
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: November 12, 1999
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Assemblyman Louis A. Romano
Michael R. Ferrara
Janice Mitchell Mintz
Anthony F. Annese
E. Martin Davidoff
Robert A. Roth

ALSO PRESENT:

Caroline Joyce
(Representing Senator Robert E. Littell)
David Rousseau
(Representing Senator Bernard F. Kenny Jr.)
Jerry Traino
(Representing Assemblyman Francis J. Blee)
Gail Alexander
(Representing Roland M. Machold)

John Geniesse, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning



Meeting Recorded and Transcribed by
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lmb: 1-104

MS. B. CAROL MOLNAR (Chair): I'd like to call the meeting to order. In accordance with the Public Law, Chapter 231, Open Public Meeting Law, the Commission has provided adequate public notice of this meeting by giving written notice of the time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail and faxed to the Trenton *Times*, *The Star-Ledger*, and filed with the Office of the Secretary of State.

We will now take a roll call.

MR. GENIESSE (Acting Executive Director): Mr. Davidoff. (no response)

ASSEMBLYMAN ROMANO: He's here.

MR. GENIESSE: Mr. Annese.

MR. ANNESE: Here.

MR. GENIESSE: Mr. Roth.

MR. ROTH: Here.

MR. GENIESSE: Ms. Joyce, for Senator Littell.

MS. JOYCE: Here.

MR. GENIESSE: Mr. Rousseau, for Senator Kenny.

MR. ROUSSEAU: Here.

MR. GENIESSE: Mr. Traino, for Assemblyman Blee.

MR. TRAINO: Here.

MR. GENIESSE: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Here.

MR. GENIESSE: Ms. Alexander, for Treasurer Machold.

MS. ALEXANDER: Here.

MR. GENIESSSE: Commissioner Mintz.

COMMISSIONER MINTZ: Here.

MR. GENIESSSE: Ms. Villane. (no response)

Mr. Ferrara.

MR. FERRARA: Here.

MR. GENIESSSE: Ms. Molnar.

MS. MOLNAR: Here.

MR. GENIESSSE: Madam Chair, we have a quorum.

MS. MOLNAR: Thank you.

We apologize to our audience. We do have two administrative matters to just dispense with quickly before we lose our quorum. The first is we have to confirm our Acting Executive Director. He represents this Commission on the Building Authority and in other ways. So I need a motion and second to name and appoint him Acting Executive Director.

MR. FERRARA: I make the motion to appoint John Geniesse Acting Executive Director of the Capital Budgeting and Planning Commission.

MS. MOLNAR: Do I hear a second?

COMMISSIONER MINTZ: Second.

MS. MOLNAR: Thank you.

Any other nominations? (no response)

If not, we'll take a roll call.

MR. GENIESSSE: Mr. Davidoff. (no response)

Mr. Annese.

MR. ANNESE: Yes.

MR. GENIESSSE: Mr. Roth.

MR. ROTH: Yes.

MR. GENIESSSE: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. GENIESSSE: Ms. Alexander.

MS. ALEXANDER: Yes.

MR. GENIESSSE: Commissioner Mintz.

COMMISSIONER MINTZ: Yes.

MR. GENIESSSE: Mr. Ferrara.

MR. FERRARA: Yes.

MR. GENIESSSE: Chairperson Molnar.

MS. MOLNAR: Yes.

MR. GENIESSSE: Motion has passed.

MS. MOLNAR: Thank you.

Congratulations.

MR. GENIESSSE: Thank you.

MS. MOLNAR: Okay. Now, we passed bylaws a few months ago enabling this Commission to appoint a Chair and Vice-Chair. We have a Chair, but we've never elected a Vice-Chair, which would be helpful to myself because at times I may not be able to make a meeting.

So I would entertain a nomination for Vice-Chair of the Capital Planning Commission.

Mike.

MR. FERRARA: I'd like to make a motion to appoint Anthony Annese as the Vice-Chair of this Commission.

MS. MOLNAR: Thank you.

Do I hear a second?

MR. DAVIDOFF: Yes. Second.

MS. MOLNAR: Any other nominations? (no response)

If not, we'll take a roll call.

MR. GENIESSE: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. GENIESSE: Mr. Annese.

MR. ANNESE: Yes, of course. (laughter)

MR. GENIESSE: Mr. Roth.

MR. ROTH: Yes.

MR. GENIESSE: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. GENIESSE: Ms. Alexander.

MS. ALEXANDER: Yes.

MR. GENIESSE: Commissioner Mintz.

COMMISSIONER MINTZ: Yes.

MR. GENIESSE: Mr. Ferrara.

MR. FERRARA: Yes.

MR. GENIESSE: Chairperson Molnar.

MS. MOLNAR: Yes.

MR. GENIESSE: Motion has passed.

MS. MOLNAR: Thank you.

Congratulations, Mr. Annese.

MR. ANNESE: Thank you.

MS. MOLNAR: The next item is our Executive Director's report.

MR. GENIESSE: Madam Chair, I'll just have one item on my report, just to point out to Commission members that we included in the package that was sent out a letter from Arthur Spangenberg from the Department of Education. This is a follow-up to their presentation at the Commission Meeting on September 10 and concerns certain modifications to their capital request -- just to point that out. That is my report.

MS. MOLNAR: Thank you.

Any questions or comments? (no response)

If not, moving along, we will now do the debt report presentation.

I'd like to welcome Jim Poole and his staff.

Jim, could you introduce your members for the stenographer?

JAMES POOLE: Sure.

Thank you, Chairwoman.

To my right is Jim Petrino, who works with me at the Office of Public Finance, and to my left is Richard Bruno, who works in OMB in the financial reporting unit.

You have before you, hopefully, a copy of what is now the fourth State Report on the status of--

(FIRE DRILL)

AFTER FIRE DRILL:

MR. POOLE: Thank you, Madam Chair, members of the Committee (*sic*).

Again, to my right is Jim Petrino, from my office, and to my left is Richard Bruno, from the Office of Management and Budget.

You have before you what is now the fourth annual debt profile of the State. Included in the package is the debt that was on the State's books as of June 30, 1999, and what we have projected in the various tabs is legislatively authorized programs and when we believe we'll be issuing that debt. With that introduction, I will open it up to questions.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members?
Assemblyman.

ASSEMBLYMAN ROMANO: If I may, I struck the page on New Jersey Transportation Trust Fund, which is -- what? -- H-1?

MR. POOLE: I believe H-1.

ASSEMBLYMAN ROMANO: And we're talking about fiscal year-- It actually authorized the Transportation -- the Trust Fund's programs through June 30. Now when you say 820 million, is that what is expected to be spent this year out of the fund?

MR. POOLE: No. The Transportation Trust Fund was authorized with a cap lift for Fiscal Year 2000 to the tune of \$900 million. Eighty million dollars of that will be pay-as-you-go capital from the General Fund, which leaves 820 million to be bonded for, to give them the total capital plan and funds available of \$900 million.

ASSEMBLYMAN ROMANO: Just one further question. This is not the bottom zero when it comes to June 30, 2000.

MR. POOLE: The current authorization funds -- the Transportation Trust Fund for ongoing capital until June 30 of 2000 -- there is funds sufficient to pay for all the debt service on the existing bonds until they retire. To fund an additional capital plan beyond 2001 will require additional revenues of some sort, and that would require legislative action.

ASSEMBLYMAN ROMANO: You said now another term. You said beyond 2001. We're talking about Fiscal Year 2001, which would be the budget made up next June?

MR. POOLE: No, I'm sorry.

ASSEMBLYMAN ROMANO: In your book-- In your book, this 820 million is the authorization for all the programs which you have very expertly described through June 30--

MR. POOLE: Correct.

ASSEMBLYMAN ROMANO: --2000?

MR. POOLE: Correct.

ASSEMBLYMAN ROMANO: Then you mentioned 2001, that you have the debt service to be able to pay programs through 2001 calendar -- budget year, rather?

MR. POOLE: For the existing debt, yes.

ASSEMBLYMAN ROMANO: For the existing debt?

MR. POOLE: For the existing debt, including this 820 million.

ASSEMBLYMAN ROMANO: So what I'm reading here is you have the money for the debt service, but come next June will we have to be looking for -- I won't be here -- but will the State have to be looking for

additional funds to fund the Transportation Trust Fund, or is that expected to come out of capital right out of the budget?

MR. POOLE: No. We would have to-- It could come out of capital. It could come out of bonds which the debt service would have to be provided for in an additional authorization of TTFA.

ASSEMBLYMAN ROMANO: Just let me leave with this final one. This happens to be an area that I'd like to think, I have been told by various members of the Department, that there is money to fund through the Fiscal Year -- let's say -- 2001. But you're saying to me now-- I mean, when they're saying it to me, they're only talking about the debt service. Is there anything left at the end of June 30, 2000, that allows for new projects the next year?

MR. POOLE: That would require legislative action to reauthorize, with a funding source to continue in an '01-and-beyond capital plan.

ASSEMBLYMAN ROMANO: Well, when they speak of the healthy funds available that we are not in the dire straits that others say that we are in, what I'm hearing then is -- what they mean, more comfortable, is to pay off the debt service?

MR. POOLE: Correct. If you look--

ASSEMBLYMAN ROMANO: But after July 1, 2000, there is no money ready in hand, in a fund, whatever the case may be, to carry on any new projects?

MR. POOLE: At this current time, correct.

ASSEMBLYMAN ROMANO: Thank you, Madam Chair.

MS. MOLNAR: Thank you.

Any other questions?

Mr. Davidoff.

MR. DAVIDOFF: Good morning.

I'm looking at the L-3, Cap Releases.

MR. POOLE: Okay. That's L-3 or M-1?

MR. DAVIDOFF: Both.

MR. POOLE: Okay.

MR. DAVIDOFF: On L-3 you show debt service for 2000, total of \$20 million, with 18 million of interest, and you put outstanding debt of \$78 million, which when you compute it is some outrageous interest rate of 22 percent.

MR. POOLE: Correct.

MR. DAVIDOFF: If I recall from last year -- I just want to clarify the cap releases which are -- the detail of which is on M-1. We're just renting that from ourselves. Isn't that correct? Are we renting that from another authority within the State, or are we renting those from third parties?

MR. POOLE: If you turn to Tab *M*, what we have done is expanded Tab *M* to include not only the presentation that we showed you last year, which is now M-1, but also the accounting standards on M-2 and M-3 that are required of the State and some additional information in M-4, M-5, and M-6.

MR. DAVIDOFF: We're now using *Miller's Guide* for accounting standards?

MR. POOLE: Well, what I would like to do, and the reason that I brought Richard Bruno here with me, if I know about debt within the State

of New Jersey, Richard Bruno is probably -- some people would say as expertise is -- I am in debt on the State's CAFR. So with that, I'd like to hand over the discussion on capital leases to Richard Bruno.

RICHARD BRUNO: You're right. We do use the *Miller Guide*.

ASSEMBLYMAN ROMANO: Put the light on. (referring to PA microphone)

MR. BRUNO: I'm sorry. In the case of the capital leases, we follow GASB 13, which sets the criteria for recording capital leases. One of the key elements in recording capital leases is the present value of the future lease payments or the fair value. And that's the basis for the amortization schedules and the actual computation of the interest, which, as I understand, looks pretty high, and it really is. In a good deal of our leases, we are forced to use the fair value. The present value of future lease payments cannot be used if it exceeds the fair value. And as a result of using a fair value in your amortization computations on the tail end, when you see the total amount of your lease payments as compared to the fair value of the property, in some cases you see computation rates of 28 percent.

MR. DAVIDOFF: Well, wouldn't that mean we're overpaying for the properties?

MR. BRUNO: Probably.

MR. POOLE: Well, I believe that, you know, the flip side could also be true, that the fair value is not an accurate reflection.

MR. DAVIDOFF: How do you determine fair value, sir?

MR. BRUNO: As I understand it, the fair values are determined based on appraisals. There was a fixed assets system that was implemented a

number of years ago when they appraised a lot of the same properties and leases, and in that fixed assets system is a lease module. And whoever enters it, I assume that the fair values are determined by an appraisal.

MR. DAVIDOFF: Okay. For example, let me ask you a question. Twenty-five Arctic Parkway, in Ewing, on M-1, the first item. Who are we renting that from? Who are we leasing that from? Who's the owner of the property?

MR. BRUNO: That I couldn't tell you. I'm not party to that.

MR. DAVIDOFF: Does the State own the property? Are we an agency of the State? These are from third parties?

MR. POOLE: These would all be rentals from a--

MR. DAVIDOFF: These are all third party.

MR. POOLE: --third party. I mean, getting into the detail that you are looking for, I would suggest that we bring in -- who is not here -- but somebody from leasing operations within Treasury.

MR. DAVIDOFF: All right. Well, what you've told us today is you've brought in your expert on capital leases who has told us that the reason that the interest rates appear high is because the fair market value relative to the lease payments is low and, hence, the interest rate appears high.

MR. POOLE: Correct.

MR. DAVIDOFF: Since we are leasing this from third parties, okay, I have to come back to you and say, "Who is milking off the government?" All right.

MR. POOLE: Either that or are the fair market values that are entered into the accounting system accurate?

MR. DAVIDOFF: Well, that could be true. My associate next to me said maybe they're a little old. But the fact of the matter is we did raise this question last year, and it's something that-- Frankly, this is something I'm going to -- through the Chair -- ask that a specific follow-up is made by the staff.

Madam Chair, I would suggest that we find out who owns these properties and that -- really advise the Governor and the Legislature as part of our report, when we approve this report today, that we are concerned about the high interest rates assigned with the capital leases. That we believe that an investigation needs to be done to find out why this is the case. I don't intimate that there's any wrongdoing here, but from a financial perspective it certainly appears a little bit out of whack, would be the phrase I would use. And we need to just find out what are the reasons. Maybe they're very good reasons or maybe the reasons are there are people who are making these leases who are not working in the best interest of the State. And either way, we need to understand that.

MS. MOLNAR: So you would like us to ask them to review the leasing process?

MR. DAVIDOFF: I'd like whatever the administration and the-- I'd like to bring it to the attention of the Legislature and the administration. I guess the administration is now aware of it, but the Legislature -- so that when we give them our report, it's not our job to go do an investigation. But when we give them our report, we say, "Hey, listen. Here's an area we find that needs to be taken a closer look at because interest rates of 22 percent, 24 percent, 26 percent, which are the basis of the lease payments when you look

at the fair market value of the property and you bring in your expert here to tell us about this and has been very forthright-- So now I think it's our job. If we don't do it, as a State, we're not doing our job. You brought it to our attention. Now, we've got to take our job and we've got to take it another step and because--

MS. MOLNAR: Okay. Question. Our report comes out, I believe, in January.

P A U L S H I D L O W S K I: After the Commission votes on their recommendations, we send that information right away to the Governor and the Legislature. The final report of the Commission comes out sometime in March.

MR. DAVIDOFF: I would like to include it in the cover letter.

MS. MOLNAR: You would like to include it in our presentation to the Governor.

MR. DAVIDOFF: Yes.

MS. MOLNAR: Now, Jim, from a time line point of view, is that doable, looking into the process of lease, interest rates?

MR. POOLE: Yes. I mean, I believe-- I don't know when your next meeting is, but if you want to put it back on the agenda for your next meeting -- if you have another meeting -- that we can have answers and report to this Commission, going beyond, now, the CAFR, into who puts the fair market value and assigns fair market value into the system. How is that determined? I believe--

MR. ROTH: And how old is the fair market?

MR. POOLE: Right. I believe, in my very, very little knowledge of how this works, if you were to get some of these buildings appraised on an income basis, based on the leases that the State has within them, you would find the fair market value much closer to the present value of the rental stream. I mean, that's just the way it works. I think the crux of the problem here, in my mind, is the fair market value number and how that gets into the State's accounting system.

