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1989

PUBLIC HEARING

before

ASSEMBLY APPROPRIATIONS COMMITTEE

ASSEMBLY BILL NO. 4051 (1R)

(Authorizes the "Human Services Community Grant and Capital Improvement Bond Act of 1989" to issue \$110 million in State bonds for construction and renovation of State and community-based human services facilities and related purposes)

May 18, 1989

Room 403

State House Annex

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Rodney P. Frelinghuysen, Chairman
Assemblyman C. Richard Kamín, Vice Chairman

ALSO PRESENT:

Michael J. Basarab
Office of Legislative Services
Aide, Assembly Appropriations Committee

New Jersey State Library

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State House Annex
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Trenton, New Jersey 08625

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[FIRST REPRINT]
ASSEMBLY, No. 4051
STATE OF NEW JERSEY

INTRODUCED DECEMBER 19, 1988

By Assemblymen FRELINGHUYSEN and COLBURN

1 AN ACT authorizing the creation of a debt of the State of New
Jersey by the issuance of bonds of the State in the aggregate
3 principal amount of \$110,000,000.00 for the purpose of the
planning, construction, reconstruction, development, erection,
5 acquisition, extension, improvement, rehabilitation and
equipment of ¹State and community-based human services
7 facilities; authorizing the issuance of refunding bonds;
providing the ways and means to pay and discharge the
9 principal of and interest on the bonds and refunding bonds;
providing for the submission of this act to the people at a
11 general election; and making an appropriation therefor.

13 BE IT ENACTED by the Senate and General Assembly of the
State of New Jersey:

15 1. This act shall be known and may be cited as the "Human
Services Community Grant and Capital Improvement Bond Act of
17 1989."

2. The Legislature finds and declares that:

19 a. The State of New Jersey requires an immediate program to
support community grants for the development of such facilities
21 as group homes, family and domestic violence shelters, and day
facilities.

23 b. Increased community efforts are necessary to provide the
proper level of services in local areas, and thereby decrease the
25 client population served by institutional care at State facilities.

27 c. The State of New Jersey requires an immediate program for
capital improvements at facilities, in the areas of life safety,
accreditation, physical plant and program improvement projects.

29 d. Implementation of these programs will be a substantial step
toward meeting the immediate and critical need of the people of
31 New Jersey, will substantially further the public interest, and can
be most economically financed through a bond issue.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
Assembly AAP committee amendments adopted April 27, 1989.

1 3. As used in this act, unless the context indicates a different
meaning or intent:

3 "Bonds" means the bonds authorized to be issued, or issued,
under this act.

5 "Commissioner" means the Commissioner of Human Services.

7 "Construct" and "construction" mean, in addition to the usual
meaning thereof, the planning, erecting, purchasing, improving,
developing, constructing, reconstructing, extending,
9 rehabilitating, renovating, upgrading, demolishing and equipping
of human services facilities.

11 "Cost" means the expenses incurred in connection with: the
acquisition by purchase, lease, or otherwise, the development,
13 and the construction of any project authorized by this act; the
acquisition by purchase, lease, or otherwise, and the development
15 of any real or personal property for use in connection with a
project authorized by this act, including any rights or interests
17 therein, the execution of any agreements and franchises deemed
by the department to be necessary or useful and convenient in
19 connection with any project authorized by this act; the
procurement of engineering, inspection, planning, legal, financial,
21 or other professional services, including the services of a bond
registrar or an authenticating agent; the issuance of bonds, or any
23 interest or discount thereon; the administrative, organizational,
operating or other expenses incident to the financing, completing,
25 and placing into service of any project authorized by this act; the
establishment of a reserve fund or funds for working capital,
27 operating, maintenance, or replacement expenses and for the
payment or security of principal or interest on bonds, as the
29 Director of the Division of Budget and Accounting in the
Department of the Treasury may determine; and reimbursement
31 to any fund of the State of moneys which may have been
transferred or advanced therefrom to any fund created by this
33 act, or of any moneys which may have been expended therefrom
for, or in connection with, any project authorized by this act.

35 "Department" means the Department of Human Services.

37 "Government securities" means any bonds or other obligations
which as to principal and interest constitute direct obligations of,
or are unconditionally guaranteed by, the United States of
39 America, including obligations of any federal agency to the
extent those obligations are unconditionally guaranteed by the

1 United States of America, and any certificates or any other
evidences of an ownership interest in those obligations of, or
3 unconditionally guaranteed by, the United States of America or in
specified portions which may consist of the principal of, or the
5 interest on, those obligations.

"Human services facilities" means structures, institutions and
7 facilities under the supervision of the Department of Human
Services; and structures, institutions and facilities necessary for
9 the operation of State, county, municipal or private programs for
the mentally ill, the developmentally disabled or ¹[the aged]
11 other client groups of the department¹.

"New Jersey Commission on Capital Budgeting and Planning"
13 means the commission established by section 2 of P.L.1975, c.208
(C.52:9S-2).

15 "Project" means any work relating to human services facilities.

4. The commissioner shall adopt, pursuant to the
17 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
seq.), rules and regulations necessary to implement the provisions
19 of this act. The commissioner shall review and consider the
findings and recommendations of the New Jersey Commission on
21 Capital Budgeting and Planning in the administration of the
provisions of this act.

23 5. Bonds of the State of New Jersey are authorized to be
issued in the aggregate principal amount of \$110,000,000.00 for
25 the ¹purpose of capital expenditure for the cost of construction
of human services facilities. Of this total, \$33,000,000.00 shall
be allocated for State institutions for the mentally ill and
developmentally disabled and \$77,000,000.00 shall be allocated
27 for community-based facilities for the mentally ill,
developmentally disabled and other client groups of the
department. The proceeds from the sale of bonds shall be
31 utilized for the¹ following purposes:

33 a. Life safety projects to abate hazards to clients and
employees at human services facilities.

35 b. Accreditation projects to provide improved living conditions
for clients, in accordance with requirements contained in
37 accreditation and certification surveys.

c. Community grant projects to develop residential and service
39 facilities in the community.

d. Physical plant projects to maintain the operational integrity

1 of human services facilities.

2 e. Program improvement projects to materially add to or
3 upgrade human services facilities.

4 6. The bonds authorized under this act shall be serial bonds,
5 term bonds, or a combination thereof, and shall be known as
6 "Human Services Community Grant and Capital Improvement
7 Bonds." They shall be issued from time to time as the issuing
8 officials herein named shall determine and may be issued in
9 coupon form, fully-registered form or book-entry form. The
10 bonds may be subject to redemption prior to maturity and shall
11 mature and be paid not later than 35 years from the respective
12 dates of their issuance.

13 7. The Governor, the State Treasurer and the Director of the
14 Division of Budget and Accounting in the Department of the
15 Treasury, or any two of these officials, herein referred to as "the
16 issuing officials," are authorized to carry out the provisions of
17 this act relating to the issuance of bonds, and shall determine all
18 matters in connection therewith, subject to the provisions of this
19 act. If an issuing official is absent from the State or incapable of
20 acting for any reason, the powers and duties of that issuing
21 official shall be exercised and performed by the person
22 authorized by law to act in an official capacity in the place of
23 that issuing official.

24 8. Bonds issued in accordance with the provisions of this act
25 shall be a direct obligation of the State of New Jersey, and the
26 faith and credit of the State are pledged for the payment of the
27 interest and redemption premium thereon, if any, when due, and
28 for the payment of the principal thereof at maturity or earlier
29 redemption date. The principal of and interest on the bonds shall
30 be exempt from taxation by the State or by any county,
31 municipality or other taxing district of the State.

