every site where the violation has continued and remain in effect until the commissioner issues an order releasing the stop-work order upon finding that the employer has agreed to pay the required wages and has paid any wages or penalty owed. As a condition of release from a stop-work order, the commissioner may require the employer to file with the department periodic reports for a probationary period of up to two years. The commissioner may assess a civil penalty of \$5,000 per day against an

employer for each day that it conducts business operations that are in violation of the stop-work order.

S-2425 (Senators Sweeney and Norcross, prime sponsors)

This bill amends P.L.2002, c.44 (C.52:38-1 et seq.), the law authorizing project labor agreements (PLAs) to allow PLAs in certain kinds of public work contracts which that law now excludes.

That law currently allows a PLA for a public works project only if:

- 1.The project is worth at least \$5 million (excluding land acquisition costs);
- 2.The workers in the project are required by law to be paid the prevailing wage set by P.L.1963, c.150 (C.34:11-56.25 et seq.); and
- 3.The project is for the construction, reconstruction, demolition or renovation of buildings at the public expense, other than pumping stations or water or sewage treatment plants.

The current law therefore excludes many projects, such as highways, bridges, pumping stations, and water and sewage treatment plants, from having PLAs.

This bill removes from the definition of “public works project” all references to the kind of structure or improvement, instead identifying a project only as “construction, reconstruction, demolition or renovation.” That change extends the option of using a PLA to projects excluded under the current law, such as highways, bridges, pumping stations, and water and sewage treatment plants.

The bill leaves unchanged the provisions of the law’s definition of a public works project that require a project to be worth at least \$5 million and have workers subject to the prevailing wage law.

Here is a synopsis of the potential conflict:

As Senate President, Steve Sweeney is paid \$49,000 per year, plus an “allowance equal to 1/3 his compensation” (\$16,333) for a total of \$65,333.

Steve Sweeney is also an official with the Iron Workers union. As a general organizer paid through the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Union, AFL-CIO, Sweeney received a base salary of \$165,264 in 2012. In addition to his base salary, Sweeney also received compensation in the form of allowances and disbursements for expenses. His total compensation through the International in 2012 was \$206,092.

In addition, Sweeney received allowances of \$21,351 as President of Iron Workers District Council of Philadelphia and Vicinity. In 2012, Sweeney's total compensation through the Iron Workers was \$227,443.

The Department of Labor requires public disclosure by labor unions of how union dues are spent. These disclosures list union employees, their salaries and allowances. The disclosure also

includes *the allocation of time* by union officers and employees estimating the amount of time spent on various activities such as organizing or administration. One of the purposes of this disclosure is to show how much the union has spent on its core activities: collective bargaining, contract administration, and grievance adjustment. Non-members working in a union environment are obligated to pay dues, but only to support these core activities.

According to disclosure filings by the International, Sweeney spends a considerable amount of his time as a union official on activities described as “Political Activities and Lobbying.” (LM-2, Schedule 12, Disbursements to Employees, Line I, Schedule 16)

What political activities did he engage in and on behalf of which candidates and causes? The explanation offered as part of the disclosure describes political activity as “to influence the selection, nomination, election, or appointment of anyone to a Federal, state, or local executive, legislative or judicial public office, or office in a political organization, or the election of Presidential or Vice Presidential electors, and support for or opposition to ballot referenda.” (Instructions for Form LM-2 Labor Organization Annual Report, page 27)

Lobbying is described as “associated with dealing with the executive and legislative branches of the Federal, state, and local governments and with independent agencies and staffs to advance the passage or defeat of existing or potential laws or the promulgation or any other action with respect to rules or regulations (including litigation expenses).”

Senator Sweeney is not registered as a lobbyist with the United States Senate or House of Representatives. He is not a registered lobbyist in Pennsylvania. The union that pays Sweeney's salary does not use outside lobbyists. Instead, it uses an employee as its primary lobbyist – registered with both the House and Senate. It is interesting to note that the primary lobbyist in Washington allocates only 50% of his time to political activity and lobbying.

New Jersey state law does not appear to allow legislators to simultaneously serve as lobbyists.

Questions concerning Senator Sweeney's political activity and lobbying for the Iron Workers union become a more serious matter when the amount of time allocated to these activities is noted. Calculating the value of that allocation as a portion of Sweeney's compensation adds further emphasis.

Sweeney spent 30% of his union effort in 2012 on political activity and lobbying. In 2011 and 2010, the amount was 38%. In 2009, the amount was 34%. There is no indication of the actual amount of time Sweeney devoted to these activities, only the proportion of the whole.

Placing dollar amounts on Sweeney's activity helps put matters into an easily understandable form. In 2012, Sweeney's gross pay was \$165,264, and his total compensation was \$227,443. In simple terms, Sweeney was paid \$49,579 of his gross, or \$68,233 of his total compensation, to engage in political activity and lobbying for the union. In 2011, Sweeney was paid \$62,141 of his total compensation for political activity and lobbying. In 2010, \$58,377, and in 2009, \$56,669.

Sweeney's Union Compensation

Year	% time allocated political activities	gross salary	lobbying salary	gross compensation	lobbying portion of total	
2012	30%	\$165,264	\$49,579	\$227,443	\$68,233	1
2011	38%	\$169,068	\$50,720	\$207,138	\$62,141	2
2010	38%	\$157,755	\$47,327	\$194,593	\$58,378	3
2009	34%	\$151,443	\$45,433	\$188,898	\$56,669	4

Note 1 Steve Sweeney utilized the automobile provided by the District Council for personal use. The business use was greater than 50%. In accordance with Form LM-3 instructions the entire auto expense is included in column (E). The determined personal use is taxed as compensation and included on the officer's W-2 / 1099. Auto Expense \$2,798 Auto Insurance 1,966 Auto Loan Payments 16,187 Total \$20,951

Note 2 Steve Sweeney utilized the automobile provided by the District Council for personal use. The business use was greater than 50%. In accordance with Form LM-3 instructions the entire auto expense is included in column (E). The determined personal use is taxed as compensation and included on the officer's W-2 / 1099. Auto Expense \$2,586 Auto Insurance 1,937 Auto Loan Payments 19,439 Total \$23,962

Note 3 Steve Sweeney utilized the automobile provided by the District Council for personal use. The business use was greater than 50%. In accordance with Form LM-3 instructions the entire auto expense is included in column (E). The determined personal use is taxed as compensation and included on the officer's W-2 / 1099. Auto Expense \$6,462 Auto Insurance 2,168 Auto Loan Payments 3,240 Total \$11,870

Note 4 Steve Sweeney utilized the automobile provided by the District Council for personal use. The business use was greater than 50%. In accordance with Form LM-3 instructions the entire auto expense is included in column (E). The determined personal use is taxed as compensation and included on the officer's W-2 / 1099.

Thank you for your attention to this matter.

Sincerely,

Dr. Murray Sabrin
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CC: Marci Levin Hochman, Ethics Counsel, Office of Legislative Services