So I offer to you that if you have another meeting scheduled, we come back with those answers and try to get this resolved.

MS. MOLNAR: I think our next meeting is the 10th of December.

MR. POOLE: That's fine. That will be fine.

MS. MOLNAR: Yes. Mr. Roth.

MR. ROTH: Based upon what you just said, it's kind of like the tail wagging the dog. If you're saying that because our rents are so high the revised fair market value is going to be much higher, I would agree with you. But I think the question is -- from Mr. Davidoff -- is why are the rents so high to begin with?

MR. DAVIDOFF: Precisely.

MR. POOLE: Yes. I mean, I guess we will present what the rents are per square foot and give you comparables and let you see. All of these leases, as my understanding, have gone before at least, I think, the President of the Senate and the Speaker of the Assembly. So they've had legislative oversight -- the Space Utilization Committee, I believe. There is a process

under which-- These are not done behind closed doors. These agreements are not cut and--

MR. DAVIDOFF: However, they never probably saw the capital lease numbers which use a fair market value analysis, and we're having the benefit of that, and I don't think they have. And I think at this point, whether you report back to us or directly to the Governor or the Legislature, as long as we raise it in our cover letter when we transmit what we transmit and we include that in our motion when we frame it later today, I'd be happy with that.

MR. FERRARA: Madam Chair.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: My recommendation would be that we wait until the next meeting and hear what the people in Leasing Operations have to say before we start saying investigation and alert the Governor and alert the Legislature. I think it's premature to be saying that, and I'd like-- Obviously, he's raised a good point, but I'd like to hear from the experts in Leasing Operations before I'd make a motion to send it to the Legislature, send it to the Governor, or whatever.

MR. DAVIDOFF: I'm fine with that. When they come next month then, they need to bring all the experts and copies of the leases and whatever -- or summaries of the leases, if they're lengthy documents, so that we can have some idea.

MS. MOLNAR: We can put them first on the agenda.

MR. DAVIDOFF: I have another topic after this--

MS. MOLNAR: Sure.

MR. DAVIDOFF: --if we're finished with capital leases.

MS. MOLNAR: Sure.

MR. DAVIDOFF: Okay. On Page 10, in Tab O, is a net tax reported debt of personal income. And if you look at the New Jersey line, this is a percentage of personal income. There's been a dramatic rise, from 2.4 percent to 5.2 percent, and a big reason for that, from, again, my past education in these meetings, is we took something that was off the balance sheet -- \$3.9 billion in pension debt -- and we said, "Okay, we're going to fund it and put it here," which is from our point of view good government because we're putting out in front the reality.

The question that I have, and I'd like to know because it makes us look worse here because it looks-- I think, we're No. 5 or 6 in the highest percentage. We're No. 7 in that tax-supported debt as a percentage of personal income. My question is, is there a reasonable way to look at maybe a sampling of the states in the Northeast or maybe a sampling of the top 15 or 20 states and say--

Okay, I'll give you an example. For example, maybe the state of Ohio, which is only 2.7 percent, maybe they have a \$5 billion unfunded pension, and it's not sitting in their debt. And if you included that in it and looked at apples and apples-- I think we've done something very good from a fiscal policy point of view, but when you compare us to other states, we don't look so good, and there's no asterisk in here that says-- Somehow I'd to see that unfunded pension debt incorporated into another table that puts us on a fair basis. Because when we put this debt report before the Legislature, we're kind of saying, "Well, we're No. 7 and our percent to personal income -- we're

No. 1 or 2 in personal income, and we're almost one of the highest percentages." And, frankly, that's not true. Am I correct in that?

MR. POOLE: I would agree with you. Yes.

MR. DAVIDOFF: Okay.

MR. POOLE: I have personally had conversations with Moody's, requesting that since it's included in ours now that they look at unfunded pension obligations of other states. And the response that I have gotten back is that there are some states with unfunded liabilities that don't even footnote them, so they're not even aware through a CAFR process. And the way that you calculate the unfunded liability within various states to make an apples-to-apples comparison throughout the 40 or so states that have that outstanding is just, to their mind, very difficult. We can attempt to do that.

MR. DAVIDOFF: If I were going to pick three states here that look like states that are relatively low but I bet you have-- I assume right now we have zero unfunded pension debt. Is that correct?

MR. POOLE: Correct. We are overfunded.

MR. DAVIDOFF: We are overfunded.

MR. POOLE: Correct.

MR. DAVIDOFF: So if you took Ohio, which is 18, and California, which is 19, and Pennsylvania, which is 23, and even if you could get to one of those states and say, "Hey, listen, help us with some rough numbers," and what would that change their numbers to be? If they have a \$4 billion unfunded, just in real rough terms, not precise, just so that when we go forward and maybe as part of this maybe put a letter in this tab, whatever it is, in the final report that goes out in March that says, "Listen, when looking and

comparing, you need to understand.” For example, all right, Pennsylvania has \$4 billion in unfunded debt, and that would bring them up to 5.8 percent. I don’t know if those are-- I’m pretending those are numbers, but if you get my drift because--

MR. POOLE: Without a doubt. I mean, West Virginia right now has a RFP out on the street to do a pension obligation bond to the tune of \$4 billion to fund their unfunded liability. So if you add that 4 billion to West Virginia’s outstanding debt of 1.1 billion, that would put them at \$5.1 billion. So I understand where you’re going with this.

But again, Michigan had an unfunded liability about the same time we did and had put out RFPs to issue bonds to fund their unfunded liability. Their deal was going to be about \$4 billion. What they did was just up their interest rate-- One of the things they did was up their interest rate assumption. So you can understand that there are different ways of handling it in a prudent basis. Now, maybe that to Michigan -- that was prudent, maybe it was.

MR. DAVIDOFF: I would commend the prior Treasurers in what they have done to really bring that -- what was a potential problem -- to the forefront. I don’t want us to pay dearly when people take a look-- Moody’s, I guess, understands us when they rate us.

MR. POOLE: All the rating agencies under-- If you look at-- We had a little contentious-- They looked a little bit negatively on our transaction. If you look at the report that they put out when the city of Philadelphia did their deal to the tune of 1.3 billion in January of this year, they believed now the pension obligation bonds are a way -- are a fiscally prudent way to solve

that problem. So what they had said back in June of '97 to what they're now saying in January of '99 has changed. I think it vindicates the decision that was made back in '97.

MR. DAVIDOFF: That's the whole thing. When people look at this, I want to make sure that the users, when they see the jump, understand that that's the rationale for the jump. You and I know this. Our Commission knows this. But when new people get involved who don't have the history in their heads, as we get three, four, five, six years away from this, I think it behooves us to keep that as part of a report as a highlighted item.

MR. POOLE: That's fine. We'll try to put that together.

MR. DAVIDOFF: Thank you very much.

That's all my questions, Madam Chair.

MS. MOLNAR: Thank you.

MR. ROTH: Madam Chair.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Interesting conversation we've just heard, but I'm just looking at Connecticut and New York, the tristate area. We're still lowest in the tristate area with or without pension bonds.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: Jim, I just wanted to ask, do you know what that 5.2 would be if we didn't have the pension bonds in the number? I assume it would be back in the mid 3.0s, as it was prior to doing it, but have you done the calculation?

MR. POOLE: No, I haven't, Mike. I believe there might be some slight, very slight growth.

MR. FERRARA: Right. But it's still in the three point something?

MR. POOLE: Yes. It would come nowhere near the 5-plus that we're showing there.

MR. FERRARA: Thank you.

MS. MOLNAR: Thank you.

Mr. Rousseau.

MR. ROUSSEAU: Good morning, Jim.

MR. POOLE: Good morning, David.

MR. ROUSSEAU: Mike actually just brought the first question I was going-- The easier way then -- because we're the only state right now that has pension obligation bonds in their base -- right? -- because Michigan decided not to do it, and everybody else that's done it has been local governments.

MR. POOLE: Correct.

MR. ROUSSEAU: Right. So the easier way than polling other states to see what they've done would be to just pull ours out.

MR. POOLE: Pull the 2.0 points--

MR. ROUSSEAU: And maybe, for the purpose of our report, it should be footnoted to just say that if the 2.0 point, whatever outstanding balance is on pension obligation bonds, if that's pulled out of the base, redo the calculation.

MR. POOLE: That's real easy to do. If you look at Page 9 there (indicating booklet) and you pull out approximately 2.8 billion, we fall underneath Florida and close to Connecticut on the total in that tax-supported debt.

MR. ROUSSEAU: Second question for you. The voters recently approved the \$500 million in bonds for transportation purposes based on the fact that we have bridges crumbling and we needed money for the Transportation Trust Fund. When will that debt be issued? I looked in your General Obligation Debt. You only have 350 for this year and 300 for next year. What's the anticipation of the-- Is that built into these numbers already, or was this prepared prior to the voter approval?

MR. POOLE: This was prepared just prior to the voter approval.

MR. ROUSSEAU: It's likely that the 500 million is going to go out in 2000 and 2001, I would assume, right?

MR. POOLE: If it does, that 350 and the 300 would be adjusted upwards. By the time the DOT sets up its-- The election will be certified sometime early December. DOT will set up its regs, and we will issue the bonds on a cash-needed basis. If they can pump that money out as quick as they say they can, we will not hold it up. We would issue more GO debt sooner.

These numbers here (indicating booklet) show us history as a guide. If there is a blip over the next two to three years, we will adjust for this year and we will adjust the report next year to show you what DOT has actually done.

MR. ROUSSEAU: Is it likely that the 820 million for the TTF would actually be less because of the 250 million that was provided for General State use out of the GO bond issue?

MR. POOLE: No. I do not believe so. The 820, which makes up the bulk of the 900 million TTFA plan for 2000 -- I believe the projects have

already been authorized by the Legislature for that money. I believe that DOT will come back after the regs are set up with an additional appropriation for the 500 million based on a project's specific basis. No, I do not believe-- I believe the total capital for DOT will be a combination of them both.

MR. ROUSSEAU: One clarification I'd like to make on the TTF. Technically, the Legislature doesn't have to act to keep the TTF going. It's the revenue stream that isn't there anymore. The TTF has the authority to issue \$700 million in bonds -- a cap of \$700 million in bonds, through the future. It would just be the debt would have to be paid for from the General Fund, is my understanding.

MR. POOLE: Right. If the General Fund was the total funding source for the continuation of the plan, the Legislature would not have to act because that is the bottom--

MR. ROUSSEAU: If in 2001 they just decided to issue another \$700 million in bonds, it would just simply-- I guess-- I think it adds about \$60 million in debt service, I think, is what--

MR. POOLE: Approximately.

MR. ROUSSEAU: --we've been using as a number.

One final question. Since this takes a snapshot of June 30, 1999, what have we done since then? What have we put out on the street? What bonds have we issued since then? Roughly, I mean.

MR. POOLE: Since then we've had the GO refunding, which shows up in Tab G. We have issued 450 of the 820 for the Transportation Trust Fund Authority. We've had the refunding for the Building Authority, which was both the refunding and new money plan. There was a refunding of

an existing MCIA lease and 55 million of new money for the Division of Revenue Building. And I believe, David, that's pretty much all we've done.

MR. ROUSSEAU: Where would the money for the South Jersey Light Rail-- Have we issued those bonds yet, the ones the EDA is going to issue for this?

MR. POOLE: Yes. That's with New Jersey Transit. That is debt that is on New Jersey Transit's books. I mean, there is other authority debt out there. That will not show up on the State's books. That is an obligation of New Jersey Transit to pay for that debt service.

MR. ROUSSEAU: Then it is assumed that this State's contribution to New Jersey Transit, through the Trust Fund, that its operating will help pay part of that debt service.

MR. POOLE: Through its pay-as-you-go program, correct, will pay for that.

MR. ROUSSEAU: Thank you.

MR. FERRARA: Jim, just to followup to that line of questioning -- through you, Madam Chair -- when I look on Page D-2, I see 347 million outstanding debt for the New Jersey Transit, Hudson-Bergen Light Rail Transit. Is that the money that we're talking about here, or is there--

MR. POOLE: No. The 347 million for the HBLRT was for what is known as the IOS or the Initial Operating System. That was issued back in March of '97. The bonds that were issued for New Jersey-- The security for the 347 million was a deficiency agreement with the TTFA, and that's why HBLRT shows up down here. (indicating booklet) The transaction that was done in July -- either July or August -- with New Jersey Transit funded two

systems; one, a portion of the second operating system for HBLRT, and the South Jersey Light Rail System.

MR. FERRARA: Okay, thank you.

MS. MOLNAR: David Rousseau.

MR. ROUSSEAU: One more question. There's no reference in here, and I can understand why it's not there because the legislation hasn't even been introduced yet, but there's no reference to school construction.

MR. POOLE: Correct.

MR. ROUSSEAU: It's safe to assume that in the next five to six years we're looking at at least \$4 billion, probably, in State -- the State be responsible for at least \$4 billion in bonds to fund capital construction of the schools. And in the next two years -- I know it's up in the air -- it will be depending on the size of the revolving loan fund, how quickly things get out, how much we can use of pay-as-you-go capital, and things like that. But I mean, would it be fair to assume, probably, somewhere in the \$700 to \$800 million a year for the next two years?

MR. POOLE: I really don't want to take away from what the Legislature is going to be doing. There are several scenarios out there as to what is going to happen. I mean, how quickly the money goes out, how quickly the *Abbotts* can spend the money that we know we will have to pay for, range anywhere from year five to six -- out to ten years. Until we at least even have a legislative proposal in front of us or something on the floor to discuss, I think it's a little bit too premature.

MR. ROUSSEAU: Thank you.

MS. MOLNAR: Any other questions or comments? (no response)

If not, can I entertain a motion to accept the debt report?

MR. FERRARA: I move we accept the debt report.

MS. MOLNAR: Is there a second?

COMMISSIONER MINTZ: Second.

MS. MOLNAR: Okay. I'll open the floor to discussion.

Mr. Davidoff.

MR. DAVIDOFF: I thought we had talked about postponing until next meeting, until we hear about the capital leases. And in so doing, I would move to postpone definitely until the next meeting.

MS. MOLNAR: Okay.

MR. FERRARA: I withdraw my motion.

MS. MOLNAR: Okay.

We will hold off until December 10.

MR. POOLE: Look forward to coming back next month.

MS. MOLNAR: Thank you for coming.

MR. POOLE: Thank you, Madam Chair, members of the Commission.

MR. DAVIDOFF: Thank you very much.

MS. MOLNAR: I'd like to welcome James Sulton, Executive Director of the Commission on Higher Ed.

JAMES E. SULTON JR., Ph.D.: Thank you very much, Madam Chair. I have with me, on my right, Robert Goertz, who is Director of Finance for the Commission on Higher Education, on my left, Mr. Larry Reader, of Rowan University. I apologize, but due to the fire drill we lost our chairman this morning, so I am sitting in his stead.

But good morning, members of the Commission and Madam Chair. I am delighted to be here. I am the new Executive Director of the New Jersey Commission on Higher Education and relish this opportunity to discuss the capital needs of New Jersey's public four-year colleges and universities. Over the past several years, the Capital Commission has supported the Commission on Higher Education's requests for funding to address deferred maintenance needs at the senior public institutions, and that support is greatly appreciated. As a result of the persistence of the higher education community and your ongoing support, in September the Governor and the Legislature created the Higher Education Capital Improvement Fund for the public four-year and independent institutions.

This fund specifically directs \$500 million to the four-year public institutions for deferred maintenance, facility compliance, and other construction. It is a shared commitment to addressing the needs, with the institutions paying one-third debt service and the State paying two-thirds. The Commission Chairman has often said that our institutions have many important capital needs, including new construction and addressing environmental and compliance issues. But the Commission on Higher Education considers maintenance and renewal of New Jersey's public college campuses to be our most fundamental capital need. We are very grateful that this new bond issue is directed to deferred maintenance, which is estimated to be about \$400 million in New Jersey, at its public higher education campuses.