32 9. The bonds shall be signed in the name of the State by means
33 of the manual or facsimile signature of the Governor under the
34 Great Seal of the State, which seal may be by facsimile or by way
35 of any other form of reproduction on the bonds, and attested by
36 the manual or facsimile signature of the Secretary of State, or an
37 Assistant Secretary of State, and shall be countersigned by the
38 facsimile signature of the Director of the Division of Budget and
39 Accounting in the Department of the Treasury and may be
40 manually authenticated by an authenticating agent or bond

1 registrar, as the issuing officials shall determine. Interest
coupons, if any, attached to the bonds shall be signed by the
3 facsimile signature of the Director of the Division of Budget and
Accounting in the Department of the Treasury. The bonds may
5 be issued notwithstanding that an official signing them or whose
manual or facsimile signature appears on the bonds or coupons
7 has ceased to hold office at the time of issuance, or at the time
of the delivery of the bonds to the purchaser thereof.

9 10. a. The bonds shall recite that they are issued for the
purposes set forth in section 5 of this act, that they are issued
11 pursuant to this act, that this act was submitted to the people of
the State at the general election held in the month of November,
13 1989, and that this act was approved by a majority of the legally
qualified voters of the State voting thereon at the election. This
15 recital shall be conclusive evidence of the authority of the State
to issue the bonds and their validity. Any bonds containing this
17 recital shall, in any suit, action or proceeding involving their
validity, be conclusively deemed to be fully authorized by this act
19 and to have been issued, sold, executed and delivered in
conformity herewith and with all other provisions of laws
21 applicable hereto, and shall be incontestable for any cause.

b. The bonds shall be issued in those denominations and in the
23 form or forms, whether coupon, fully-registered or book entry,
and with or without provisions for interchangeability thereof, as
25 may be determined by the issuing officials.

11. When the bonds are issued from time to time, the bonds of
27 each issue shall constitute a separate series to be designated by
the issuing officials. Each series of bonds shall bear such rate or
29 rates of interest as may be determined by the issuing officials,
which interest shall be payable semiannually; except that the
31 first and last interest periods may be longer or shorter, in order
that intervening semiannual payments may be at convenient dates.

33 12. The bonds shall be issued and sold at the price or prices
and under terms, conditions and regulations as the issuing
35 officials may prescribe, after notice of the sale, published at
least once in at least three newspapers published in this State,
37 and at least once in a publication carrying municipal bond notices
and devoted primarily to financial news, published in this State or
39 in the city of New York, the first notice to appear at least five
days prior to the day of bidding. The notice of sale may contain a

1 provision to the effect that any bid in pursuance thereof may be
rejected. In the event of rejection or failure to receive any
3 acceptable bid, the issuing officials, at any time within 60 days
from the date of the advertised sale, may sell the bonds at a
5 private sale at such price or prices and under the terms and
conditions as the issuing officials may prescribe. The issuing
7 officials may sell all or part of the bonds of any series as issued
to any State fund or to the federal government or any agency
9 thereof, at a private sale, without advertisement.

13. Until permanent bonds are prepared, the issuing officials
11 may issue temporary bonds in the form and with those privileges
as to their registration and exchange for permanent bonds as may
13 be determined by the issuing officials.

14. The proceeds from the sale of the bonds shall be paid to
15 the State Treasurer to be held by the State Treasurer in a
separate fund, which shall be known as the "Human Services
17 Community Grant and Capital Improvement Fund." The proceeds
of this fund shall be deposited in those depositories as may be
19 selected by the State Treasurer to the credit of the fund.

15. a. The moneys in the "Human Services Community Grant
21 and Capital Improvement Fund" are specifically dedicated and
shall be applied to the cost of the purposes set forth in section 5
23 of this act. However, no moneys in the fund shall be expended
for those purposes, except as otherwise authorized by this act,
25 without the specific appropriation thereof by the Legislature, but
bonds may be issued as herein provided, notwithstanding that the
27 Legislature shall not have then adopted an act making a specific
appropriation of any of the moneys. Any act appropriating
29 moneys from the "Human Services Community Grant and Capital
Improvement Fund" shall identify the project to be funded by the
31 moneys.

b. At any time prior to the issuance and sale of bonds under
33 this act, the State Treasurer is authorized to transfer from any
available moneys in any fund of the treasury of the State to the
35 credit of the "Human Services Community Grant and Capital
Improvement Fund" those sums as the State Treasurer may deem
37 necessary. The sums so transferred shall be returned to the same
fund of the treasury of the State by the State Treasurer from the
39 proceeds of the sale of the first issue of bonds.

c. Pending their application to the purposes provided in this

1 act, the moneys in the "Human Services Community Grant and
2 Capital Improvement Fund" may be invested and reinvested as
3 are other trust funds in the custody of the State Treasurer, in the
4 manner provided by law. Net earnings received from the
5 investment or deposit of moneys in the "Human Services
6 Community Grant and Capital Improvement Fund" shall be paid
7 into the General Fund.

16. If any coupon bond, coupon or registered bond is lost,
8 mutilated or destroyed, a new bond or coupon shall be executed
9 and delivered of like tenor, in substitution for the lost, mutilated
10 or destroyed bond or coupon, upon the owner furnishing to the
11 issuing officials evidence satisfactory to them of the loss,
12 mutilation or destruction of the bond or coupon, the ownership
13 thereof, and security, indemnity and reimbursement for expenses
14 connected therewith, as the issuing officials may require.

17. The accrued interest, if any, received upon the sale of the
16 bonds shall be applied to the discharge of a like amount of
17 interest upon the bonds when due. Any expense incurred by the
18 issuing officials for advertising, engraving, printing, clerical,
19 authenticating, registering, legal or other services necessary to
20 carry out the duties imposed upon them by the provisions of this
21 act shall be paid from the proceeds of the sale of the bonds by
22 the State Treasurer, upon the warrant of the Director of the
23 Division of Budget and Accounting in the Department of the
24 Treasury, in the same manner as other obligations of the State
25 are paid.

18. Bonds of each series issued hereunder shall mature,
26 including any sinking fund redemptions, not later than the 35th
27 year from the date of issue of that series, and in amounts as shall
28 be determined by the issuing officials. The issuing officials may
29 reserve to the State by appropriate provision in the bonds of any
30 series the power to redeem any of the bonds prior to maturity at
31 the price or prices and upon the terms and conditions as may be
32 provided in the bonds.

19. The issuing officials may issue refunding bonds in an
34 amount not to exceed the amount necessary to effectuate the
35 refinancing of any bonds issued pursuant to this act, at any time
36 and from time to time, for the purpose of refinancing any bond or
37 bonds issued pursuant to this act, subject to the following
38 provisions:

1 a. Refunding bonds may be issued at any time prior to the
maturity or redemption of the bonds to be refinanced thereby as
3 the issuing officials shall determine.

5 b. Each series of refunding bonds may be issued in a sufficient
amount to pay or to provide for the payment of the principal of
7 the bonds to be refinanced thereby, together with any redemption
premium thereon, any interest accrued or to accrue on the bonds
9 to be refinanced to the date of payment of the outstanding bonds,
the expense of issuing the refunding bonds and the expenses, if
any, of paying the bonds to be refinanced.

11 c. No refunding bonds shall be issued unless the issuing
officials shall first determine that the present value of the
13 aggregate principal amount of and interest on the refunding bonds
is less than the present value of the aggregate principal amount
15 of and interest on the bonds to be refinanced thereby; provided,
for the purposes of this limitation, present value shall be
17 computed using a discount rate equal to the yield of those
refunding bonds, and yield shall be computed using an actuarial
19 method based upon a 360-day year with semiannual compounding
and upon the price or prices paid to the State by the initial
21 purchasers of those refunding bonds.

23 d. Any refinancing authorized hereunder may be effected by
the sale of the refunding bonds and the application of the
proceeds thereof to the immediate payment of the principal of
25 the bonds to be refinanced thereby, together with any redemption
premium thereon, any interest accrued or to accrue on those
27 bonds to be refinanced to the date of payment of those bonds, the
expenses of issuing the refunding bonds and the expenses, if any,
29 of paying those bonds to be refinanced, or, to the extent not
required for that immediate payment, shall be deposited,
31 together with any other moneys legally available therefor, in
trust with one or more trustees or escrow agents, which trustees
33 or escrow agents shall be trust companies or national or state
banks having powers of a trust company, located either within or
35 without the State, to be applied solely to the payment when due
of the principal of, redemption premium, if any, and interest due
37 and to become due on the bonds to be refinanced on or prior to
the redemption date or maturity date thereof, as the case may
39 be. The proceeds or moneys so held by the trustees or escrow
agents may be invested in government securities, including

1 government securities issued or held in book-entry form on the
books of the Department of Treasury of the United States;
3 provided those government securities shall not be subject to
redemption prior to their maturity other than at the option of the
5 holder thereof. Except as otherwise provided in this subsection,
neither government securities nor moneys so deposited with the
7 trustees or escrow agents shall be withdrawn or used for any
purpose other than, and shall be held in trust for, the payment of
9 the principal of, redemption premium, if any, and interest on the
bonds to be refinanced thereby; provided that any cash received
11 from the principal or interest payments on those government
securities deposited with the trustees or escrow agents, to the
13 extent the cash will not be required at any time for that purpose,
shall be paid over to the trustees or escrow agents, and to the
15 extent the cash will be required for that purpose at a later date,
shall, to the extent practicable and legally permissible, be
17 reinvested in government securities maturing at times and in
amounts sufficient to pay when due the principal of, redemption
19 premium, if any, and interest to become due on the bonds to be
refinanced, on and prior to the redemption date or maturity date
21 thereof, as the case may be, and interest earned from those
reinvestments, to the extent not required for the payment of
23 bonds, shall be paid over to the State, as received by the trustees
or escrow agents. Notwithstanding anything to the contrary
25 contained herein:

(1) The trustees or escrow agents shall, if so directed by the
27 issuing officials, apply moneys on deposit with the trustees or
escrow agents pursuant to the provisions of this section, and
29 redeem or sell government securities so deposited with the
trustees or escrow agents, and apply the proceeds thereof to (a)
31 the purchase of the bonds which were refinanced by the deposit
with the trustees or escrow agents of the moneys and government
33 securities and immediately thereafter cancel all outstanding
bonds so purchased or (b) the purchase of different government
35 securities; provided however, that the moneys and government
securities on deposit with the trustees or escrow agents after the
37 purchase and cancellation of the outstanding bonds or the
purchase of different government securities shall be sufficient to
39 pay when due the principal of, redemption premium, if any, and
interest on all other bonds in respect of which the moneys and

1 government securities were deposited with the trustees or escrow
agents on or prior to the redemption date or maturity date
3 thereof, as the case may be; and

(2) In the event that on any date, as a result of any purchases
5 and cancellations of the outstanding bonds or any purchases of
different government securities as provided in this subsection,
7 the total amount of moneys and government securities remaining
on deposit with the trustees or escrow agents is in excess of the
9 total amount which would have been required to be deposited
with the trustees or escrow agents on that date in respect of the
11 remaining bonds for which such deposit was made in order to pay
when due the principal of, redemption premium, if any, and
13 interest on those remaining bonds, the trustees or escrow agents
shall, if so directed by the issuing officials, pay the amount of
15 that excess to the State. Any amounts held by the State
Treasurer in a separate fund or funds for the payment of the
17 principal of, redemption premium, if any, and interest on bonds to
be refinanced, as provided herein, shall, if so directed by the
19 issuing officials, be transferred by the State Treasurer for deposit
with one or more trustees or escrow agents, as provided herein,
21 to be applied to the payment when due of the principal of,
redemption premium, if any, and interest to become due on those
23 bonds to be refinanced, as provided in this section, or be applied
by the State Treasurer to the payment when due of the principal
25 of, redemption premium, if any, and interest on refunding bonds
issued hereunder to refinance those bonds. The State Treasurer is
27 authorized to enter into contracts with one or more trust
companies or national or state banks, as provided herein, to act
29 as trustees or escrow agents as provided herein, subject to the
approval of the issuing officials.

31 e. Notwithstanding the provisions of section 12 of this act, any
series of refunding bonds issued pursuant to this section shall
33 mature at any time or times not later than five years following
the latest scheduled final maturity date, determined without
35 regard to any redemptions prior thereto, of any of the bonds to be
refunded thereby, and in no event later than 35 years following
37 the date of issuance of that series of refunding bonds, and those
refunding bonds may be sold at public or private sale at prices
39 and under terms, conditions and regulations as the issuing
officials may prescribe. Refunding bonds shall be entitled to all

1 the benefits of this act and subject to all its limitations, except
as to sale provisions and to the extent therein otherwise expressly
3 provided.

f. Upon the decision by the issuing officials to issue refunding
5 bonds pursuant to this section, and prior to the sale of those
bonds, the issuing officials shall transmit to the Joint Budget
7 Oversight Committee, or its successor, a report that a decision
has been made, reciting the basis on which the decision was
9 made, including an estimate of the debt service savings to be
achieved and the calculations upon which the issuing officials
11 relied when making the decision to issue refunding bonds. The
report shall also disclose the intent of the issuing officials to
13 issue and sell the refunding bonds at public or private sale and the
reasons therefor.

15 g. The Joint Budget Oversight Committee, or its successor,
shall have authority to approve or disapprove the sale of
17 refunding bonds as included in each report submitted in
accordance with subsection f. of this section. The committee
19 shall notify the issuing officials in writing of the approval or
disapproval as expeditiously as possible.

21 h. No refunding bonds shall be issued unless the report has
been submitted to and approved by the Joint Budget Oversight
23 Committee, or its successor, as set forth in subsection g. of this
section.

25 i. Within 30 days after the sale of the refunding bonds, the
issuing officials shall notify the Joint Budget Oversight
27 Committee, or its successor, of the result of that sale, including
the prices and terms, conditions and regulations concerning the
29 refunding bonds, the actual amount of debt service savings to be
realized as a result of the sale of refunding bonds, and the
31 intended use of the proceeds from the sale of those bonds.

j. The Joint Budget Oversight Committee, or its successor,
33 shall, however, review all information and reports submitted in
accordance with this section and may, on its own initiative, make
35 observations and recommendations to the issuing officials, or to
the Legislature, or both, as it deems appropriate.

37 20. Any bond or bonds issued hereunder shall no longer be
deemed to be outstanding, shall no longer constitute a direct
39 obligation of the State of New Jersey, and the faith and credit of
the State shall no longer be pledged to the payment of the

1 principal of, redemption premium, if any, and interest on the
bonds, and the bonds shall be secured solely by and payable solely
3 from moneys and government securities deposited in trust with
one or more trustees or escrow agents, which trustees and escrow
5 agents shall be trust companies or national or state banks having
powers of a trust company, located either within or without the
7 State, as provided herein, whenever there shall be deposited in
trust with the trustees or escrow agents, as provided herein,
9 either moneys or government securities, including government
securities issued or held in book-entry form on the books of the
11 Department of Treasury of the United States, the principal of and
interest on which when due will provide money which, together
13 with the moneys, if any, deposited with the trustees or escrow
agents at the same time, shall be sufficient to pay when due the
15 principal of, redemption premium, if any, and interest due and to
become due on the bonds on or prior to the redemption date or
17 maturity date thereof, as the case may be; provided the
government securities shall not be subject to redemption prior to
19 their maturity other than at the option of the holder thereof.
The State of New Jersey hereby covenants with the holders of
21 any bonds for which government securities or moneys shall have
been deposited in trust with the trustees or escrow agents as
23 provided in this section that, except as otherwise provided in this
section, neither the government securities nor moneys so
25 deposited with the trustees or escrow agents shall be withdrawn
or used by the State for any purpose other than, and shall be held
-27 in trust for, the payment of the principal of, redemption
premium, if any, and interest to become due on the bonds;
29 provided that any cash received from the principal or interest
payments on the government securities deposited with the
31 trustees or escrow agents, to the extent the cash will not be
required at any time for that purpose, shall be paid over to the
33 State, as received by the trustees or escrow agents, free and
clear of any trust, lien, pledge or assignment securing the bonds;
35 and to the extent the cash will be required for that purpose at a
later date, shall, to the extent practicable and legally
37 permissible, be reinvested in government securities maturing at
times and in amounts sufficient to pay when due the principal of,
39 redemption premium, if any, and interest to become due on the
bonds on and prior to the redemption date or maturity date