This is truly a strategic investment that preserves existing campus assets, enhances the quality of our institutions, and the potential for the economic growth of the state. The Commission believes that the critical next

step is an annual appropriation to assist the senior public institutions with ongoing capital maintenance. Such funds are essential to avoiding the buildup of a new backlog of maintenance needs; specifically, the Commission encourages you to recommend an FY 2001 appropriation for each of the 11 institutions, with some consideration given to the size of the fiscal plan.

We recognize that the institutions must be ever vigilant in designating funds to maintain their campus assets, but ongoing maintenance of these assets should be a priority for the State as well. Through your past recommendations, the Capital Commission has acknowledged the importance of maintaining the infrastructure that supports teaching, learning, and research at our public colleges and universities. You have recognized the economic dividends New Jersey reaps from a higher education system prepared to serve the workforce, conduct research with commercial applications, and directly meet the needs of business and industry. We encourage your continued support by recommending annual appropriations for maintenance of the four-year public colleges and universities to ensure the future health of our higher education system and the prosperity of our state.

Again, thank you very much for your attention and your ongoing support.

MS. MOLNAR: Thank you.

MR. DAVIDOFF: Madam Chair, point of information, please.

MS. MOLNAR: Yes.

MR. DAVIDOFF: Last year in our packages, we had all these details, and this year all we have is this two page-- This statement we had today. Is there any other materials we're missing on this?

DR. SULTON: I don't think we've provided any additional information.

MR. DAVIDOFF: You didn't go through the process where you go and provide the details of the information? Last year there were like 24 pages of material.

MS. MOLNAR: It was by college.

MR. FERRARA: The difference would be last year they were seeking General Fund appropriations.

MS. MOLNAR: Right.

MR. FERRARA: And this year it's down. I'm not sure if they've identified all the projects they want to use the money for. Like, when I look at the list that our staff gave us, it says 175 million for state colleges and universities. Have you even identified what each college will get?

DR. SULTON: We have not. We have not developed--

MR. FERRARA: I think that's the answer to the question. They haven't even decided how much each college will get.

MR. DAVIDOFF: I do have some questions.

ROBERT GOERTZ, Ph.D.: If I may, just to clarify, too. I think what you're talking about are the individual requests from the individual colleges and universities that come in separately, and Larry may be addressing that a little bit when he speaks. That clarifies that a little bit.

MS. MOLNAR: Okay. Apparently, like John said, we got some of the breakdown but not all of it.

Do you have a follow-up question on that? Okay.

Mr. Davidoff.

MR. DAVIDOFF: How much did you spend on capital projects for basically-- In the past, we've been always looking for this match -- we put up some money, you put up some money -- to do this deferred maintenance on buildings and repairs and maintenance of a capital nature. How much did you spend in the Fiscal Year '99 on that?

DR. SULTON: We conducted a survey in 1997 that showed that those needs were about \$392 million. As to last year, maybe Bob knows.

DR. GOERTZ: At your request last year, we asked the colleges how much they had budgeted in various categories for maintenance needs for the last two years, how much they had spent in FY '98, and how much they were planning on spending in FY '99. The survey, in terms of getting it to you in a timely manner -- we didn't hear from everybody, but the figure was in the mid 40s -- \$40 million-plus across all campuses. That was what they were showing they had spent on academic buildings. So-called auxiliary services, buildings, dormitories, student centers, things like that that are funded primarily or exclusively through student charges -- student fees -- would be an additional amount, but usually, at least in the recent past, the State has been supporting and has been concerned primarily with maintenance and construction on so-called academic buildings. Academic includes things like administrative research, libraries. It's a broad category, not just instructional purposes.

MR. DAVIDOFF: Okay. Now is that the normal kind of maintenance you do year to year, or is that fixing of stuff that's been ignored in prior years -- that \$40 million -- or is it both?

DR. GOERTZ: We were surveying for the technical way we did this using the categories that the Capital Commission uses in its piece. That was what was spent on preservation projects. That could be a combination and--

Larry, you may want to speak to this.

LAWRENCE J. READER: It could be a combination, more than likely. Almost all of it would be deferred maintenance because of the backlog. I can speak for my own institution and how much we spent. We are generally spending about \$2.5 million a year on deferred maintenance projects.

MR. DAVIDOFF: And what institution is that?

MR. READER: This is Rowan.

MR. DAVIDOFF: And with respect to your institution on buildings that you-- Can you give me an overview of what you're doing with the newer buildings and how are you preventing to end up in this situation with buildings that you're raising through, or that any of the colleges are raising through, fund-raising campaigns. What's being done to prevent 20 years from now you have millions upon millions of dollars of things that should have been maintained out of the operating budget? What are you doing to avoid the position you're in now?

MR. READER: Buildings we built, and I would say within the last three years when we financed those buildings, we are setting aside a reserve, typically about 10 percent of the cost of construction, very similar to what we've been doing for a number of years with buildings that were built through the New Jersey Educational Facilities Authority. So, as an example, we built our new library a couple of years ago. It's a \$16 million building. We have an

R and R reserve for that building that's fully funded within the last three years. We just built our engineering building two years ago. That building also has a reserve set aside for repair and replacement in the future. So any buildings we build now and into the future, we will be doing that, which should set up funds that are sufficient enough to handle these types of problems in the future for the newer buildings.

Our problem, of course, is that all the older buildings don't have the reserves established. We at Rowan are trying to eliminate some of that by, as we have money available in any year, setting aside money to set up reserves for the previous buildings that were not reserved in the past.

MR. DAVIDOFF: How about the other colleges? Are they doing the same thing?

DR. GOERTZ: Well, I think the-- I guess, two points. One of them is that the buildings that have been built under the Jobs Education and Competitiveness and Bond Fund, which is one of the pieces Larry is referring to, there is a requirement in that that over a period of years they set up that kind of a reserve. So a fair amount of new construction that occurred in the late 1980s and 1990s is having that reserve set up, and, given the timing on that, most of those reserves should be fairly complete. The same thing is true with the EFA funded buildings, and again, new construction that's been built by the colleges since that option was made available to them. EFA does believe -- require that that reserve be set up for their buildings. So I think that, yes, that is generally true for all the colleges. It does depend upon the age of their facilities, when they were built, how they were built, whether they were built with State funds or EFA funds. So it's a mixed bag.

MR. DAVIDOFF: Well, just to follow up on that. Having a reserve is fine, but what about active maintenance of those newer buildings to prevent large-dollar expenditures in the future? Is that being done?

MR. READER: The day-to-day maintenance you're talking about or--

MR. DAVIDOFF: The day-to-day needs of looking-- In other words, whoever is maintaining them, are they given the instructions, "Look, these are buildings we are going to have 50 years. Do what you have to do to keep them done. And are you budgeting enough money to do that, to keep them in good shape?"

MR. READER: The answer is yes. We have a plan at Rowan. I can speak to our plan. We have a five-year plan where within that five-year period we do an audit of all our buildings. We do a certain number each year, but within five years all buildings are audited for repair needs. And as we do those audits, we follow up with the projects that need to be done to keep those buildings in the condition we want them in.

MR. DAVIDOFF: Are the other schools doing that?

DR. GOERTZ: I think the answer is, generally, yes. I can't speak to any one individual institution, but my discussions with people, such as Larry, at the other institutions -- yes, in fact, they are.

MR. DAVIDOFF: I would encourage to make sure they all are doing that. It's a good idea.

No more questions, Madam Chair.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, I'd like to thank--

Mr. Reader, you wanted to make a statement.

MR. READER: Yes. I would.

MS. MOLNAR: Okay.

MR. READER: Just a follow-up on the previous statements. For many years, the colleges and universities have requested funding for deferred maintenance on State-owned facilities. While some funds were provided through the minor capital appropriation, it was not sufficient enough to meet the needs that increase every year as buildings and campuses age. The Commission on Higher Education and the Capital Commission have been very supportive of this request. The Governor and the Legislature recognized the growing need this past year and approved a \$550 million bond issue for the four-year public and independent institutions. This matching grant is a good first step in solving the deferred maintenance problem. The colleges and universities are grateful for the support of the Capital Commission and the Commission on Higher Education. We are also grateful to the Governor and the Legislature for approving the bond issue.

There are other funding programs that have moved our campuses forward. Two such programs are the Higher Education Facilities Trust Fund and the Higher Education Technology Fund. Both of these programs have provided funds to improve academic facilities and upgrade our technology programs. The Equipment Leasing Fund, approved five years ago, provided State-matched dollars for much needed instructional equipment. This program is up for renewal, and I urge your support for refunding for the next five years. All of these programs have been successful. As you have heard many times

before, the funding is not nearly enough to eliminate the backlog of needs at the colleges and universities. I will use my university to demonstrate this point.

In the past, we received our share of funding from all the special State programs. We received \$6,620,000 from the Higher Education Facilities Trust Fund, \$3,210,000 from the Higher Education Technology Fund, and \$3,060,000 from the Equipment Leasing Fund. All these funds were put to good use, but additional needs remain.

At a recent Board of Trustees retreat, the University, under President Farish's leadership, presented a 10-year budget plan. The plan identifies capital needs of \$270 million. This includes \$75 million of deferred maintenance, an additional 89 million in capital renewal and replacement, and an additional \$106 million for new construction. These needs are not to expand programs or to increase enrollment. They are needs to improve a campus that can exist in the 21st century.

As an example, we are planning a new science building that will provide up-to-date teaching spaces, as well as research labs for both students and faculty. The current facility was built in the 1950s when our only science program was educating science teachers. Today, we have many programs that require science courses, including an excellent engineering program. While our plan is very ambitious, it is attainable. However, we cannot do it alone. To be successful, there must be a partnership that includes the University, the State, and the citizens of New Jersey.

The generosity of Henry and Betty Rowan provides the base support for this plan. Their gift has allowed the university, among other

things, to build and fund an engineering program that includes a \$34 million state-of-the-art engineering building. The university is vigorously pursuing other sources of possible private giving to help finance our 10-year plan.

We are very grateful to Assemblyman Frank Blee for his support in sponsoring a State-matching program for gifts to colleges and universities. I would also like to thank Assemblyman Wolfe and Senators Matheussen and Bryant for their support. This program will benefit both the academic institutions and the State. By matching private funding, we are encouraging citizens to contribute to our higher education institutions and share the responsibility of funding operating and capital needs. We urge the State to continue to support matching programs for our colleges and universities.

The 10-year plan will allow us to eliminate deferred maintenance, maintain our campus through renewal and replacement projects, and add needed academic space to improve our academic programs. This could all be accomplished while keeping our debt ratio under 12 percent.

As I said before, we cannot accomplish this alone. We need continuous and predictable support from the State. I urge your continued support of the special funding programs, such as the Equipment Leasing Fund. This and other matching programs provide significant return for the investment of State dollars. I also urge you to support the annual appropriation of capital funding to enhance our campuses and provide a quality higher education system in New Jersey. With all partners participating, together we can accomplish this goal.

Thank you for your support.

MS. MOLNAR: Thank you.

Any questions or comments? (no response)

If not, I'd like to thank you for your presentation. The Commission will be reviewing your recommendations.

Our next Department is the Department of Human Services. I'd like to welcome Commissioner Michele Guhl.

MICHELE K. GUHL: Good morning.

MS. MOLNAR: Good morning.

Could you identify your staff?

COMMISSIONER GUHL: Certainly. I would be happy to. To my left is Ginger Schnorbus, Chief of Staff for the Department, to my right, Vince Giampeitro, Director of Operations, which includes our Capital Unit for the Department.

May I begin remarks, Madam Chairman?

MS. MOLNAR: Sure.

COMMISSIONER GUHL: Thank you. Good morning to you, Madam Chair, and to the members of the New Jersey Commission of Capital Budgeting and Planning. I'm honored to appear before you to present the Department of Human Services' 2001 capital budget request.

Let me begin by saying that over the last year I've become very aware of how much we have achieved with your assistance and that of OMB. Based on your recommended appropriations, we have made significant progress on several major capital initiatives in the past year. We have begun construction of a new 50-bed addition to the Ann Klein Forensic Center. We have begun construction of a new intensive treatment unit at Trenton Psychiatric Hospital. We have completed fire suppression projects and patient

living units at New Lisbon, Hunterdon, and North Jersey Developmental Centers; begun construction on a similar project at Vineland; and started new fire suppression projects at two remaining developmental centers in Woodbridge and Woodbine to be completed next year.

We brought our waste water treatment systems into compliance with regulations and are doing major upgrades at Hagedorn and Ancora psychiatric hospitals. We have also been able to access centralized accounts that provide funds for hazardous material cleanup and underground storage tank remediation. With the assistance of Paul Shidlowksi and Joseph Sullivan, along with their staff, major improvements have been made to the environmental fitness of our facilities. I also would like to recognize Dave Millstein for his support of many ADA-funded projects in recent years. The work of these individuals and their support have improved working and living conditions in our facilities significantly.

And though he stepped out of the room, I wanted to add my congratulations to John Geniesse on his appointment as Executive Director and to tell you that we look forward to working with him.

Specifically, the over 22 million we received last year has been used to begin projects to install the suppression system at Woodbridge Developmental Center, begin fire alarm upgrades at several of our regional schools, and begin the conversion of a hospital building at Vineland Developmental Center to a unit which meets Federal requirements for reimbursement.

While our requests have exceeded appropriations each year, the money we have received has helped us to make significant upgrades and to maintain our facilities.

The requests we present follow from one year to the next, and while they are still extensive, you can see that the changes each year do actually demonstrate the project progress made. Given the number of projects involved in our requests and knowing that you've already received some detail on each, I will focus my remarks on the broad themes that drive this request, as well as some review of the critical top 25 projects. Following that, I'd be happy to discuss any aspects of individual projects and have with me today, in addition to the representatives I've introduced, divisional representation.

Underlying our overall requests are some basic principles. For one thing, we must be able to ensure that we comply with all of the applicable regulatory standards, including building codes, Federal requirements and accreditation standards. Like any prudent homeowner, we have to make wise investments in the maintenance of our buildings and properties to avoid costly repairs down the line. We, of course, must be good stewards of the New Jersey environment. We want to continue to remediate any environmental problems we discover at our sites, and we want to be sure not to be creating any new ones. We also want to make our operations as energy efficient as possible.

Please now allow me to highlight some of the major projects covered by this year's request. We are requesting \$4.2 million for essential fire protection and electrical improvements at North Jersey and Woodbridge Developmental Centers and at Trenton Psychiatric Hospital. The projects will

make the buildings safer for residents and staff. They also correct problems that endanger Federal certification and needed accreditation.

We are also requesting \$9.4 million for essential improvements at Greystone Park Psychiatric Hospital. The needs at Greystone are well documented. They include fire alarm, fire escape and emergency exit improvements, plumbing repairs, electrical feeder and lighting repairs, and door and window replacements. Last year, we received 2 million to begin these improvements. This year's request is the carryover amounts for these projects.

I'd also like to address three areas of our request which affect community programs. In terms of community placements for individuals with developmental disabilities, our focus is two-pronged. We've requested an additional appropriation from the 1994 Bond Fund in order to continue to increase opportunities for the developmentally disabled in the community, but we must also keep our existing residents safe and secure for those individuals already in the community. For that purpose, we have included \$3 million in this request for capital improvements to those residences.

As I mentioned, we have requested an additional appropriation from our '94 Bond Fund to continue our waiting list reduction initiatives. That appropriation will secure housing for the clients in the FY 2000 Governor's initiative. This is also the final \$23.5 million available in the 1994 Bond Fund for this purpose. This year, for the first time, I am asking for funding to support the housing needs of a possible Fiscal Year 2001 initiative. We are asking for \$25 million to provide housing for an additional 500 clients. While types of housing vary and costs vary greatly in different areas of the

state, our experience supports a need of approximately \$50,000 per client for housing in the community.