1 thereof, as the case may be, and interest earned from the
2 reinvestments shall be paid over to the State, as received by the
3 trustees or escrow agents, free and clear of any trust, lien or
4 pledge securing the bonds. Notwithstanding anything to the
5 contrary contained herein:

6 a. the trustees or escrow agents shall, if so directed by the
7 issuing officials, apply moneys on deposit with the trustees or
8 escrow agents pursuant to the provisions of this section, and
9 redeem or sell government securities so deposited with the
10 trustees or escrow agents, and apply the proceeds thereof to (1)
11 the purchase of the bonds which were refinanced by the deposit
12 with the trustees or escrow agents of the moneys and government
13 securities and immediately thereafter cancel all bonds so
14 purchased, or (2) the purchase of different government securities;
15 provided however, that the moneys and government securities on
16 deposit with the trustees or escrow agents after the purchase and
17 cancellation of the bonds or the purchase of different government
18 securities shall be sufficient to pay when due the principal of,
19 redemption premium, if any, and interest on all other bonds in
20 respect of which the moneys and government securities were
21 deposited with the trustees or escrow agents on or prior to the
22 redemption date or maturity date thereof, as the case may be; and

23 b. in the event that on any date, as a result of any purchases
24 and cancellations of bonds or any purchases of different
25 government securities, as provided in this sentence, the total
26 amount of moneys and government securities remaining on
27 deposit with the trustees or escrow agents is in excess of the
28 total amount which would have been required to be deposited
29 with the trustees or escrow agents on that date in respect of the
30 remaining bonds for which the deposit was made in order to pay
31 when due the principal of, redemption premium, if any, and
32 interest on the remaining bonds, the trustees or escrow agents
33 shall, if so directed by the issuing officials, pay the amount of the
34 excess to the State, free and clear of any trust, lien, pledge or
35 assignment securing the refunding bonds.

36 21. Refunding bonds issued pursuant to section 19 of this act
37 may be consolidated with bonds issued pursuant to section 6 of
38 this act or with bonds issued pursuant to any other act for
39 purposes of sale.

40 22. To provide funds to meet the interest and principal

1 payment requirements for the bonds and refunding bonds issued
under this act and outstanding, there is appropriated in the order
3 following:

a. Revenue derived from the collection of taxes under the
5 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or
so much thereof as may be required; and

7 b. If, at any time, funds necessary to meet the interest,
redemption premium, if any, and principal payments on
9 outstanding bonds issued under this act are insufficient or not
available, there shall be assessed, levied and collected annually in
11 each of the municipalities of the counties of this State, a tax on
the real and personal property upon which municipal taxes are or
13 shall be assessed, levied and collected, sufficient to meet the
interest on all outstanding bonds issued hereunder and on the
15 bonds proposed to be issued under this act in the calendar year in
which the tax is to be raised and for the payment of bonds falling
17 due in the year following the year for which the tax is levied.
The tax shall be assessed, levied and collected in the same
19 manner and at the same time as are other taxes upon real and
personal property. The governing body of each municipality shall
21 cause to be paid to the county treasurer of the county in which
the municipality is located, on or before December 15 in each
23 year, the amount of tax herein directed to be assessed and levied,
and the county treasurer shall pay the amount of the tax to the
25 State Treasurer on or before December 20 in each year.

If on or before December 31 in any year, the issuing officials,
27 by resolution, determine that there are moneys in the General
Fund beyond the needs of the State, sufficient to meet the
29 principal of bonds falling due and all interest and redemption
premium, if any, payable in the ensuing calendar year, the issuing
31 officials shall file the resolution in the office of the State
Treasurer, whereupon the State Treasurer shall transfer the
33 moneys to a separate fund to be designated by the State
Treasurer, and shall pay the principal, redemption premium, if
35 any, and interest out of that fund as the same shall become due
and payable, and the other sources of payment of the principal,
37 redemption premium, if any, and interest provided for in this
section shall not then be available, and the receipts for the year
39 from the tax specified in subsection a. of this section shall be
considered and treated as part of the General Fund, available for

1 general purposes.

23. Should the State Treasurer, by December 31 of any year,
3 deem it necessary, because of the insufficiency of funds collected
4 from the sources of revenues as provided in this act, to meet the
5 interest and principal payments for the year after the ensuing
6 year, then the State Treasurer shall certify to the Director of the
7 Division of Budget and Accounting in the Department of the
8 Treasury the amount necessary to be raised by taxation for those
9 purposes, the same to be assessed, levied and collected for and in
10 the ensuing calendar year. The director shall, on or before March
11 1 following, calculate the amount in dollars to be assessed, levied
12 and collected in each county as herein set forth. This calculation
13 shall be based upon the corrected assessed valuation of each
14 county for the year preceding the year in which the tax is to be
15 assessed, but the tax shall be assessed, levied and collected upon
16 the assessed valuation of the year in which the tax is assessed and
17 levied. The director shall certify the amount to the county board
18 of taxation and the treasurer of each county. The county board
19 of taxation shall include the proper amount in the current tax
20 levy of the several taxing districts of the county in proportion to
21 the ratables as ascertained for the current year.

24. For the purpose of complying with the provisions of the
23 State Constitution, this act shall be submitted to the people at
24 the general election to be held in the month of November, 1989.
25 To inform the people of the contents of this act, it shall be the
26 duty of the Secretary of State, after this section takes effect,
27 and at least 15 days prior to the election, to cause this act to be
28 published in at least 10 newspapers published in the State and to
29 notify the clerk of each county of this State of the passage of
30 this act; and the clerks respectively, in accordance with the
31 instructions of the Secretary of State, shall have printed on each
32 of the ballots the following:

33 If you approve of the act entitled below, make a cross (X), plus
34 (+), or check (✓) mark in the square opposite the word "Yes."

35 If you disapprove of the act entitled below, make a cross (X),
36 plus (+), or check (✓) mark in the square opposite the word "No."

37 If voting machines are used, a vote of "Yes" or "No" shall be
equivalent to these markings respectively.

1		
3		HUMAN SERVICES COMMUNITY GRANT AND
5		CAPITAL IMPROVEMENT BOND ISSUE
7	YES.	Shall the "Human Services Community Grant
9		and Capital Improvement Bond Act of 1989,"
11		which authorizes the State to issue bonds in the
13		amount of \$110,000,000.00 for the purpose of the
15		planning, construction, reconstruction,
17		development, erection, acquisition, extension,
19		improvement, rehabilitation and equipment of
21		<u>¹State and community-based¹</u> human services
23		facilities; and in a principal amount sufficient to
25		refinance any of the bonds if the same will result
27		in a present value savings; and providing the ways
29		and means to pay the interest on the debt and
31		also to pay and discharge the principal thereof,
33		be approved?
35		
37		INTERPRETIVE STATEMENT
39	NO.	Approval of this act would authorize the sale of
41		\$110,000,000.00 in State general obligation bonds
43		to be used for life safety projects to abate
45		hazards to clients and employees at <u>¹State and</u>
		<u>¹State and community-based¹</u> human services facilities;
		accreditation projects to provide improved living
		conditions for clients, in accordance with
		requirements contained in accreditation and
		certification surveys; community grant projects
		to develop residential and service facilities in the
		community; physical plant projects to maintain
		the operational integrity of <u>¹State and</u>
		<u>¹State and community-based¹</u> human services facilities; and
		program improvement projects to materially add
		to or upgrade <u>¹State and community-based¹</u>
		human services facilities. The act also
		authorizes the issuance of bonds in a sufficient
		amount to refinance any of these bonds if the
		same will result in a present value savings.

47 The fact and date of the approval or passage of this act, as the
 49 case may be, may be inserted in the appropriate place after the
 title in the ballot. No other requirements of law of any kind or
 character as to notice or procedure, except as herein provided,
 51 need be adhered to.

53 The votes cast for and against the approval of this act, by
 ballot or voting machine, shall be counted and the result thereof
 returned by the election officer, and a canvass of the election
 55 had in the same manner as is provided for by law in the case of

1 the election of a Governor, and the approval or disapproval of
this act so determined shall be declared in the same manner as
3 the result of an election for a Governor, and if there is a majority
of all votes cast for and against it at the election in favor of the
5 approval of this act, then all the provisions of this act not made
effective theretofore shall take effect forthwith.

7 25. There is appropriated the sum of \$5,000.00 to the
Department of State for expenses in connection with the
9 publication of notice pursuant to section 24 of this act.

26. The commissioner shall submit to the State Treasurer and
11 the New Jersey Commission on Capital Budgeting and Planning
with the department's annual budget request a plan for the
13 expenditure of funds from the "Human Services Community
Grant and Capital Improvement Fund" for the upcoming fiscal
15 year. This plan shall include the following information: a
performance evaluation of the expenditures made from the fund
17 to date; a description of programs planned during the upcoming
fiscal year; a copy of the regulations in force governing the
19 operation of programs that are financed, in part or in whole, by
funds from the "Human Services Community Grant and Capital
21 Improvement Fund"; and an estimate of expenditures for the
upcoming fiscal year.

23 27. Immediately following the submission to the Legislature of
the Governor's annual budget message, the commissioner shall
25 submit to the relevant standing committees of the Legislature, as
designated by the President of the Senate and the Speaker of the
27 General Assembly, and to the Joint Budget Oversight Committee,
or its successor, a copy of the plan called for under section 26 of
29 this act, together with such changes therein as may have been
required by the Governor's budget message.

31 28. Not less than 30 days prior to entering into any contract,
lease, obligation, or agreement to effectuate the purposes of this
33 act, the commissioner shall report to and consult with the Joint
Budget Oversight Committee, or its successor.

35 29. All appropriations from the "Human Services Community
Grant and Capital Improvement Fund" shall be by specific
37 allocation for each major project, and any transfer of any funds
so appropriated shall require the approval of the Joint Budget
39 Oversight Committee, or its successor.

30. This section and sections 24 and 25 of this act shall take

1 effect immediately and the remainder of the act shall take effect
as and when provided in section 24.

3

5

HUMAN SERVICES

Capital Finance

7

Authorizes the "Human Services Community Grant and Capital
9 Improvement Bond Act of 1989" to issue \$110 million in State
bonds for construction and renovation of State and
11 community-based human services facilities and related purposes.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4051

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: APRIL 27, 1989

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4051 with committee amendments.

Assembly Bill No. 4051, as amended, authorizes the issuance of \$110,000,000 in State general obligation bonds for State, county, municipal and private human services facilities. The authorization of the issuance of bonds requires voter approval at the next general election. The bill also appropriates \$5,000 to the Department of State for the costs of publication of notice of the bond question prior to the election.

The bonds are authorized for the following purposes: life safety projects to abate hazards to clients and employees at State and community-based human services facilities; accreditation projects to provide improved living conditions for clients, in accordance with requirements contained in accreditation and certification surveys; community grant projects to develop residential and service facilities in the community; physical plant projects to maintain the operational integrity of State and community-based human services facilities, and; program improvement projects to materially add to or upgrade State and community-based human services facilities. The bond funds may be used for costs incurred to plan, construct, reconstruct, develop, erect, acquire, extend, improve, rehabilitate and equip State and community-based human services facilities for these purposes.

Of these funds, \$77 million are to be allocated to community grant programs. This level of community effort is necessary in order to provide the proper level of services in local areas and to decrease the amount of institutional care provided at State facilities. The balance of the bond issue, or \$33 million, will be used to properly maintain and improve the physical plant of the State's institutions for the mentally ill and the developmentally disabled.

FISCAL IMPACT

This bill authorizes the issuance of \$110,000,000 in State general obligation bonds for the purpose of paying the costs of capital expenditures at State, county, municipal or private human services facilities.

In addition, the bill, as amended, allocates \$33 million for State institutions and \$77 million for community-based facilities and appropriates \$5,000 from the General Fund to the Department of State to pay for the costs of publication of notice of the bond question prior to the election.

COMMITTEE AMENDMENTS

The committee made technical amendments to modify the reference to client groups in the definition of "human services facilities" to reflect the sponsor's intent, clarify that the bonds are for the costs of construction related to the authorized purposes and provide for the allocation of funds at \$77 million for community-based facilities and \$33 million for State institutions for the mentally ill and the developmentally disabled.

ASSEMBLY HEALTH AND HUMAN RESOURCES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4051

STATE OF NEW JERSEY

DATED: FEBRUARY 16, 1989

The Assembly Health and Human Resources Committee favorably reports Assembly Bill No. 4051.

This bill authorizes the issuance of \$110,000,000 in State bonds to plan, construct, reconstruct, develop, erect, acquire, extend, improve, rehabilitate and equip human services facilities. A portion of these funds will be devoted to community grant programs for the Commission for the Blind and Visually Impaired, and for the divisions of Mental Health and Hospitals, Developmental Disabilities and Youth and Family Services. This level of community effort is necessary in order to provide the proper level of services in local areas and to decrease the amount of institutional care provided at State facilities.

The balance of the bond issue will be used to properly maintain and improve the physical plant of the State's institutions.

FARRAGHER, CLARE M.
KELLY, JOHN V.
KYRILLOS, JOSEPH M., JR.
ROMA, PATRICK J.
STUHLTRAGER, GARY W.
BAER, BYRON M.
BRYANT, WAYNE R.
MENENDEZ, ROBERT
SMITH, ROBERT
WATSON, JOHN
ZANGARI, JAMES



New Jersey State Legislature
ASSEMBLY APPROPRIATIONS COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 984-6799

RODNEY P. FRELINGHUYSEN
CHAIRMAN
C. RICHARD KAMIN
VICE-CHAIRMAN
WALTER J. KAVANAUGH
SUB COMMITTEE CHAIR
JOANN H. SMITH
SUB COMMITTEE CHAIR

May 8, 1989

NOTICE OF A PUBLIC HEARING

The Assembly Appropriations Committee will hold a public hearing on Thursday, May 18, 1989 beginning at 9:30 a.m. in Room 403 of the State House Annex, Trenton, New Jersey.

The purpose of the public hearing is to take testimony, in accordance with Rule #140 of the General Assembly, on Assembly No. 4051 1R, which authorizes the "Human Services Community Grant and Capital Improvement Bond Act of 1989" to issue \$110 million in State bonds for construction and renovation of State and community-based human services facilities and related purposes.

Anyone wishing to testify should contact Michael J. Basarab, Committee Aide, at (609) 984-6799.

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* * * * *

ASSEMBLYMAN RODNEY P. FRELINGHUYSEN (Chairman): Good morning. The purpose of this public hearing, on May 18, 1989, is to take testimony in accordance with Rule No. 140 of the Rules of the General Assembly on Assembly Bill No. 4051 (1R). This bill, entitled the "Human Services Community Grant and Capital Improvement Bond Act of 1989," authorizes the issue of \$110 million in State bonds for construction and renovation of State and community-based human services facilities and related purposes. Of the total amount, \$77 million is to be allocated for community-based programs, and \$33 million is to be allocated for State institutions for the mentally ill and developmentally disabled.

The Chair would like to recognize Assemblyman Zangari -- who was here -- and my Vice Chair, Assemblyman Kamin.

In terms of the procedures this morning, there is a regular Appropriations meeting in about a half an hour. What I would like to do is receive oral and written testimony, all of which-- If the oral testimony happens to be summarized, and you would like to have the full testimony made a part of the public record, it will be, at your request, as well.

So, at this juncture, the Chair would like to recognize Cecilia Zalkind, Assistant Director, Association for Children of New Jersey. Cecilia, good morning.

C E C I L I A ` Z A L K I N D: Good morning, and thank you.