Another community priority is our request for \$10 million to expand child care availability. With the creation of Work First New Jersey -- that's our welfare reform program -- we anticipate a need for significant additional child care slots by the year 2001. Many assume that the marketplace would expand to fill this need. To some extent it has, but not in the larger urban centers where our clients live. We will need to stimulate the market, especially in the areas where demand for child care is strongest but market incentives for new providers are less apparent. It is also important to note that, in general, Federal funds for child care cannot be used for capital expenditures, and our voucher rate also does not support such costs.

Finally, this year we have requested funding for technology. We are requesting \$6.25 million to assist us in implementing new computerized systems. One of our technology requests involves the Division of Youth and Family Services -- their statewide Child Welfare Information System. Expanding and upgrading this system will help improve case management and safety for our children. This year we are requesting \$3.5 million of a total cost of \$30 million over the next three years. If made available, the funds will be eligible for a Federal dollar-for-dollar match, making \$7 million available for this project this year.

I hope this very brief overview has been helpful. I thank you, Madam Chair, and members of the Commission, for your warm reception, for your funding recommendations that you have supported for this Department in the past. Again, I'd like to thank Paul Shidlowski and Ted Kukowski of his

staff for their assistance in helping the Department develop this request and for everything they do in the course of a year.

The Department of Human Services is a huge one. We have 18,000 employees, a \$6.7 billion, and a daunting infrastructure. It makes the numbers of our capital requests, and the amounts of our capital requests, something that I'm sure may make you gasp. It certainly does me at times. Believe me, I know as well as anyone how difficult it is to manage this huge organization, but our mission serving New Jersey's most vulnerable citizens is a noble one. We are the home, either directly or through contracts, for thousands of New Jersey's most vulnerable citizens. And in that context, I would urge you to look favorably upon our request.

At this point, I'd be very happy to entertain your questions.

MS. MOLNAR: Thank you.

I just had one question. Regarding child care availability of 10 million--

COMMISSIONER GUHL: Yes.

MS. MOLNAR: --would that be grant money going to providers--

COMMISSIONER GUHL: Yes, it would.

MS. MOLNAR: --to build a facility, brick and mortar?

COMMISSIONER GUHL: Yes. We have put out, in this last year, approximately \$15 million in what we call Bright Beginnings II money to expand child care capacity. This would really enhance that. Our projections show that the need for child care over 2001 will grow significantly. And frankly, I'm committed to the fact that if welfare reform is going to work in

New Jersey, we have to expand child care capacity. This would be done via contracts with nonprofit centers.

MS. MOLNAR: Terrific. Thank you.

Any other questions or comments?

COMMISSIONER MINTZ: Yes. Chairwoman.

MS. MOLNAR: Commissioner Mintz.

COMMISSIONER MINTZ: Yes. Chairwoman, through you, just a brief comment, not a question, to the Commissioner and to the Department, as someone who runs another Department in the State government-- I just want to commend the Department of Human Services for their submission. And they are large numbers but, as the Commissioner points out, the needs are staggering. And I think even to prepare the kind submission that we have here today requires the Commissioner and her staff to make almost Solomon-like decisions. So I want to compliment you on that because I know the needs don't stop with what you've submitted here today, and you've made some tough choices already in narrowing down what the needs are.

COMMISSIONER GUHL: Thank you, Commissioner.

COMMISSIONER MINTZ: So, Madam Chair, I just wanted to note that, because it is a tough process that they go through, I think, as we all know.

COMMISSIONER GUHL: Thank you.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: Commissioner, good morning.

COMMISSIONER GUHL: Hi, Mike.

MR. FERRARA: With regard to the \$10 million for child care, I note that there is nothing in the out-years. Does 10 million do it, or is it too early to tell?

COMMISSIONER GUHL: We think it will, actually. We do think it's going to level out at that point between the aging of children and the reduction in our welfare rolls. We think at that point it ought to stabilize.

MR. FERRARA: I think from a technical standpoint -- and I'm kind of talking to Paul as I'm talking to you -- we would probably put this in the grant account, not in the capital budget. Is that correct?

MR. SHIDLOWSKI: Sounds like it, yes.

MR. FERRARA: The Commission can make a recommendation, but I think in terms of the technicality--

With regard to the money for the waiting list initiative, and I noted it's 25 in the current -- in 2001 and then another 150,000 over the next three years, was any consideration given to seeking another bond approval?

COMMISSIONER GUHL: Well, early indication from the Department of Treasury is that the time-taking for that process really wouldn't meet our needs, and it was mutually agreed upon to go this route.

MR. FERRARA: For the first year it wouldn't, but in the out-years the other 150 million-- That's a pretty large chunk for pay-as-you-go capital--

COMMISSIONER GUHL: It certainly is, Mike. I agree.

MR. FERRARA: --considering these facilities are going to be out there for 20, 30 years, whatever.

COMMISSIONER GUHL: The other thing I'd like to, if I may, just state to the members is that we have engaged a financial consultant to help

us with this. I'm not convinced that we're always purchasing-- I think we're purchasing at fair cost, and that's not my issue. But my issue is more about anticipating housing stock needs and what we can do to work with some experts. We're also talking to HMFA and EDA. Part of the dilemma is that we are very committed to person-centered planning wherein our clients choose where they would like to live. On the other hand, that results in a rather long, cumbersome process, and one that I think might be less cost efficient. So we're trying to find ways to address what we can anticipate will be our housing stock needs in the future.

MR. FERRARA: Thank you very much.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: If I may, knowing the weight on your shoulders for the Department that you run and the amount of money that it costs the State of New Jersey -- so I don't want to appear to be nit-picking. It's just that some of these things just bounce up into my eye.

If we go to Page 5 where we talk about the Division of Developmental Disabilities, the waiting list initiative, am I reading that you have used up all the money from the bond issue for the waiting list?

COMMISSIONER GUHL: Assemblyman--

ASSEMBLYMAN ROMANO: That these are additional funds?

COMMISSIONER GUHL: This would be for 2001, with what the Governor's committed and the Legislature in operating money for 2000, another 500. We needed the last segment of the '94 bond issue. So, yes, if we got another initiative, which I would anticipate in 2001, we would need capital dollars to correlate to that.

ASSEMBLYMAN ROMANO: None of this can come under operating expenses?

COMMISSIONER GUHL: Well, we're not--

VIRGINIA SCHNORBUS: Potentially, some of the capital could be funded through operating.

COMMISSIONER GUHL: Could it?

MS. SCHNORBUS: Yes. But because it is a long-term investment in buildings that we will have for at least 20 years, we will put it in the capital.

ASSEMBLYMAN ROMANO: I get these notices from Mr. Cooney (phonetic spelling) that, unless there's an objection, they will just make the transfer, whatever the case is. I didn't realize that the money is gone. So this represents--

I just have a few more minor clarifications here. I think at one time we have projections on the cost savings. Did we not, Madam Chair? Now here, when we talk about the Commission for the Blind and Visually Impaired, we're looking for \$100 million. Can you tell me what the story is?

COMMISSIONER GUHL: One hundred thousand, I believe.

ASSEMBLYMAN ROMANO: One hundred thousand, I'm sorry.

COMMISSIONER GUHL: That was at our Kohn Center. There are some minor improvements -- Vince will speak to them -- at the Edward (*sic*) Kohn Center in New Brunswick. It's a residential facility we have to train the blind and visually impaired.

ASSEMBLYMAN ROMANO: Okay. There's something here-- On Page 20, which is repair the rooms at 10 buildings-- It starts off and it

says, "Woverton (phonetic spelling) College , flat portion of the roof must be totally replaced. Roof was installed in 1982." And then you have, "The Power House, the entire roof is in poor condition. Roof was installed in 1983. Roof was installed" -- well, this one I can understand -- "in '56." What bothers me is the age of these roofs here. You can always get at least a 20-year warranty from the company on a roof, okay, borrowing the fact or with the understanding that the roof is going to be maintained according to the specifications. You just don't put up a roof and say, "God bless us." For 20 years no maintenance man, or woman, must go up on the roof to see what's there.

I know we started a new trend. Please understand that, Commissioner. When I first started on the Capital Commission, we were the ones who asked the question, "Does anyone go up on the roof and see if the building is still there?" (laughter) See, deferred maintenance is-- People just didn't look, okay. But I hope--

COMMISSIONER GUHL: I apologize. I don't know which--

ASSEMBLYMAN ROMANO: --there's some sort of consideration about these roofs here. I don't care if they're rubber roofs, five-ply, whatever the case is.

VINCE GIAMPEITRO: I have to apologize because I'm not exactly sure which facility you're addressing.

ASSEMBLYMAN ROMANO: Page 20 of Department of Human Services -- Department Priority 26.

Well, as I said, I'm not going to see how many angels fit on the head of a pin here today. I'll move along to the next thing, but I think that,

Madam Chair, that these are the sort of things that should be looked at and analyzed. I'm not saying suing a contractor. I'm not going to that point. But I think they're good examples of what has to be done in the master plan.

MR. GIAMPEITRO: I would certainly agree with the preventive maintenance in those particular projects or at Vineland Developmental Center. I think we have one of our stronger maintenance staffs there. In many instances, these are flat roofs on old buildings. The wear is sometimes more than what it would be for like a normal-pitched roof, shingled kind of situation. There are hot tar roofs. They require pretty much ongoing maintenance on an annual basis. And after a while, those projects get to be bigger than what our maintenance department can handle. So I think those are some of what we're looking at. Some of the other ones are peaked roofs. That facility has 50 or 60 buildings on it.

Your other question about CBVI specifically-- We've done a fair amount of work at the Joseph Kohn Center over the recent years. This is about their boiler system and heating system, this \$100,000.

ASSEMBLYMAN ROMANO: I have two-- One I'll have to do off the top of the head. I had it before and I don't know which one. We're talking about new beds?

COMMISSIONER GUHL: At Forensic? I'm sorry, Assemblyman.

ASSEMBLYMAN ROMANO: Yes. Say it again?

COMMISSIONER GUHL: Forgive me, I didn't hear you. New beds at what?

ASSEMBLYMAN ROMANO: Where was that--

COMMISSIONER GUHL: We're building--

ASSEMBLYMAN ROMANO: Oh, I'm sorry. At Juvenile Justice. Okay. I'm reading one into the other.

COMMISSIONER GUHL: Okay.

ASSEMBLYMAN ROMANO: But lastly -- that happens when you get old, not old enough to be forced from office, but old. Okay. (laughter)

Let's go to Ancora Psychiatric Hospital, on Page 56, which is Debt Priority 26. The notation is, "These homes are currently vacant. Some have been empty for years. The homes are deteriorating to the point where rodents and vermin can enter. They are difficult to secure and can be used by transients. Demolition of the homes will facilitate alternative use of the property and eventual sale. There are 100 homes connected to our utilities."

We talk about sale. When we're talking about something we already have, then you're going to tear down these buildings. And then, on the other hand, the State is looking for open space -- and I am, too -- preservation of open space. Something doesn't seem to jell here. Either we're looking for open space or we're not looking for open space. But what do you intend to do with these properties or your staff -- whoever your master planner is -- what do you intend to do with this property?

COMMISSIONER GUHL: Many of the homes decades ago-- Most of our facilities had housing for staff on them.

ASSEMBLYMAN ROMANO: Right.

COMMISSIONER GUHL: And we have been getting out of that business consistently so that we're all but out of it now.

Now is this housing, Vince, that we're-- So we would be demolishing--

ASSEMBLYMAN ROMANO: Are these 100 homes for staff?

COMMISSIONER GUHL: They used to be. They've been vacant now for some time.

ASSEMBLYMAN ROMANO: Now, if you were to wipe out the 100 homes, what do you have there, a few acres of open space? Or is it interstitially located like there's a house here, now you're going to remove two, so the next one will be four down, or is it one big, open space? You get my point on that?

MR. GIAMPEITRO: Yes. After the demolition, the property is actually across the road from the actual campus of the hospital, so it would be open space. Our original intent prior to the Governor's initiative was to sell the property.

ASSEMBLYMAN ROMANO: Here there is a parenthesis -- it might have been a typographical error, I grant you -- it says, "eventual sale." Now I hope I'm not hearing the other thing where you're going to sell this property back to the State.

MR. GIAMPEITRO: No.

ASSEMBLYMAN ROMANO: One has got it. No, the other got it. No, you have to pay this guy for it.

I know you had a heavy job, but you can appreciate a lot of other things we will be toning up in the budget that arose from these recommendations.

Madam Chair, I have no further questions.

MS. MOLNAR: Thank you.

Mr. Annese.

MR. ANNESE: I'm trying to get my light on here. (indicating PA microphone) I'll just have to talk loud so you could hear me.

COMMISSIONER GUHL: Okay.

MR. ANNESE: I'm looking at your list of requests for Greystone. Could you update us with regard to what that facility is going to be? Your long-term plans and the status of that?

COMMISSIONER GUHL: On Greystone. Yes. I'd be happy to do that, sir. We received earlier this year the final report of an engineering study that we contracted for on the entire Greystone campus. Many recommendations, different options are part of that study. We are now working with Treasury. We're working with EDA to look at project management and financing options. I feel very confident that we need to retain a presence at Greystone. That's the northern region of the state. We're going to need about 525 beds, minimally, always at that part of the state.

So what we're trying to do now is weigh different options, long-term options, which look to me like they are going to be a mix between some of the existing structures that are in the best shape and some new construction. But that's yet to be finalized. And that's going to be not insignificant in cost. What we're doing in the interim is to try to address the most important capital needs to keep it safe.

MR. ANNESE: Because earlier, probably prior to your taking this position, we had heard that Greystone was on a list of properties to be vacated. Now apparently that's been set aside.

COMMISSIONER GUHL: I know Greystone and Marlboro were the two that were being considered for closure, and the final landing of that decision was at Marlboro, which we did close over a year ago. So I'm convinced that we're going to continue to need Greystone to function for the northern part of the state.

MR. ANNESE: Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Ferrara.

MR. FERRARA: One of the requests is for a school building at the Ewing Residential Center. Where are those children being educated at the current time?

COMMISSIONER GUHL: They are being educated at a pretty substandard part of Trenton Psychiatric Hospital. We just don't think-- We've been having problems there and we'd like to get them something adequate, much more adequate.

MR. FERRARA: And my second question is that when I look at-- The first 25-- You've basically grouped as Priority No. 1, and they total--

COMMISSIONER GUHL: Seventy-eight--

MR. FERRARA: --I did this roughly, about \$75 million, \$76 million. Is there any way to give us a more-- Like, try to break that down? Maybe it's not 1 through 25, but it's first 5, second 5, third 5.

COMMISSIONER GUHL: That's what we tried to do, Mike, coming from the initial year one. I don't know. Pressed, I guess we could try. The Department is so large that what I try to do is try to address things in all

divisions. So it's very hard for me -- and have some fairness of movement in parts of the Department.

MR. FERRARA: Well, I guess what I would say is, obviously, we don't have unlimited resources. And if we had to look at that first 25 and decide which 15 -- I'm just pulling a number out of the head-- We'd like to meet your needs within the available resources, what you consider to be the highest priorities.

COMMISSIONER GUHL: Thanks. Well, maybe we'll get back to you in a few days and try to look at that a little bit more tightly.

MR. FERRARA: Okay. Thank you.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Good morning.

COMMISSIONER GUHL: Good morning.

MR. DAVIDOFF: I would like to reiterate the Commissioner's discussion before of a very well put-together package and lots of homework. Last year you had a request for these child care centers--

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: --to provide funds, basically, as I understand it, to child care providers for a commitment for space. As they'd improve the facility, you get the spaces. Now you didn't get it through the capital budget. You got it through a different project last year.

COMMISSIONER GUHL: We were able to come up with some State balances in our Division of Family Development which allowed us to do what I spoke to a few moments ago.

MR. DAVIDOFF: The 15 million for the Bright Beginnings?

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: And when you say our State balances, where was this money sitting?

COMMISSIONER GUHL: It is part of the money in the Division of Family Development and--

I don't know. Ginger, if you could speak in more detail to it.

MS. SCHNORBUS: Within our Division of Family Development, where we have Federal dollars which are a block grant for welfare recipients, and we also have State dollars that have been maintained in that Division, since the caseload has reduced and the programs for the harder-to-serve clients are just starting, we did have some State balances for last year that we could use toward the Bright Beginnings II project.

MR. DAVIDOFF: Will you have those State balances again for this year, for the current fiscal year?

COMMISSIONER GUHL: We're trying to be quite open with you, and I'm not trying to hide any money here. We're down to a core of the caseload. New Jersey is not unique there across the country, which is much harder to serve, and so the unit cost per client with the remaining caseload, we think, is going to be much higher. They're at a much lower educational level, many more barriers to work, so--

MR. DAVIDOFF: Do you have money for the current fiscal year, though, to build some of these facilities? Not the one we're asking about, but the one we're in -- FY 2000?

COMMISSIONER GUHL: That's the money that--

MR. DAVIDOFF: That's the 15 million you're spending now.

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: And how much did you have in dollar requests in bidding toward that 15 million? I assume there was some reach out to these facilities and then some request back. How much did you get?

COMMISSIONER GUHL: Let me just sort of -- carve up to 15 a bit for you, because much of that \$2 million actually was not something you'd be interested in. It's scholarships to get staff up to the new credentiality standards that are required resultant from the *Abbott* decision. So there was \$8 million that when all was said and done that we had available for major renovation and repair. There was another \$3 million that we put out for minor repair, and \$2 million for some equipment. I know that of the \$8 million we have proposals back-- I think we've obligated 7.4 -- they can tell me in the back if I'm wrong (speaking to someone in the audience) -- and that increased the number of slots by over 2700.

Now let me get back to your question, sir. It was--

MR. DAVIDOFF: Well, I think that's what you're spending this current fiscal year.

COMMISSIONER GUHL: Yes. That's it.

MR. DAVIDOFF: And then for next year, another 10 million will be able to build another 3000 slots?

COMMISSIONER GUHL: Well, that's an estimate that it would give us about 3800 additional slots. We'd be putting it out to all the -- in different pieces. Some to each county, another piece we think we would--

MR. DAVIDOFF: You mean in blocks to the counties, or you allocate the funds?

COMMISSIONER GUHL: Well, we would RFP for-- We would, say, set aside a certain amount for each of the 21 counties and then RFP. On top of that, I think we're going to take another subset where we'll be able to get this money to target to some of the urban areas, because that's where we have, I think, the strongest needs. So we might give them targeted dollars, and then we RFP it.

MR. DAVIDOFF: Now the 7.4 million that you awarded-- How much was requested--

COMMISSIONER GUHL: Oh, I don't know.

MR. DAVIDOFF: --to get to that 7.4 million?

COMMISSIONER GUHL: Sixteen.

MR. DAVIDOFF: Sixteen. And out of that 16 million, how many did you deem to be reasonable requests?

UNIDENTIFIED SPEAKER FROM AUDIENCE: About 13.

MR. DAVIDOFF: So you had about 13. You're funding about 8. So you have a need of 5, and you think there will be another 5 that will appear who didn't appear this year.

COMMISSIONER GUHL: Yes, because that money was targeted just to the *Abbott* districts. So this would be statewide. It would be a larger--

MR. DAVIDOFF: That money was just for the *Abbott* districts.

MS. MOLNAR: Commissioner, could you identify the person you got the information from for our stenographer?

COMMISSIONER GUHL: Yes. I'm trying to think which one answered me. Mary Lucas and Beverly Lynn are the two ladies in the back there.

MS. MOLNAR: Thank you.

MR. DAVIDOFF: Going to the waiting list initiative, \$25 million would be used to acquire additional housing, lease additional housing? How do you do this?

COMMISSIONER GUHL: It's usually a combination. I don't know what the breakout has been.

MS. SCHNORBUS: We know that the average has been \$50,000 per client. We are currently working with both HMFA and EDA, as the Commissioner mentioned, to look at a variety of ways to fund housing. Most of what we have done more recently is to purchase group homes. We have done some rentals, but mostly it's been purchasing. But we're also looking at -- if there are other creative options that we can pursue.

MR. DAVIDOFF: Now, the 4000 on the waiting list, how long are the people who are longest on the waiting list? How long have they been on that waiting list?

COMMISSIONER GUHL: Actually, we're pretty caught up. This is a bit of a digression, but I'll tell you-- There are 4000 on the waiting list. And I don't mean to diminish the importance of that, but we're actually up to, I think, 98 -- I want to say -- I think 98 in terms of when people enrolled, if you know how this--

MR. DAVIDOFF: I don't understand. People enrolled in 1998?

COMMISSIONER GUHL: Okay. People who enrolled in-- We are required by Attorney General's opinion to address people's needs based on the date of their enrollment. Now, one thing I do want to say about the waiting list is that what we have found is that with each new initiative there's

been an increasing percentage of people who decline. Their number comes up and they say, "No, thank you. We're not actually ready yet." That really speaks to the fact that we've had a lot more money, a lot more gubernatorial initiatives to take care of this. So people feel some level of comfort just enrolling so that their son or daughter has a place, but now, as we've had more wherewithal to address the waiting list, names are actually coming up. We had a 20 percent turndown last year. And they stay on the list, but they're not yet ready, so their number comes up.

MR. DAVIDOFF: So what does this mean, they're living in an area that they say, "We're happy where we are. We don't need your help?"

COMMISSIONER GUHL: They're living with their parents, with their families, in most cases, and they were deemed eligible, placed on the list, but their number has come up sooner than their actually feeling a need to move.

MR. DAVIDOFF: So this is not mostly families, this 4000? These are single individuals?

COMMISSIONER GUHL: They're individuals, most of whom live with their families. They're at home.

MR. DAVIDOFF: Okay. What portion of this 4000 list are families, generally?

COMMISSIONER GUHL: They're all individuals living with their families.

MR. DAVIDOFF: So you're looking to place the whole family or just the individual who's now going out?

COMMISSIONER GUHL: No. What happens is, families become unable to care for their adult disabled son or daughter, either because of their advancing age, sometimes their demise, and it gets to the point where they have to relinquish direct caretaking and want the State to provide a home.

MR. DAVIDOFF: So this 4000 alone could save the children?

COMMISSIONER GUHL: These are adults.

MR. DAVIDOFF: Adult disabled children?

COMMISSIONER GUHL: Developmentally disabled.

MR. DAVIDOFF: How many do we currently house in the system?

COMMISSIONER GUHL: Oh, I'm going to say-- Well, there's 550-some group homes. We have 3000 to 4000 people, I think, out in the community.

MR. DAVIDOFF: We have 3000 to 4000 that we're currently housing?

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: And you're looking basically, over the next four years, to double that capacity?

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: Now I have a picture. Thank you.

Let's look to the information technology. I must admit this is not my question, but the staff's. First of all, on the first item that you have here, 2.75 million for various technology upgrades, you're saying that we're going to have an operating increase of \$375,000 per year as a result of getting this upgraded technology. Can you explain that?

COMMISSIONER GUHL: Well, that would decrease charges that we have to OIT, as I understand it. So it would be an offset that we currently charge Office of Information Technology for performing certain functions.

MR. DAVIDOFF: So you would have a reduction?

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: Well, it's showing an increase that as a result of doing this-- If you look at Page 1 of your thing, it says you're going to have \$375,000 per year increase as a result of-- Is that an error then? Typo?

COMMISSIONER GUHL: I'm sorry. I don't seem to have the same paginated document that you have, so we're fumbling a bit, and I apologize for that.

MR. DAVIDOFF: It's Project No. 232. Priority 1, Page 1. We have this, like, 50 page -- 62-page items.

COMMISSIONER GUHL: Here it is.

MR. DAVIDOFF: So you're saying, you've actually got a cost savings of 375 a year?

MS. SCHNORBUS: There is a potential cost saving on the operating side if we are able to upgrade the systems and be less dependent on the mainframes.

MR. DAVIDOFF: So this would be in error.

MS. SCHNORBUS: This would be in error.

MR. DAVIDOFF: So it should be 375 decrease.

COMMISSIONER GUHL: He's showing an increase here at 375.

MR. DAVIDOFF: With no impact, I don't know.

MS. SCHNORBUS: It should be a decrease in operating, as they anticipated.

MR. DAVIDOFF: Well, through the Chair, just ask the staff to square that away.

The other thing is, the funds requested here, are they for programming and software? And what is this request between this project and project 194? How much is for hardware? How much is for software between those two requests?

COMMISSIONER GUHL: You're right. It's a combination. They have that detailed on a separate piece of paper, if I could just find it.

Okay. On Project 232, we're showing hardware of \$990,000. Software and system support, system design is the balance. On Project 194 was hardware \$350,000. System design, project management and training are the balance.

MR. DAVIDOFF: Now, does our staff have that already -- that information you're reading?

COMMISSIONER GUHL: I don't believe you do, but we'll certainly get it to you.

MR. DAVIDOFF: I'd ask, through the Chair, if we could get that to their staff.

The last question is regarding the Community Mental Health and Developmental Disability Services Investment Act of 1997--

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: --has the Department promulgated rules and regulations to effectuate that act, and does the Department have a plan to spend the funds from that Act; and if so, how much is available?

COMMISSIONER GUHL: We do have rules and regs. They weren't finalized until, I believe, this past July. We now have -- just through the sale of two small parcels -- I think we have \$1.3 million available for community expenditure resultant from the Act. The operating divisions are working on submitting plans to me now for consideration on how it would be utilized. So we have not yet spent any. It's only 1.3 million that--

MR. DAVIDOFF: Okay. No further questions.

Thank you very much.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, I'd like to thank you, Commissioner, for coming, and your staff.

COMMISSIONER GUHL: Thank you, Chairwoman.

MS. MOLNAR: Our next Department is the Department of Health and Senior Services. I'd like to welcome Commissioner Grant.

CHRISTINE M. GRANT: May I start?

MS. MOLNAR: Sure.

COMMISSIONER GRANT: Good morning. I'm Christine Grant, the Commissioner of Health and Senior Services. Thank you for the opportunity to present the Department of Health and Senior Services capital needs through Fiscal Year 2001. Our Fiscal Year 2001 capital budget request totals 14,673,000. It covers five areas of need. First, the public health and

environmental laboratory equipment, renovations, and automations. Second, a capital grant request for a tuberculosis confinement unit. Third, capital grant funding for necessary renovations for drug treatment facilities. Fourth, upgrade for the Department's information technology network. And fifth, the down payment on the construction of a new public health environmental laboratory structure.

This year, 1999, has been an especially challenging one for the Department's public health and environmental laboratory and has strained, I might say, the lab's physical plant and testing capabilities. Since September, we've been working very closely with the Federal Centers for Disease Control and Prevention, CDC, and colleagues in adjoining states, New York and Connecticut, on the isolation and identification of the Western Nile virus in birds and potentially in humans. This is the virus which is attributed to have caused the deaths of seven people in New York and which has now migrated to New Jersey. It's likely we will be reconsidering this issue next spring of 2000. The virus, while carried by birds, is passed along to humans through mosquitoes, who feed on both.

In September, the laboratory staff had to provide emergency testing of drinking water to parts of the state hard hit by Tropical Storm Floyd. Water specimens were sampled in the counties of Middlesex, Somerset, Hudson, Bergen, and in more than six municipalities, including Union, Jersey City, Bound Brook, Green Brook, Montgomery, Belle Mead, and others in conjunction with the Department of Environmental Protection's remedial efforts. Continuous water testing was required for over a week, 12 hours a day.

In May, the laboratory had already responded to a call to assist the United States Public Health Service to provide essential testing for several thousand Kosovo refugees who were temporarily relocated to a hastily constructed village at Fort Dix. During that period, testing for TB, HIV/AIDS, other sexually transmitted diseases were performed over a six-week period, also seven days a week. Over 2600 refugees had to be tested during this operation before they relocated again into either our local communities or returned home. These are but a few of the more highly visible services performed by the laboratory in its mission to provide high-quality, accurate, and efficient testing in support of the State's public health and environmental protection communities. Each year the laboratory performs 2 million tests. Services range from certified testing for DEP's enforcement laboratory under the Federal Safe Water Drinking Act, to pavement runoff and potentials for ecological contamination for the Department of Transportation, to milk and dairy products certifications required by FDA for the distribution of milk and milk products locally, and for interstate commerce.

The laboratory must work closely with the Department of Agriculture on animal diseases with potential to infect human populations and is in the process of consolidating those agricultural lab services into those of the Department of Health and Human Services. In addition to mosquitoes, the lab must analyze ticks, rabid animals, food products, and deals with a variety of emerging and ever-changing infectious diseases. The public health laboratory works closely with disease surveillance and treatment programs in the State to assist in the delivery of a quality health product and laboratory testing to the citizens. And we must use our laboratory resolves to link

individual cases to possible disease trends through an updated epidemiological database, which is essential to the State's public health efforts and, frankly, is not possible with the current physical plant.

The laboratory also performs testing in the areas of infectious disease, drug addiction, TB and its resistant strains, sexually transmitted disease and specialized programs for underserved populations. Each year the laboratory is important to the more than 110,000 babies born in this state each year. We are statutorily required to test these babies for genetic and metabolic diseases in all newborns each year, and this is necessary to detect potentially life-threatening conditions and support interventions for treatable diseases.

The Commission, and I thank you, has always been supportive of the Department of Health and Senior Services' efforts to remain current in laboratory analyses. Your support has led to the appropriation of funds for the replacement of obsolescent instrumentation, the continued automation of the laboratory, and the necessary repair and maintenance of the lab's physical plant.

This year the lab is requesting 1.758 million to maintain the deteriorating infrastructure of the laboratory facility and to purchase new technology. These requests cover the environmental and chemical laboratory units within the labs and the public health laboratory unit. Failure to maintain a scheduled instrumentation replacement program has already restricted the lab's ability to maintain its high standard of performance and its capacity to meet the ongoing demand for services to respond as needed to public health crises.

The laboratory must continue to advance its technology and must provide a safe working environment for the employees who work there and who must deal on a daily basis with virulent, frankly, often very virulent strains of microorganisms. The continued emergence of unknown, potentially terroristic organisms as well as the emergence of organisms with increased resistance to antibiotics makes the replacement and upgrading of lab technology essential for the public's health. This request combines replacement technology with some new technology required for screening services provided to the parents of newborns. New technology is also included for the measurement of groundwater quality.

I would say our New Jersey lab is now part of what would be a growing national organization of laboratories and programs in the Federal government to prevent terrorism. But I would also say, parenthetically, that at the present time we could not fully qualify for available Federal funding due to the current state of the laboratory.

The Fiscal Year 2001, therefore, request also includes \$10 million to begin the process of designing and developing a new laboratory, a project we expect will have a total cost of approximately \$50 million when completed. The lab building was constructed in 1964, has served the public well for 35 years. However, a recent study by STV, Inc., indicates that the cost of renovations required to convert the laboratory to a needed Biosafety Level 3 would alone be at least \$5 million and perhaps more. The consultants also determined that the air handling systems in the laboratories are seriously deficient and may soon become a major safety hazard to the employees and the public. Thus, we have estimates of 5 million, perhaps more, to bring a

35-year-old facility with an inefficient design up to standard. And in addition, each year we require several hundred thousand dollars to repair casements, work services, fume hoods, cabinets, drawers, shelving, sinks, and repair the other physical plant deficiencies.