I will be very brief. I submitted ACNJ's written testimony, and also testimony on behalf of the Children's Budget Collaboration, of which ACNJ is a member, and our Director, Ciro Scalera, chairs. This is an organization of about 40 community-based, nonprofit organizations, both direct service providers and advocacy organizations, that have come together this year to advocate for children's issues in the State budget. Their testimony is also in support, as is ACNJ's testimony -- in support of this bill.

As you know, we are an advocacy organization. We do not provide direct services to clients, but we have a very broad membership base that includes individuals and organizations responsible for a wide variety of direct services, such as residential placements in group homes.

We have spoken to our members over the last several weeks, and have gotten a very positive response to this bill, and feel it is an important aspect of providing quality services to the vulnerable children of our State. Our members have talked to us about the difficulty of maintaining physical conditions in their buildings. Many programs are situated in older buildings, particularly in the urban areas, because of affordability, and regular maintenance of those buildings is very expensive. Additionally, programs which serve children with severe problems, such as aggressive, acting-out children, sometimes have upkeep problems that go beyond normal maintenance.

Additionally, recently, over the last few years, licensing requirements and fire codes have changed, requiring very costly modifications of physical conditions in buildings for providers. In some cases, agencies are forced to divert program funds to maintain the physical plant. In the last several months, program providers have told us about the very expensive costs of replacing boilers, air conditioning units, the installation of storm windows. In fact, one child care center in Essex County recently talked to us about the \$30,000 it cost to install a sprinkler system because of a new fire code regulation.

Secondly, we feel very strongly about this bill because it would also lead to program expansion. As you know, and we certainly agree with Assemblyman Frelinghuysen's advocacy in this area, community-based programs are very important. The mental health plan, children in detention facilities-- There are many, many programs that are dependent

on the development of new community-based programs. We feel very strongly that community-based services are far more appropriate than institutional care, but without funding to either expand or purchase new buildings, it is very difficult for a community provider, unless it has a very wealthy board of directors or can do some significant fund raising-- It is very difficult to do that kind of expansion.

So, we are very supportive of this bill, and we thank you for the opportunity to express our support of it this morning.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much for your testimony. Cecilia, I see the testimony from the Children's Budget Collaboration. I know you are an essential part of that. And you would like to have that--

MS. ZALKIND: Yes, I would like that entered into the record also. Ciro Scalera, who is our Director, chairs the Collaboration. It is a growing group of direct service providers and advocacy organizations. The bill was discussed at our last meeting, earlier in May, to wide support of the Collaboration, some members of which were interested in testifying this morning or submitting written testimony to you in support of the bill.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much.

MS. ZALKIND: Thank you very much.

ASSEMBLYMAN FRELINGHUYSEN: That testimony from the Children's Budget Collaboration will also be made part of the public record.

I don't see John Scagnelli here. Is there anyone here from the State ARC? (no response) I believe the Association for Retarded Citizens will be submitting a prepared statement, which will also be made a part of the public record. That public record will be held open for five days, for any additional submissions people would like to make.

I see others in the audience. I am not sure whether you are here for this particular bond issue, or for some other purpose. If you are here for this bond issue, if you would care to indicate the same-- I see Liz Croxton, from the Department of Human Services. I assume your presence here is an indication of support. Do you have any comments? Please come to the microphone if you do. Thank you.

E L I Z A B E T H C R O X T O N: (speaking from audience)
Not really, Assemblyman.

ASSEMBLYMAN FRELINGHUYSEN: This is all being recorded. Posterity will have you, whether you like it or not.

MS. CROXTON: Thank you, Assemblyman. I did not bring a prepared statement. I know you have received testimony in the past from former Deputy Commissioner Robert Nicholas, indicating the Department's support for this bill. I am simply here to monitor today. Former Deputy Commissioner Nicholas, of course, is now in another responsible position within the Department, and regrets that he could not be with you today, but hopes you will understand and remember his testimony from the past.

ASSEMBLYMAN FRELINGHUYSEN: Thank you very much for being with us.

The Chair would also like to have included in the public record, and I believe it has been submitted, testimony for the Committee in support of this bond issue submitted by the Mental Health Association in New Jersey, of this same date. That can be made a matter of the public record, and also testimony written as well has been received from the New Jersey Association of Children's Residential Facilities, Julie Turner, Executive Director. Her testimony on this Assembly bill and bond issue proposal will be made a matter of the public record as well.

The Chair recognizes, at this point, Mr. Scagnelli. If you care to make any comments, we would appreciate your doing so. Thank you.

J O H N P . S C A G N E L L I: Here are some copies of my testimony.

ASSEMBLYMAN FRELINGHUYSEN: Thank you.

MR. SCAGNELLI: Mr. Chairman and members of the Assembly Appropriations Committee: I am John Scagnelli, Executive Director of the Association for Retarded Citizens.

I am privileged today to speak in favor of bond issue, Assembly Bill 4051, which addressed two immediately important needs of people with mental retardation. One of those critical needs is for additional community living arrangements -- group homes, if you will. The other is for improvements in the institutional infrastructure to safeguard those of our citizens who remain in developmental centers around the State.

We were here only several weeks ago to tell you of our need for group home expansion and other community services. We also told you about an appalling waiting list for those services, a list that continues to grow at the rate of at least one a day.

While we do not know how much of the proposed \$110 million issue will be used for the construction or development of community group homes, we strongly support any effort that would provide "an immediate program to support community grants for the development of such facilities as group homes," as well as "community efforts to provide the proper level of services in local areas, and thereby decrease the client population served by institutional care at State facilities." These words, by the way, are from the language of the bill itself.

As you know, the ARC/New Jersey is completely committed to eliminating a staggering waiting list and providing community services for those most urgently in need. We must also be undividedly committed to those people we represent who necessarily remain in developmental centers, either because they are appropriately placed -- no matter how temporarily -- or because they are among the 1000 individuals

in those centers who we know have been identified, but continue to wait, for community placement.

As long as people with mental retardation continue to live in our institutions, we must do whatever we can to safeguard their welfare and make their institutional settings physically proper and humanizing.

We believe Assembly Bill 4051, sponsored by Assemblymen Rodney Frelinghuysen and Harold Colburn, is a strong initial step toward improving the quality of life in our developmental centers, toward providing more community group homes, and, we hope, toward eroding a grim, unremitting waiting list for community services.

This legislation would help provide the capital dollars needed for our developmental centers, as well as provide direct support in community grants for those local service initiatives the ARC/NJ believes in so strongly.

New Jersey faces tremendous challenges to continue to expand those community services that more than 2000 of us and others demonstrated for last month. The Frelinghuysen/Colburn proposal clearly represents a good, although partial, answer to those challenges.

We of the Association for Retarded Citizens want to say, unequivocally, that the need remains enormous. We support this legislation as one welcomed step in the right direction.

Thank you very much for listening.

ASSEMBLYMAN FRELINGHUYSEN: Thank you, Mr. Scagnelli, for being with us.

I would just like to make a few general comments. As I said, the public record will be held open for additional testimony. It is very much my desire -- and that was the reason for the formula being set down where \$77 million of the \$110 million would be allocated for community-based programs -- to directly assist the Division of Developmental Disabilities, the Division of Mental Health and Hospitals, and the Division

of Youth and Family Services to meet their obligations to place individuals -- young and old -- in the community in group homes and other alternatives to larger institutions. That is very much the intent behind this legislation.

I must say that the passage and enactment of this bond proposal, the counterpart of which is sponsored by Senator Codey in the Senate, is not a foregone conclusion. There are a number of other bond issues. As you are aware, the Governor's State of the State-- His primary emphasis -- and perhaps God bless him for it -- is to clean up New Jersey's environment, protect our shores, and protect open space. I know that the members of this Committee, on a bipartisan basis, feel that the environment for human services is just as important. I would urge that you, and others who are interested in the passage of this bond issue, let your feelings be known directly to the Governor.

The origin of this bond issue comes out of really the fact that there has been no human services bond issue since 1984. What little capital money is there, that the Department has at its disposal, has been obligated. There is a tremendous amount, as you know from your position -- a tremendous amount in the way of waiting lists. Those waiting lists not only impinge on the rights of your developmentally disabled -- our developmentally disabled population -- but I know that the Division of Mental Health and Hospitals has certainly 400 or 500 individuals as well, which if there were group homes and other alternatives in the community, they indeed could be placed there. DYFS itself -- the Division of Youth and Family Services-- Every member of this Committee has heard, from time to time, the difficult they have, whether it be a judicial assignment or some other need; that there are precious few group homes in the community.

So, while I know operational dollars are paramount at this time of the year as we discuss the budget, this bond issue

is to help us look beyond 1989 and give the new Governor and his Cabinet the capital wherewithal to address this continuing, outstanding, and important problem.

Thank you very much.

MR. SCAGNELLI: Thank you very much. We applaud your efforts.

ASSEMBLYMAN FRELINGHUYSEN: Thank you.

Is there anyone further to testify on this bond issue? (no response) As I said earlier, we have received quite a lot of written testimony, which will be made a part of the public record. Unless I am advised otherwise by the Office of Legislative Services, we will keep the public record open for five days.

I will at this time close the public portion of the hearing. At 10 o'clock, the Committee will resume with a regularly scheduled Appropriations meeting.

Hearing no one further on the bond issue, the public hearing portion is over. The public record will be held open for five more days. Thank you very much for coming.

(HEARING CONCLUDED)

APPENDIX



ASSOCIATION FOR
CHILDREN OF NEW JERSEY

ACNJ

17 Academy St., Suite 709, Newark, NJ 07102
201/643-3876

P.O. Box 634, Bellmawr, NJ 08031
609/854-2661

FAX 201/643-9153



TO: The Honorable Rodney P. Frelinghuysen, Chairman
Members, Assembly Appropriations Committee

FROM: Ciro A. Scalera, Executive Director
Cecilia Zalkind, Assistant Director
Association for Children of New Jersey (ACNJ)

DATE: May 18, 1989

RE: Human Services Community Grant and Capital Improvement
Bond Act of 1989 (A-4051)

The Association for Children of New Jersey (ACNJ) is a statewide non-profit child advocacy organization dedicated to improving programs and services for New Jersey's children and youth. We are here today to express our support for Assembly Bill 4051, the Human Services Community Grant and Capital Improvement Bond Act of 1989.

Although ACNJ does not provide direct services to clients, we do have a broad membership base that includes individuals and organizations responsible for a variety of direct service programs such as residential placements, group homes, child care centers, etc. Based on the feedback of our members, we believe that this bill is an important aspect of providing quality services to the vulnerable children of our state.

Our members have talked to us about the difficulty of maintaining adequate physical conditions for their programs. Many community-based programs are physically situated in older buildings for reasons of affordability. As buildings age, maintenance requirements become more demanding and the need for repairs and renovations becomes acute. Programs that serve children with severe problems must adapt their facilities to the special needs of their population and sometimes experience upkeep problems that go well beyond normal maintenance.

Additionally, licensing requirements and codes of physical standards are constantly updated and revised by the state. Sometimes new standards require physical modifications beyond the scope of routine maintenance and renovation. Compliance with such codes is often required without any additional financial assistance for the program. Agencies are forced to divert necessary program funds to maintain the physical plant.

New Jersey State Library

In the last several months, program providers have told us about the prohibitive expense of necessities such as the replacement of boilers and air conditioning units, installation of storm windows and insulation, renovation of stairways, etc. Meeting new Fire Code provisions is particularly costly. One child care center in Essex County was required to install a sprinkler system which cost over \$30,000. The Bond Act would assist programs to afford these necessary expenditures without reducing services.

Routine maintenance and upgrading of facilities is just one benefit of the Bond Act. Program expansion is also often dependent on the ability of a program to expand its facility or to obtain a new site. Even if additional operating funds become available, program expansion may be impossible without accompanying funds for physical expansion.

The need for program expansion has been well-documented. The success of the mental health plan, for example, is dependent on the development of community-based programs to serve children formerly housed, sometimes inappropriately, in state facilities. ACNJ, as well as many other organizations, has begun to consider whether the 800 children in placement outside of the state could be better served in New Jersey. Additional in-state community programs will be needed to bring those children home. The need to expand child care programs has become more acute with the state's commitment to the REACH program.

The Bond Act can provide financial assistance to allow physical expansion of necessary programs. Coupled with adequate funding for operating costs, it can result in the expansion of programs to meet some of the critical needs of New Jersey's children and youth.

For all of these reasons, we are pleased to express our support for Assembly Bill 4051. We are particularly supportive of the provision of the proposed legislation that would direct a greater portion of the funds for community programs rather than state institutional care. We feel strongly that community-based care is more appropriate for the treatment of children. It helps to maintain family ties and is far more effective in enabling the child to return as a productive member of his community once treatment is finished.

Thank you for the opportunity to express our support for A-4051.

Children's Budget Collaboration

17 ACADEMY STREET, SUITE 709, NEWARK, NJ 07102 • 201-643-3876

May 17, 1989

The Honorable Rodney P. Frelinghuysen
Members, Assembly Appropriations Committee
State House Annex
Trenton, New Jersey 08625

Dear Assemblyman Frelinghuysen,

The Children's Budget Collaboration is comprised of over forty community-based and non-profit organizations committed to expanding the quantity and quality of programs and services for New Jersey's most vulnerable children, youth and families. Many of the member organizations provide services directly or represent agencies which do. These services include shelters for homeless families and runaway adolescents, family support, family planning, child care, community mental health, crisis intervention, transitional living and community-based alternatives for juvenile offenders.

While the activities of Collaboration organizations are diverse, a poll of the membership has resulted in collective, strong support for the "Human Services Community Grant and Capital Improvement Bond Act of 1989." The Collaboration further supports the formula contained in the legislation which would allocate \$77 million of the total \$110 million for use by community-based organizations. The availability of capital grants would substantially benefit Collaboration members and their statewide counterparts by enabling them to make the renovations and building modifications necessary to comply with fire and safety code requirements and with departmental codes for physical standards.

Ideally, the Children's Budget Collaboration would prefer seeing a Human Services bond issue authorized at a time when program funds were available in the state budget for expansion and new development of community-based programs. Expansion is particularly appropriate in view of the Public Advocate's recently filed suit on behalf of developmentally disabled clients on waiting lists for community programs. Expansion and new development of community-based programs is equally essential if New Jersey intends to reduce its reliance on residential placement facilities for children and youth in other states. Members of the Collaboration do, however, recognize the fiscal reality of 1990.

The Human Services Community Grant and Capital Improvement Bond Act would facilitate bringing existing structures to code standard, would provide funding for necessary repairs and would, for some organizations, make it possible to maintain a license to operate. For other organizations, it frequently becomes necessary to divert scarce program funds in order to make necessary capital improvements. In such instances, the availability of a capital grant would serve to maintain program quality.

On behalf of the membership of the Children's Budget Collaboration, I urge your support of the Human Services Community Grant and Capital Improvement Bond Act.


Sincerely,

Ciro A. Scalera
1989 Collaboration Chair

the mental health association in new jersey

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Testimony for the Assembly Appropriations Committee

in support of

A4051 IR Capital Bond Issue Legislation

"Human Services Community Grant and Capital Improvement Bond Act of 1989"

May 18, 1989

Submitted by

The Mental Health Association in New Jersey

5X

Mr. Chairman and members of the Assembly Appropriations Committee, the Mental Health Association in New Jersey (MHANJ), is a statewide volunteer organization which advocates on behalf of children and adults with mental illness in our state.

This testimony has been submitted in support of A4051 1R, sponsored by Assemblyman Frelinghuysen, which authorizes a Capital Bond Issue of \$110 million dedicated to Human Services needs. The MHANJ is pleased that this legislation has been introduced because the mental health system must receive an infusion of capital funding in order to stabilize its existing service structure and expand facilities to accommodate those mentally ill it cannot currently provide for. We are hopeful that a fair share of these funds will be earmarked for mental health as the system moves steadily toward comprehensive community mental health care for all citizens in need.