In reviewing these facts and other operating cost and service considerations, and based on what has been to date an internal review, we have concluded that a new lab structure is the wisest long term. I've taken the liberty to prepare -- asked staff to prepare a number of photographs, which probably at this point we could begin to circulate as I finish my remarks.

Currently, all 50 states in the union have a state public health laboratory as part of their first line of defense to protect the public's health. At least 7 states have already constructed modern, new state laboratories in very recent years. In your packet today, each member has a summary document entitled, "New Jersey Department of Health and Senior Services Consolidated Laboratory Services," which summarizes both the pivotal role played by the State laboratory as well as evidence of the critical need to replace the deteriorated facility.

I would say, at this point, I have recently rejoined the Department of Health and had, after working nine years in two different major pharmaceutical companies with both manufacturing and laboratory capabilities, and in that capacity was involved in a number of discussions, both with respect to the need for laboratories to meet a variety of Federal requirements, but also on the side of the extent to which commercial labs or pharmaceutical company labs are able to do some of the needed public health kinds of laboratory testing. And to make a long story short, it was apparent,

although I didn't have any idea I would need to use that information, it was quite apparent that particularly as we're entering into an era where we have to look at bioterroristic agents, a variety of environment agents, that these are not typically at all, if ever, a subject of consideration for commercial exploitation, either by commercial labs or certain pharmaceutical companies. So that is an issue that we have already looked into, and I feel fairly comfortable that it's not simply a matter of going outside for the services we need.

The third request today that we're making to you is for \$1.5 million for renovation for drug treatment facilities. This money will be used to provide capital grants to private, nonprofit residential drug treatment facilities and halfway houses. The purpose of the grants would be to comply with fire safety regulations; namely, the installation of automatic fire suppression systems and sprinklers and to bring the facilities into conformance with the Americans with Disabilities Act. There are approximately 10 residential facilities with 793 beds, which do not today have automatic fire suppression systems; approximately eight halfway houses, which do not have automatic fire suppression systems; 13 residential facilities, with 1040 beds, don't meet ADA standards. These violations include such things as lack of handicapped parking and entrance ramps, and inadequate bathroom and shower facilities.

Most nonprofit drug treatment facilities are supported by public funds. The average facility receives 74 percent of its revenue from public funding. The highest percentage could be as high as 98 percent. Therefore, if these facilities are to meet safety and ADA codes, public funding will have to provide support.

The Department's request will provide grants to deficient facilities based on financial needs. Every effort will be made to require as much as a 25 percent match from local contribution or patient fees. The balance of the funding would have to come from capital grants.

The fourth request is for 750,000 for a tuberculosis confinement unit. This was contemplated as a result of a statutory charge to the Department to seek and implement a TB confinement unit in the state. It would enable the Department to provide a capital grant to one or more facilities. Most likely, one would be a hospital to establish such a unit in which to confine tuberculosis patients who are not and will not adhere to their prescribed medications, who are refusing to be examined, or who have multidrug resistant TB. The cost of this request includes construction and/or renovations that might include, for example, an isolated entranceway, a second set of locked doors, vision panels, storage areas, and, where needed, upgrading of heating, ventilation, air conditioning, HEPA filters, sprinkler systems, security alarm systems, and other costs.

There's also need for a few hospital rooms that are to be located with negative pressure. These would be isolation-type rooms and would have to be secured to properly and safely confine individuals. Such a controlled environment is necessary to protect workers, other patients, and hospital visitors.

Finally, 665,000 is requested to upgrade the Department's information technology network. The Department is currently using Category 3 level wiring for its data network at five work sites. This is two categories below the level which should be being used in order to efficiently operate the

network. This shortcoming causes connection problems, extremely slow response time, and work station freeze ups. The five sites have also network hardware, hubs, switches, routers, which is several generations behind currently available hardware technology. Again, this is causing very slow, inefficient transmission of data, frequent malfunction of equipment, and disruption in general of the government business operations. The funding requested would replace old wiring, extend new wiring to locations not presently wired, and replace outdated hardware requiring frequent maintenance and repair.

To assist you, I've attached a short but comprehensive list of projects for which we are seeking funding and which I have just described.

Joining me today are Mr. Jim Blumenstock, our Senior Assistant Commissioner; Dr. Shahiedy Shahied, who is our Assistant Commissioner for Public Health and Environmental Labs; Dr. Eddy Bresnitz, Assistant Commissioner and our State Epidemiologist; and Mr. Jim Houston, Assistant Commissioner for Management and Administration. I'll be happy now to have us answer your questions.

MS. MOLNAR: Thank you.
Assemblyman.

ASSEMBLYMAN ROMANO: First of all, Commissioner, I wonder who can tell me what enteric means under one of the pictures.

COMMISSIONER GRANT: That would be internal infection, such as gastrointestinal infections, for example.

ASSEMBLYMAN ROMANO: For myself, I'll tell you, I'm very gratified to see what you've presented to us today. I believe it was two years ago -- my colleagues will remember; it's tough with me; Italian Alzheimer's, you

forget everything but the grudge (laughter). You just got it, huh? I raised that question, I think it was two years ago, about terroristic activity. And if my colleagues will help me again, I recall the answer being given-- I said, if something happened of a cataclysmic proportion-- I think this was right after the Japanese situation in the subways. It was said here that the Feds would be the ones to respond. Okay. I don't know what's happened now. It's like, eureka, the door is open, and there is attention to the real world now, as far as the laboratories and such.

I, for myself, whatever you want to you can have because I want to be protected. Too often or not, it's as if the Department of Public Health, while they do a good job, is in another world. They don't share enough information with the population, and I'm not talking about the running egg. I even asked the question several years ago about the raspberries. What do you do to clean them? Nobody knew the answer. Now when I walk in Kings they have veggie wash. I grabbed it right away because, look, I'm afraid. I don't know what bugs are in -- or even on the outside of my cantaloupe. While you cut it, the germs then get on the inside. And this is part of the role. I'm not going to belabor this, but I'm very happy for what you're requesting because it shows a recognition, a realization of what this world is all about.

I defer to the specialists, to the professionals. I have a doctorate, but it's an academic one. All I can tell you is take two aspirin and call me in the morning. (laughter) But I'm all for all the items here. I'm not going to nitpick, even though some of the pictures you passed -- I don't see any problem with them because they look like my office. (laughter) But seriously, I think that what you're asking for is important. We can all second-guess

somebody and, more importantly, the material or the construction that you're looking for.

I used to be a business administrator, and the one thing I never did was to have to do something over again because in the planning it wasn't that you did one thing today and then two days later you had to rip it out because you had something in between. So I'm assured this is all part of a master plan that you have. Everybody is nodding yes. Okay.

COMMISSIONER GRANT: Well, yes. Though, I think, I, having joined the Department the last six months, would be the first to say what we have now is we have an internal design plan. We certainly will be working with OMB before we could go ahead with anything. I know that I will recommend that we have a third-party group to make sure that we do project ahead. We've had more inside people looking at what we need, and I have full confidence in them. But just because we want to do what's right for the next at least 20 years, we're clearly going to have to have additional advice from the outside to make sure we have a feasible cost-efficient lab.

ASSEMBLYMAN ROMANO: Well, just let me finish. First of all, if I can just say parenthetically, who replaced Dr. Susan Reinhard?

COMMISSIONER GRANT: Dr. Reinhard. Well, that's in our Division of Senior Services. Mr. Bill Conroy--

ASSEMBLYMAN ROMANO: When you mentioned their names before, it didn't catch with me.

COMMISSIONER GRANT: Well, he's not here because he's with our Division of Senior Services. We have our colleagues in the public health side of the House.

ASSEMBLYMAN ROMANO: Well, I have to compliment you, to you, because the people who represent, deputy commissioners and assistant commissioners-- She did a fine job. I served on the, though we're still not completed, Governor's Council for Elder Care, and she provided an immense resource to us and other people from your Department who came to testify on different aspects that we should be aware of. They did an excellent job.

Commissioner, thank you very much. You won't be coming before me any longer because I'm gone January 10, but it's been a pleasure to deal with you in the short time that you've been here with us.

COMMISSIONER GRANT: Thank you, sir, and you know we feel the same about you. And thank you for the kind comments about Dr. Reinhard.

MS. MOLNAR: Assemblyman, I'm glad you're happy. That's good to know.

I had one question. Parenthetically, I think about five years ago, this Commission-- Some of our members did get a tour. I think Dr. Shahied gave us a tour. It was very eye-opening, and I appreciated that.

The tuberculosis-- I'm just curious. What is causing the increase? I thought we had licked that, and it seems to be coming back again.

COMMISSIONER GRANT: Well, frankly, I don't think we've ever solved the problems. I'll let Dr. Bresnitz give you the actual numbers, but it's more a question, frankly, of not really having solved the issue of noncompliant patients that's been with us for a number of years. And while we're not talking about tens and tens of people -- it's usually less than a

handful a year -- when it does occur, it is a very serious issue, and it's difficult for local communities to handle.

Dr. Bresnitz, do you want to comment on numbers?

EDDY BRESNITZ, M.D.: Well, the peak of the current-- There was a gradual fall from the beginning of the century, if you look at charts, up until about early 1980s. And with the AIDS epidemic and a large influx of refugees at that time, our decline in rates of tuberculosis actually leveled off, and we saw more cases, which peaked around 1992 or 1993. At that point, the country, and I think the State as well, had sort of let some of its TB control efforts lapse, which is also contributing to the problem. But with the resurgence of the incidence of the disease, there was a lot of Federal funds put into TB control that were then sent to the states, obviously. And, in fact, since about 1992, 1993, we've seen, in New Jersey as well as nationally, the rates of tuberculosis actually continue, sort of, resume its fall.

Last year we had about 650 new cases of tuberculosis. Obviously, some of the cases continue to exist and require treatment. And this year compared to last year, we've already seen about a 10 percent fall from last year. And, again, this reflects what's happening nationally. But even though we've had a good control effort in the last seven or eight years, we clearly have a large number of people who continue to get the illness. This state is one of the states with the highest number of new cases because of the size of our population and because of a lot of the people who come into the state as well.

Those individual cases-- Some of them are very serious cases. Some of them have multiple drug resistant tuberculosis, which is a worldwide problem. Those individuals are particularly difficult to treat. Some of those

individuals are people who come from disadvantaged backgrounds. Some of them are homeless. There are all kinds of reasons why, even though we're seeing now again a fall in the number of cases, that the remaining cases are particularly difficult and a problem and are certainly at risk for transmitting the disease to other individuals.

MS. MOLNAR: How is TB transmitted again? Is it--

DR. BRESNITZ: Basically, through respiratory cough -- from a cough. Most patients today are cooperative and, in fact, the standard of care in the community now is what we call directly observed therapy. Essentially, people are watched so that they take their medication. The biggest problem with the treatment of tuberculosis is people not taking their medications. When they do that and they interrupt their therapy -- and their therapy can last anywhere from six to twelve months depending upon the regime -- when they interrupt their therapy, that's the time when people develop resistant tuberculosis. And the resistant tuberculosis is a particularly dangerous organism because left untreated it will kill individuals, and it's particularly problematic for people who have immunocompromised defense mechanisms, people with HIV, people on chemotherapy for one reason or another.

MS. MOLNAR: Thank you.

Any other questions or comments?

ASSEMBLYMAN ROMANO: Before you start-- On this topic, I'm sorry to interrupt. I really don't know, myself, what-- Right here we have the Juvenile Justice Commission, but I don't know if it's high enough. If you get someone or someone comes to your attention who has that sort of strain of TB, which is -- never mind for their own being of dying, more importantly

for how easy it transmits the TB germ with a group of people. Does the law allow now to isolate someone who has that sort of condition, or are they still allowed to walk the streets?

COMMISSIONER GRANT: Well, as Dr. Bresnitz was saying, if a person is participating in therapy, reasonable precautions can protect him, family members, etc. The problem is when people are not willing to take their medications, and in that case, yes. With a court order, if someone absolutely refuses to have this observed therapy, he or she actually can be incarcerated. That's not something -- in such a medical isolation unit. That is obviously the last desired resort. That's why I say it is rare, but it does happen.

ASSEMBLYMAN ROMANO: But the law does allow--

COMMISSIONER GRANT: Yes. Yes. With proper protections of the individual's rights and right to a hearing, etc., that would be allowed.

ASSEMBLYMAN ROMANO: Thank you, Commissioner.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Again, just on this thing, a real very quick question. How many cases a year did we have in 1998?

DR. BRESNITZ: Total cases in the state?

MR. DAVIDOFF: Yes.

DR. BRESNITZ: It was about 650, something like that. These are new cases. There are more cases, people who have had the disease diagnosed in previous years who are still on therapy for one reason or another, but what we call incident cases, about 650. The peak was close to 1000 back in the early '90s.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: Yes. On the same issue, I believe it was in, maybe, yesterday's paper, the day before, a case where a family adopted a child from one of the Third World countries and brought them to South Dakota and that child infected, I believe, 56 other children. What would we do in that case? Is there a way to prevent that from happening? When somebody comes from a foreign country to live here, do they have to undergo certain medical health tests?

COMMISSIONER GRANT: Yes. Typically, they do, and that's why I mentioned what happened when Kosovo refugees came here. Even for a short stay, they were screened for TB. So that sounds like someone slipped through the situation.

DR. BRESNITZ: Generally, they get screened overseas. If they're legal immigrants, they get screened overseas. The Kosovo refugees, because there was a push to bring them into the country very quickly, they actually were brought in and then screened. We only had a few cases of those. Those were detected as soon as they got here. There are requirements for individuals who are treated and come in for follow-up once they become essentially landed immigrants.

MR. FERRARA: Very good. Thank you.

MS. MOLNAR: Any other questions.

Mr. Annese.

MR. ANNESE: Commissioner, I want to speak a little bit about your request for a new lab, especially considering that it would amount to about \$50 million over a period of time. You had mentioned in your opening comments that the State was not qualified at this time for various Federal

funding. Could you expand that a little bit in what type of funding amounts you're looking for? Is it a grant? An entitlement? How does it help you in accomplishing your mission?

COMMISSIONER GRANT: What I was referring to is when we applied for a bioterrorism grant. There were three pots of money, and one of the pots would have allowed not capital funding, but some basic laboratory assessment technique funding that would either have been in the chemical identification -- that is, if there were a terroristic incidence involving a chemical -- and another pot for bioorganisms. It was generally felt, and through the good efforts of Mr. Blumenstock and Dr. Shahied, we did talk the Federal government into giving us, frankly, what was very modest-- It was under 200,000 -- 225,000, or so, for three years to be allowed to do the initial screening for some bioorganisms should they be identified.

For example, God forbid, someone send a terroristic threat and say that either anthrax or botulin is in it and include it in a letter. We are going to be able to do a little bit of research on that. We were not really able to qualify for the chemical identification because we just don't have the critical mass or the facility or the Biolevel 3 station in its full -- as it should be constituted that would have allowed us to get more program money. I have no reason to believe there's Federal money for the capital grant, but even the programmatic amounts, we didn't get as much as we could have to do the job that we wanted to do.

MR. ANNESE: All right. Thank you.

COMMISSIONER GRANT: Sure.

MS. MOLNAR: Any other questions?

Mr. Ferrara.

MR. FERRARA: On the lab, with regard to site, obviously, you have to keep the current laboratory operating while you're building the new one. Would it be adjacent to or would -- did you have a--

COMMISSIONER GRANT: Those issues we're-- I'm not prepared to say today, nor do we really know what we would do. They are kind of considerations-- Those are the kinds of things we'd certainly be talking to the Treasurer's Office, Governor, OMB, etc. There are lots of factors about where one might want to locate such a lab. Using one's common sense, since we're now taking on the agricultural services, there are merits to thinking of a centrally located lab in the state.

There are those who point out that some building will occur in the northern part of the state. On the other hand, the northern part of the state, again, God forbid there were a terroristic event, might be somewhat more likely to be up there. One might not want a lab in a compromised area. This is going to take a lot of thought and tradeoffs, and we will have to be working with the Treasurer's Office to get advice, and probably even final decisions would come through the financial side of the--

MR. FERRARA: My second question is, we've talked about the new lab over many years. My recollection is that when we were talking about it three or four years ago, or whenever, it was a \$70 million estimate, and I'm just curious. Is this a phasedown idea or--

COMMISSIONER GRANT: I can't comment on that.

Dr. Shahied or Jim?

JAMES S. BLUMENSTOCK: Good afternoon. My name is Jim Blumenstock, and I am responsible for the public health prevention and protection side of the Department. I can't personally respond to estimates that you may have received five years or so, but what I can do is elaborate on the procedures the Department's supplied in the past year or two.

We convened an internal panel of our experts. Many of them are here today with us. People who know laboratory business inside out, but yet are not developers. They did an extensive national effort to consult with their colleagues in various states that really went through this process in the past couple of years and used their numbers and experiences to come up with a rough figure. And that number was around \$48 million, which included transition of a great deal of the instrumentation from the old facility to the new facility. That did not include land acquisition and some of the soft costs that you would possibly throw into it. So we are really reacting to what I consider a quality job with a caveat that was done by Department employees, who are expert in their own right but not developers or engineers as such.

So that may be a slight explanation for the difference between the two numbers. But again, it's current intelligence that we're reacting to, based on experiences of three to four other state health departments across the nation the past year or two.

MR. FERRARA: How many square feet would that be?

MR. BLUMENSTOCK: We're looking at approximately 95,000 square feet, and our building right now has around 60. So you're looking at a larger facility and a facility that's certainly more efficiently designed.

MR. FERRARA: Thank you.

MR. BLUMENSTOCK: You're welcome.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Somebody has to turn off their thing. (referring to PA microphone) I can't get on. No? Oh, well. I have to talk loudly.

The agricultural lab takeover. Maybe I should be asking the staff. Is this something that changed since our hearings in August? I mean, we had some requests for improvements in that lab. Has something took place that I've missed?

COMMISSIONER GRANT: They are still going to be doing some services.

Jim, do you want to describe what they will still be doing?

MR. BLUMENSTOCK: The plan is to merge the Department of Agriculture's Animal Health Laboratory to our Department of Health and Senior Services, primarily because human and animals -- a lot of the analytical methods are quite similar. When you look at the plant size of the Department of Agriculture, the technology is different. Obviously, the types of specimens are different. So they are not planned for the consolidation or merger in the earlier years. Once we get animal health merged and as time goes on, we would certainly be receptive to looking at the other elements in the Department of Agriculture. But I think it's a safe point to make that they would possibly be tenants or cooccupants of a new facility for their plant pathology or plant-related issues as well.

MR. DAVIDOFF: Through the Chair, I just ask when we look at Agriculture because I think-- We were-- The animal side is, I think, where we

were providing money for additional research because we were concerned about the impact on people and the similarities. You have in here laboratory renovations for the current lab. If you do get a new health lab, would those be -- the 740,000 that you have here -- would that kind of be a waste?

COMMISSIONER GRANT: You always have the timing problem, and I'll let Jim Blumenstock or Jim Houston address the specific issues. We've looked into that. We can't wait for what you see there is one of these-- This is a several-year-off proposition.

MR. DAVIDOFF: Okay. That's fine. I don't need that much detail. I just want to get an idea of what you're talking about.

The thing that Assemblyman Romano talked about with respect to terrorists-- I mean, I am concerned about a duplication of services, the Federal government saying one thing and they have their research labs, and you saying another thing, and you're expanding your facilities to do that. Where are the Federal labs located in this region, or are they all central in Washington? Are there Federal labs in the tristate area?

COMMISSIONER GRANT: Well, to answer your question, no, there are not. Fort Detrich -- they don't have a lot of labs. They have -- and only a couple with the BL3 capabilities, as well.

What happens is-- Let me give you an example like the West Nile virus situation, because it could be similar. We would visualize, certainly, our lab in that kind of situation was required to prepare the initial specimen. For example, you don't send a whole crow off to CDC. You have to prepare and preserve the tissue culture here. That's sort of immediately.

MR. DAVIDOFF: No, I can understand having local labs. I just didn't know if the Federals had a lab in the area.

COMMISSIONER GRANT: No.

MR. DAVIDOFF: If they don't, then I understand the need for it, and you don't need to explain it then, and I'm fine with it.

You have here, I guess, eight projects, all of No. 1 priority.

COMMISSIONER GRANT: Okay.

MR. DAVIDOFF: And I would ask that you provide the staff a prioritization of top to bottom, please. Through the Chair, I make that request, and in the future if they could do that.

COMMISSIONER GRANT: We will do that.

MR. DAVIDOFF: The drug treatment facilities -- who owns those facilities?

COMMISSIONER GRANT: It varies, but typically, the Department of Health and Senior Services does not. The State does not. Typically, it would be the not-for-profit entity in which we are funding through grants. They would own the facility, or in some cases they might be a tenant.

Jim, were you going to comment?

JAMES H. HOUSTON: (indiscernible, speaks from audience)

MR. DAVIDOFF: By the way, if you give him the little black one (referring to recording microphone) on the three feet-- Yes, that's the one that records. You have to talk into both of them. There you go.

MR. HOUSTON: They're all private, nonprofit corporations that we provide operating grants to presently.

MR. DAVIDOFF: Okay, but I meant they're not required from those operating grants to renovate the facilities as necessary to serve their clientele?

COMMISSIONER GRANT: The point that I tried to make, and this is, I think, very important for you to understand -- they often are primarily or almost entirely dependent on State funding to begin with for any of their revenue because between 65 percent and 98 percent of their revenue-- The organizations that we fund do not usually have, or in fact rarely have, a significant private insurance clientele base. So basically -- and that's why we're coming at you with a capital request for this rather than run it through the rates which would then -- or the slot costs which would then, frankly, disperse additional moneys scattershot through all the facilities. So this is a more rifle shot approach for programs which we tend to fund almost exclusively in many cases anyway.

MR. DAVIDOFF: And the final question is, you have on all these projects a number that says, "operating impact." I would suspect that if you spent \$740,000 in renovations in the short term for the current lab, that that would give you some operating savings one way or the other, either through more efficient use of personnel or you may just use it to provide better services. Certainly, if we have a 90,000-square-foot lab, ultimately that's going to have some impact upon operations. So I'd ask your staff to provide, through the Chair again, our staff with estimates of -- on all these projects of what impact that's going to have to the operating budget, good, bad or indifferent. But right now everything says zero, and I'm sure that that's not the answer. And I just ask again, through the Chair, that you do that. And then I'm finished.

Thank you very much.

COMMISSIONER GRANT: Thank you.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I'd like to thank you, Commissioner, and your staff for coming today.

Our last Department is the Juvenile Justice Commission. I'd like to welcome Acting Executive Director Maureen Adams.

MAUREEN ADAMS: Good afternoon, Madam Chair, Director Geniesse, Commission members. As the Chair indicated, my name is Maureen Adams. I am, until the end of the day, the Acting Executive Director of the Juvenile Justice Commission.

So, Assemblyman Romano, I have a shorter stay in front of this Commission than you have on the Commission.

The Commission submitted in September its initial capital requests. Since the initial submission, we have--

ASSEMBLYMAN ROMANO: Excuse me, is your mike on? The red button. (referring to PA microphone)

MS. ADAMS: Yes. It's on now.

Since our initial submission in September, we have continued to hone our requests and take a look at all of those requests from different perspectives. And as a result of this continuing process of reviewing our capital needs, we submitted to you within the past couple of days a revised priority. And what I would like to do is go off script. I would like to touch on some of the major themes that are part of the Commission's presentation that has

already been submitted to the Commission members and speak to you primarily and initially about the Commission's master plan.

The Commission worked for a period of 18 months in preparation of a programmatic master plan that looked to the Juvenile Justice System as a whole, and particularly to the needs of the Juvenile Justice Commission as it related to our bed needs. The Commission submitted to its executive board in February the master plan, and the Commission's executive board approved that master plan in April. The master plan identified the need for additional beds. At the time that plan was submitted for approval, we projected that we would need two 144-bed units for secure care and we also identified the need for several other special needs kinds of facilities; for example, sex offender facilities or facilities for juveniles with mental health problems.

At the time that the master plan was completed, we envisioned and projected that we would see our bed shortage, which then existed at 203, increase at a rate of 27 beds a year. From that point in time, we have continued to monitor the trend of commitment of juveniles by the courts and we have seen a decrease in the number of commitments by the courts, and that decrease has translated into a modification to our capital request.

When originally submitted to you, we were asking for funding for a second 144-bed unit to be located on the grounds of our Juvenile Medium Security Facility in Bordentown. This Commission in the past had approved funding for an initial 144-bed unit and, in fact, that project has recently begun construction. The footings were poured about two weeks ago, and we're anticipating that that 144-bed facility will be available for occupancy by January or February, maybe March at the latest, of 2001.

Another project that this Commission had authorized in the past that affects our current bed shortage and our projections for additional bed needs is, across the street from the JMSF facility on the Johnstone Campus, we are currently renovating what is known as the Hayes Building. The renovation of that Hayes Building will provide 80 additional beds to the Commission. Forty-eight of those beds will be for a step-down facility for kids who are leaving our secure facilities, which are Juvenile Medium and the Training School, and also a 32-bed orientation unit for our boot camp program.

With those projects beginning and with the decrease in the number of commitments we're seeing, we know at this point in time, or we suspect and we're projecting at this point in time, that now we don't need currently, and with the numbers that we're seeing, we don't need to come before you today and ask for funding for the second 144-bed unit. So I am withdrawing that request. And along with that withdrawal, lower priorities were attached or interrelated with that request for the second 144 beds -- can also be withdrawn. They would be the priorities that relate to a support building to accommodate the two 144-bed units, and also the priority that speaks to changing the function of the Juvenile Medium Security Facility.

What we're planning to do in order to meet the Commission's bed needs is being handled through our planning document initiatives, which are being submitted for consideration in the FY 2001 budget. In addition to the 144-bed unit and the Hayes 80-bed unit that we expect to come on line in 2001, we are seeking funding for what we're calling a State Incentive Program, which we are hopeful will produce 100 beds in the community that will be available for judges. We will be offering, on a competitive basis, State

incentive funding to the counties for the development and the implementation of community, county-based programs that would be available to the courts so that but for the existence of those county-developed programs, these kids would come to Jamesburg.

We truly believe that once the State Incentive Program is funded and is implemented that that will go a long way in diverting juveniles from beds in the Commission. In addition, we're looking to satisfy our bed shortage by the creation of a 20-bed secure mental health unit. We'll do that by way of an RFP which we have developed, seeking private providers to provide not only the services necessary for the kids who will go in this secure mental health unit, but also the siting for the unit.

We are looking to fund, through the FY 2001 budget process, a female substance abuse program, a 12-bed female substance abuse program that we intend to locate in Camden County on the grounds of our campus program, which is a 40-bed male substance abuse program, so that administration and shared services can be utilized to the greatest extent. And we are also looking to contract with private providers for 25 beds for potential parole violators. These are juveniles who have been released from the system and are on parole and because of behavior that's inconsistent with their parole plan, they sometimes find themselves the subject of a parole revocation process. And while that is taking place, these kids spend their time in the Training School.

What we're hoping to do is to identify kids who look like they're slipping back into old ways very early on, move them out of the community and into a step-up program, where they'll stay for a period not to exceed 90

days. That way, those beds that those kids are now taking up in the Training School pending their revocation of parole process will be there at the Training School for the kids who need them.

The last way that we are attempting to look to the resolution of our bed issue has to do with the development of an interdepartmental committee. The master plan recognized that there are some number of kids in the Juvenile Justice System who are also kids of the Department of Human Services' system, and the master plan recommended an interdepartmental committee to identify and plan and implement programs for these special needs kids who straddle both the Juvenile Justice system and the Human Services system.

The interdepartmental committee has been meeting and has identified sex offenders as the initial highest priority for planning. And as a result of that identification of sex offenders, I am also withdrawing that request before this Commission, for funding for an 8-bed sex offender unit, because that will part of the planning process that's developed through the interdepartmental committee and funded through, hopefully, our planning initiatives for FY 2001.

What I'd like to do at this point is to speak generally and just briefly to not all of our priorities, but to the top 10 priorities. Those top 10 priorities really are focused on security and safety and infrastructure issues. Our first priority, which has been continuing and is a continuing priority, is to continue with our suicide prevention projects, and that includes replacement of sinks, doors, hardware, and air vents. We're looking for funding this year to perform those kinds of corrective actions at various units in the Training

School and at one of the community programs, which will be the siting for the Commission's own mental health unit.

Priority 2 is dual purposed, or it has two components. It asked for funding for the laundry building at the Training School and for the chapel. We have been asked by staff of the Commission if, in fact, the Juvenile Justice Commission has any kind of engineering studies to support our request for this priority. And, in fact, the Commission has an engineering study which was performed by Land Associates that speaks to the infrastructure problems with the chapel. There are support beam problems. There are foundation problems. It's a historical building that we use for storage, which we had been using for record storage. We can't even do that anymore. We're in the process of moving all the records out because the building has just become so in need of critical repairs.

The laundry facility has not been the subject of an engineering study, but what we are looking to do is to replace the existing laundry facility with an 8000-square-foot, pre-engineered building which will service the laundry needs of the facility -- that's linens and things that are facility-wide at the Training School, not particular laundry facilities for any of the juveniles who were assigned there. We need the new laundry facility at the Training School because of roofing problems and electrical and HVAC problems in the existing facility.

Priority 3 seeks funding to pay the connection fees to the Bordentown Sewage Authority. Those connection fees are tied to bringing on line the 144-bed unit and the 80-bed Hayes Unit that I spoke of earlier. I did mention to you that the 144-bed unit is expected to come on line by March of

2001. The Hayes Unit is expected to come on line by January, between November and January, November of 2000 and January of 2001.

Priority 4 -- again, these are safety related concerns that we are addressing in this priority -- fire. Specifically, we're looking to fire code improvements, alarms, suppression, and detection systems at our Juvenile Medium Security Facility on our Johnstone Campus and also in our community program in the Pinelands.

Priority 5 is an infrastructure issue. We're looking to increase primary electric service and backup generators at six of our community residential centers -- that's Albert Elias, which is Highfields, the old Lindbergh estate; Green; Voorhees; Warren; Pinelands; and Essex. Now, we have most recent experience as it relates to the need for improvements in the electrical systems, particularly at Albert Elias. When Hurricane Floyd hit, Albert Elias was out of commission, literally, for a period of five days because of flooding and the state of disrepair or repair of the electrical system. So we are respectfully requesting funding for this priority for these locations from the Commission.

The next priority, which is Priority 6, is again related to electrical distribution, and this is for the Training School. It is to replace the electrical distribution panels at the Training School in some of the housing units and also including the Wilson School, which is the main academic building; the vocational school, which is also a critical and integral part of the education program; and the food services facility.

Priority 7 seeks funding for the sewage treatment plant at the New Jersey Training School. What the Commission is requesting is funding to

replace the existing system plant with a package system with a lifetime expectancy of 20 years. This Commission staff had requested of the Juvenile Justice Commission whether or not there had been other options considered rather than replacement of the plant. In fact, the Commission had asked -- retained Reuter (phonetic spelling) Engineering to do an assessment of the sewage treatment plant.

Reuter offered three options: One was a hookup to the municipal utility authority in Monroe Township; the second was a replacement package, as we're asking in this year's request; and the third was, basically, a temporary fix that would keep us going for a period of five years.

I am advised that this Commission, our Commission, the Juvenile Justice Commission, in the past couple of years had requested funding for hookup to the municipal utility authority. That funding had not been issued through this Capital Budget and Planning Commission, so we're asking now for your support and funding of the replacement package.

The next priority, which is Priority 8, goes back again to the issue of safety. We are asking for funding for duress alarms and the electronics necessary for duress alarm function in our community programs, and also to replace hardware at the Training School.

Priority 9 is a request for funding for design fees for a smaller New Jersey Training School. With one, we bring on line the new 144-bed unit, we'll be able to take some of the-- Well, some of the kids who are now at the Training School can be moved into the new 144-bed unit, thus decreasing the population at the Training School. And as a result of that decrease, we really need to look at which of those buildings on the grounds of the Training School

are best left on line and which of those buildings can be taken off line. So the funding request in No. 9 is for engineering services and architectural services to help us in formulating that design.

And finally, Priority 10 seeks funding for the cost to purchase our Ocean Residential Center. We already have-- I think it's about \$800,000 or \$900,000 worth of improvements in cue for Ocean. If you need more specific information on why we need to buy this, I can turn it over to Keith Poujol, who is our Facilities Manager, who can speak to the need to purchase the Ocean Residential facility.

KEITH POUJOL: Good afternoon. The property in question was part of the property that was purchased by the Department of Environmental Protection around 1918. The Department of Corrections established a game farm there in Lacey Township, which two years ago they closed. The agreement in the '60s was struck with the Division of Juvenile Services and Human Services at the time that the kids involved in the Ocean Program would provide support to the game farm. They had struck this understanding that Human Services could build this property on 20 acres of this land.

With the closure of the game farm, the direct correlation for use of our kids in that program was no longer required, and the Department of Environmental Protection is attempting to sell the property to the Federal Government in exchange for land. That leaves us with a 20-acre facility there with a structure and a viable facility in our southern region that is a linchpin to our organization.

The funds used to purchase the land in 1918 were from the Hunterdon Fishermen's Fund. Legal opinion on that is that whoever purchases

it has to purchase it on highest and best use. Two appraisals have been undertaken, and the 20 acres is valued about \$400,000. We have an \$850,000 renovation project ongoing at this site, and we do need to move on to require this land through the Department of Environmental Protection.

MS. ADAMS: At this point, if there are any questions from any members of the Commission, I'll be glad to take them.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Sure. Thank you.

I just had one question.

ASSEMBLYMAN ROMANO: Go right ahead.

MS. MOLNAR: You mentioned there's a decrease in referrals so you will not need the second 144-bed unit. Why is that?

MS. ADAMS: Why is it?

MS. MOLNAR: Yes. I'm surprised. I would think the referrals would be increasing.

MS. ADAMS: We have an average daily population at the Training School, which is the gatekeeper for all kids who are committed by the court to the Juvenile Justice Commission, of 500 to 515, something like that. Along about last March and through April or May, we started seeing that the average daily population at the Training School was getting lower and lower. We reached a low of 460, which is something that people hadn't seen in quite a long time, during that March-April-May period for reasons I just can't speak to. That's what comes from the court.

Now, from that point in time, we've seen the numbers go up again and, in fact, the numbers were getting and have been back to what we expected

since about July, August, through September. It's a function of the way the courts commit kids, and it's really actually also a function of how much is available by way of other programs for the courts to use as dispositional options. Some counties have developed dispositional options that the courts use. Other counties have used funding that the Juvenile Justice Commission provides for alternatives that are other than dispositional options, detention alternatives.

It's interesting, but we had an increase in the number of commitments to the Commission at the-- Two or three years ago, we were at the highest number of commitments at the time when the crime rate for juveniles had already begun to go down. So we don't find necessarily the kind of correlation between decreases in crime rate that you would expect to find. It's a long way of saying I really--

MS. MOLNAR: This is tied into the economy, that fact that a lot of teenagers could be working now for full employment and keeping them out of trouble.

MS. ADAMS: It could be. It could very well be. And wherein we've already begun discussing in the context of the discussion of not needing the second 144-bed unit now, we have already been discussing a future economic picture for the state that's pretty well established by research and criminologists that when the economy sours you see an increase in crime rate. We're looking at that. So I guess that's just my way of laying the foundation.

MS. MOLNAR: As long as you keep your eye on things.

MS. ADAMS: That we do on a daily basis.

MS. MOLNAR: Assemblyman, do you have a question?

ASSEMBLYMAN ROMANO: Just a few comments because you're very good.

MS. ADAMS: Thank you. Thank you.

ASSEMBLYMAN ROMANO: Only in the sense-- I mean, you go through this litany, "No. I'm taking that back. We're not doing this. I'm going to revise this. I'm going--" So I don't know where we are.

MS. ADAMS: Okay.

ASSEMBLYMAN ROMANO: And I'm going to leave it to OMB to straighten it out.

MS. ADAMS: That's good. Okay. That's fine.

MR. DAVIDOFF: She did give us a summary on the back of her comments.

ASSEMBLYMAN ROMANO: I didn't see that.

MR. DAVIDOFF: The last page of what was handed out today.

ASSEMBLYMAN ROMANO: Mine are not directed at that page.

MS. MOLNAR: No, at the end of this.

ASSEMBLYMAN ROMANO: One, first of all, in your original, with Priority No. 13, you start using the word, "critical repairs." One wonders what's critical and what's regular. Okay, that's No. 1.

No. 2, I'm happy that you pointed out about the purchase of the land at the Ocean Residential Center so that the money goes back to the anglers' fund. What do they use that money for, by the way?

MS. ADAMS: I have to defer to DEP, Assemblyman. I really don't know.

Oh, Mr. Ferrara knows.

MR. FERRARA: Yes. I can tell you. They use it to stock rivers. We actually have a hatchery. We hatch the fish. We put them into the water. It's to do things for the hunters. That one is a little tougher for me to explain because I'm not sure what they do with the hunters. I don't think we raise deer and put them out there (laughter), but certainly, on the fishing side, we do stock rivers and creeks.

ASSEMBLYMAN ROMANO: Another comment. First of all-- First of all -- this is about three. Boot camp under your jurisdiction -- what is that, under the age of 18?

MS. ADAMS: Under the age of 18.

ASSEMBLYMAN ROMANO: Corrections begins at 18? The Department of Corrections.

MS. ADAMS: The Department of Corrections, the adult system, yes. The legislation that created the boot camp is very precise in identifying the kind of offenders who are eligible for our boot camp program, under 18 and no first-degree offenses. We have currently-- We run three platoons and an orientation unit. On the orientation unit, the kids stay at -- for anywhere up to 30 days and they become familiar with the regimen of a boot camp, physical training, and drilling ceremony. And from there, they move to one of the three platoons in the boot camp for a five-month stay. Upon the successful completion of the boot camp program, they're paroled by the parole board and stay on parole for a period of time as determined by the parole board.

ASSEMBLYMAN ROMANO: Now you mentioned, you pulled back 140 beds--

MS. ADAMS: Correct.

ASSEMBLYMAN ROMANO: --so what's still in the mix, or on the table, is 140 plus the 8 that are being done.

MS. ADAMS: Right.

ASSEMBLYMAN ROMANO: I'm just curious. Never mind the 8. That could slide under the rug, but when you're talking about 140 beds to bring in -- What is your term? -- sexual, sex--

MS. ADAMS: Sex offenders?

ASSEMBLYMAN ROMANO: What is the word they used? Well, they're dealing with, characteristically, the type of person that communities generally don't want next door.

MS. ADAMS: Right.

ASSEMBLYMAN ROMANO: Do you have to go through the Building Authority when you're talking about something of 140 beds for them to start with the hearings and then come back to this? How do you just do this?

MS. ADAMS: The 144-bed unit, Assemblyman, has already been funded. It was funded through this Commission. That 144-bed unit isn't for sex offenders. That was a general population -- originally conceived as a general population facility to help with the overcrowding at the Training School.

ASSEMBLYMAN ROMANO: The facility before the beds were put in, what was the facility? Was it already, in fact, a detention facility? In this case, wasn't there something of that nature?

I'm sorry, Madam Chair. I mean, you know the reason I'm discussing this.

You went to no one in the nearby community? You just picked it and did it.

MR. DAVIDOFF: When you sited it, what process did you go through in siting the 144-bed facility?

MS. ADAMS: Okay. I'll defer to Mr. Poujol on that because he's familiar with that process.

MR. POUJOL: When the Governor's Advisability Study Commission was looking at which way to go with the Monroe Township facility known as Jamesburg, there were certain recommendations, and an internal review had been taking place with the Department of Treasury and Juvenile Justice Commission to look at available sites throughout the state. The fact that the Commission had a site at the Johnstone Campus with the intent to establish the Johnstone Campus as a future hub, and the fact that the Juvenile Medium Security Unit was there and there was approximately 50 acres of buildable property on that site, led us to conclude that that would be the most appropriate spot for this new construction. Together with representatives of the Attorney General's Office, local community bodies, this project was discussed with those bodies and--

MR. FERRARA: With the community bodies?

MR. POUJOL: Last December, if I can recall, we had a community meeting with the Township Council, Assemblyman Malone, and others to discuss this project in detail and had provided drawings, feasibility studies, and discussed it with their internal people as well.

ASSEMBLYMAN ROMANO: If I may, Madam Chair, through Mr. Ferrara, is that sort of a situation identical to what we have seen before

going to the Building Authority? Does it come under the aegis of the Building Authority?

MR. FERRARA: How are you funding the building of the one, as a direct capital appropriation?

MR. POUJOL: Yes.

MR. FERRARA: So it wouldn't go through the Building Authority. It wasn't financed by the Building Authority so--

ASSEMBLYMAN ROMANO: They are not compelled to comply with Building Authority sort of projects.

MR. FERRARA: They have separate sets of rules. I'm not sure where I heard a lot different here in terms of you do talk to the community, but then you have to make a final decision. The State has -- what? -- eminent domain, or whatever that right term is, that is we want to build it there and-- I'm not sure I see the distinction other than the Building Authority would not have gotten involved in this at all because it's not a Building Authority project.

ASSEMBLYMAN ROMANO: Okay. That becomes, let's say, the protocols established. You say you met with the Attorney General's Office or what?

MR. POUJOL: Yes. We met with representatives of the Attorney General's Office and the local community last December.

ASSEMBLYMAN ROMANO: And the local community, okay. I hope you understand where we're coming from because then if this is approved and goes through-- Let's say now, OMB recommends this for funding -- more beds -- we in no way are responsible of where you said that

these beds should go, that we had any part in this. We're washing our hands. We have nothing to do with the placement of anything.

MR. FERRARA: The Commission does not. The Commission recommends a project. The Executive Branch determines where the site is.

ASSEMBLYMAN ROMANO: It's up to you of where you put it. I'm just curious because my colleagues and I, we've had a session like that during August, and I don't want it to be confused as I go out that I'm putting 140 beds of some sort -- what do they call it, clients? -- clients in somebody's backyard. But then there's another part to this here. Depending upon the degree, I imagine, many communities cannot stop any sort of group home coming in under Federal law, and they don't need special permission.

Are you aware of that one, Mr. Ferrara?

MR. FERRARA: I think that's a group home for the developmentally disabled. I don't know if that's necessarily true of correctional.

ASSEMBLYMAN ROMANO: I have no further questions, just I wanted to straighten out the few points.

Thank you, Madam Chair.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: I thought you wanted to move the facility up to Hudson County instead of my county. We can put an article in the paper tomorrow about that. (laughter)

First of all, again, I'd like to commend you for being so forthright and saying, "Hey, our needs have changed. We don't need this." I mean, it's a refreshing approach and appreciate it. A real quick question, and you may

have answered this while I stepped out, and I apologize if you did. The laundry facility is an 8000-square-foot, preengineered building you're going to get. The chapel has to be redone. Can these projects just be separated out? Is there any reason they're linked together?

MS. ADAMS: No. There's no reason that they can't be unlinked, but they're both-- We consider them both very high priority from a safety perspective.

MR. DAVIDOFF: Okay. So you have 11 priorities in your top 10.

MS. ADAMS: Right.

MR. DAVIDOFF: Okay. So if you could just, through the Chair, I request that they could give the staff separate budgets on those items.

MS. ADAMS: Sure. We can do that.

MR. DAVIDOFF: And if the staff decides that one should be done and one shouldn't be done, I'd ask the staff to kind of separate those out for us so we can make a more informed decision. That's all I have.

Thank you.

MS. MOLNAR: Thank you.

Any other questions?

Mr. Ferrara.

MR. FERRARA: Yes. Just one question on the chapel, and that is-- I thought I understood you to say that it's so bad you can't use it as a chapel anymore. You're using it for storage.

MS. ADAMS: We were using it for storage. We're now moving out all of the files that are in the basement to a separate, temporary location.

MR. FERRARA: So you're using an alternate site for chapel?

MS. ADAMS: Yes. We're using a community house.

MR. FERRARA: It's worth trying to fix this thing. I mean, it's not so bad that it would be cheaper to build another chapel?

MS. ADAMS: It's an historical building, Mike. It's something that I would really like to see renovated and maintained on the campus. Because if you're familiar with it, it's one of the first buildings that you see off to your left when you get into the campus of the Training School. It has a presence and, personally, I think its presence is important and its use and function is important.

MR. FERRARA: Okay. Very good. Thank you.

That's all I have.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, I want to wish you luck, and you're going to Treasury, I hear.

MS. ADAMS: Yes. I'll be the Deputy State Treasurer.

MS. MOLNAR: Deputy Treasurer.

MS. ADAMS: As of Monday.

MS. MOLNAR: Congratulations.

MR. DAVIDOFF: Congratulations.

MS. ADAMS: Thank you.

MS. MOLNAR: You did a terrific job. We're going to miss you.

MS. ADAMS: Thank you.

MS. MOLNAR: Two Deputy Treasurers, Peter and Maureen Adams.

MS. ADAMS: Yes.

ASSEMBLYMAN ROMANO: That means you're going to be working for Roland Machold.

MS. ADAMS: That's absolutely right.

MS. MOLNAR: Thank you for your presentation.

MS. ADAMS: Thank you.

ASSEMBLYMAN ROMANO: Are you involved with the investments?

MS. ADAMS: Not I. I'm the operations person, Assemblyman, not the money person.

ASSEMBLYMAN ROMANO: Okay.

MS. MOLNAR: Okay. Thank you so much.

Our next meeting will be December 10. Are there any other matters to come before this Commission?

MR. DAVIDOFF: When's the next meeting?

MS. MOLNAR: December 10. We will review the recommendations, and first we will hear from Jim Poole again as a follow up.

MR. FERRARA: And we've heard all the Departments then?

MS. MOLNAR: And we've heard all the Departments, so we will be making our--

MR. DAVIDOFF: Are we having a catered lunch that day?

MS. MOLNAR: Good question. That might be a long one.

MR. DAVIDOFF: At least sandwiches.

MS. MOLNAR: We might. That's not a bad idea.

MR. ANNESE: Or we could move it to one of the fine restaurants in downtown Trenton.

MS. MOLNAR: Since it will be Assemblyman Romano's last meeting-- It's his swan song.

ASSEMBLYMAN ROMANO: Will it be? Is that my last meeting?

MS. MOLNAR: That's your last meeting, and it would be your swan song.

MR. DAVIDOFF: And it will be mine, also.

MS. MOLNAR: And it will be your swan song, too.

ASSEMBLYMAN ROMANO: I don't want to be in the newspaper that they had a party for me in their last session with public funds.
(laughter)

MS. MOLNAR: Oh, gee.

ASSEMBLYMAN ROMANO: I'll accept the bagels.

MS. MOLNAR: Unless we pass the hat around for lunch or something.

MR. DAVIDOFF: I'll bring muffins that day, too.

MS. MOLNAR: All right. If there's no other business, the meeting is adjourned. See you next month. Thank you.

(MEETING CONCLUDED)