As you take testimony from various groups today, please be cognizant of the following:

- #1) Leaders of the state mental health system have for years held a vision of community care for psychiatric clients over and above institutional treatment. Despite these goals, the Department of Human Services, Division of Mental Health and Hospitals continues to spend 2/3 of its budget toward maintenance of the state psychiatric hospitals which each year provide care for less than 5% of New Jersey's chronically mentally ill.

The MHAJ believes it is time for new Jersey's philosophy of deinstitutionalization to be matched by a funding stream which emphasizes community care.

Toward this end the Association is pleased that dollars appropriated from this legislation are to be weighted toward community capital projects with \$77M committed to community grant programs and \$33M dedicated to institutional renovation. This breakdown is consistent with the Association's emphasis upon community mental health care which requires development or refurbishing of residential facilities, partial day programs and outpatient clinics as well as mandatory screening stations. While it is recognized that there are requirements for institutional improvement, the Association believes it is wrong to continue dedicating the majority of such funding to a component of the system which has an uncertain future, provides marginal care, and which fails to provide treatment close to the patient's community and in the least restrictive manner.

- #2) As indicated, the MHAJ is in full support of P4051 IR. It must be additionally pointed out however that capital funding represents only one component of the system's needs. While capital dollars are the bricks and mortar of the mental health system, they do not provide for staffing or operational costs.

This year the Mental Health Coalition, of which the MHANI is a member, is requesting an additional \$15 million on top of the Governor's proposed budget for FY 89-90. An adequate yearly mental health budget is the other essential component of the system that must be matched with capital financing. The Association would therefore urge you to amend the executive budget with \$15 million in additional revenue. These funds would cover cost of living increases, children's services, adult services in the northern region, and mandated screening programs.

Thank you for your time and consideration.



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TESTIMONY ON A-4051:1R
ASSEMBLY APPROPRIATIONS COMMITTEE PUBLIC HEARING
MAY 18, 1989

I am Julie Turner, Executive Director of the New Jersey Association of Children's Residential Facilities. We represent over forty group homes and residential treatment centers in which DYFS places over 700 abused, troubled, and handicapped children. The Association strongly supports A-4051, the "Human Services Community Grant and Capital Improvement Bond Act." We also strongly support the amendment which provides that \$77 million of this bond issue will be utilized for community based non-profit agencies. This is a recognition of the necessity of supporting the private agencies which serve a significant number of state clients and of the value of serving clients in less-restrictive, less costly community settings.

The majority of children in residential treatment are served by private agencies, with only 12% of the children being served in state being placed in DYFS run residential treatment centers or diagnostic unit. (Including children placed in private agencies out of state, the percentage falls to 8%.)

CENSUS FIGURES, JANUARY 1989

In-state placements		
private residential treatment centers	522	59%
private group homes	255	29%
total in private facilities	777	88%
DYFS residential treatment centers	68	8%
DYFS diagnostic unit	34	4%
total in DYFS facilities	102	12%
Total	879	
Out of state placements	470	
Total	1349	

(These figures do not include teaching family homes, treatment homes, or shelters.)

With New Jersey relying so heavily on the private sector to provide the necessary residential treatment for the most troubled children, it is essential that New Jersey helps these private agencies to maintain and develop its infrastructure. The recent inability of the Department of Human Services to provide capital funding has had a serious effect on the residential system.

The private agencies have been underfunded for many years; no-or minimal-provision for capital costs in agency budgets have undermined the ability of many agencies to adequately maintain deteriorating buildings and/or to develop needed new programs. As a result of this underfunding, agencies have been forced to contribute from 3 to 29% of the cost of care, leaving few resources for maintenance and development. While some "well-to-do" agencies with substantial endowments and/or boards capable of significant fund raising

have had the capacity to develop new programs and to maintain existing buildings, they are in the minority. For the "have-not" agencies, it is a constant struggle to survive.

Many of the facilities are in old buildings (some built around the turn of the century) in need of major renovation; even newer facilities must constantly repair buildings damaged by explosive angry children. In minutes, a child frustrated that parents did not visit as promised, can break ten windows, rip off a door, and punch holes in the walls. It is a constant effort to keep up with these "expected" damages; water damage from a broken shower, a leaking roof, or a broken furnace can be a financial disaster for the smaller poorly endowed agencies, even imperiling their survival. The new Fire Code regulations placed additional burdens on agencies.

In visiting our member agencies, I have noticed that some agencies were able to use funds from the last bond issue to renovate existing buildings or, with funds from the bond issue as a base and with additional fund raising, develop adequate facilities and/or new programs. However, given the limited funds, many of the agencies were not able to obtain funding, and their buildings, in spite of valiant efforts by staff and boards, could best be described as "shoddy." Three story "cottages" built fifty or more years ago, while suitable for the orphans they then served, are not appropriate for the seriously disturbed children that are now being served. However, without financial help from the state, few agencies are in the position to be able to upgrade these old buildings.

Equally serious, if New Jersey is to encourage the development of new programs--both to meet the ever growing needs for residential treatment of seriously disturbed children and to develop programs in-state so that New Jersey children will not be placed out of state, capital funding is essential; without such funding, rather than having the ability to choose an agency which the Department feels can provide the better program, the Department may be forced to rely on for-profit agencies or the few "well-to-do" agencies who are able to underwrite the capital costs. When DYFS recently issued an rfp for new programs for seriously emotionally disturbed children, many agencies noted that, while they would be interested in providing such services, the lack of capital funding prohibited their responding to the rfp. It is worth noting that relatively few residential treatment centers are located in or near urban areas although the majority of children requiring placement come from these areas; indeed, in the past twelve years, ten of the seventeen residential centers that closed were located in urban areas. While there is recognition that it is important for facilities to be geographically accessible to the families of the children they serve, it is unrealistic to expect facilities to be developed in or near urban areas without the necessary capital funding to start such programs.

I extend an invitation to any committee member to visit our facilities, both the old in need of renovation and those who were helped by the last bond.

We very much appreciate Assemblymen Frelinghuysen and Colburn's sponsorship of this much needed bond and urge your support. I would be happy to respond to any questions that the committee might wish to raise. Thank you.

Julie Turner
Executive Director



ASSOCIATION FOR RETARDED CITIZENS • NEW JERSEY

985 Livingston Avenue, North Brunswick, N.J. 08902

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Frank Nardi
President

John P. Scagnelli
Executive Director

TESTIMONY

BOND ISSUE LEGISLATION

A. 4051 (FRELINGHUYSEN/COLBURN)

JOHN P. SCAGNELLI

MAY 17, 1989

MR. CHAIRMEN. MEMBERS OF THE ASSEMBLY APPROPRIATIONS COMMITTEE,

I AM JOHN SCAGNELLI, EXECUTIVE DIRECTOR OF THE ASSOCIATION FOR RETARDED CITIZENS/NEW JERSEY, AN ORGANIZATION OF MORE THAN 14,000 MEMBERS CONCERNED ABOUT THE WELFARE OF PEOPLE WITH MENTAL RETARDATION AND OTHER DEVELOPMENTAL DISABILITIES.

I AM PRIVILEGED TODAY TO SPEAK IN FAVOR OF A BOND ISSUE BILL--A. 4051--THAT ADDRESSES TWO IMMEDIATELY IMPORTANT NEEDS OF PEOPLE WITH MENTAL RETARDATION. ONE OF THOSE CRITICAL NEEDS IS FOR ADDITIONAL COMMUNITY LIVING ARRANGEMENTS--GROUP HOMES, IF YOU WILL. THE OTHER IS FOR IMPROVEMENTS IN THE INSTITUTIONAL INFRASTRUCTURE TO SAFEGUARD THOSE OF OUR CITIZENS WHO REMAIN IN DEVELOPMENTAL CENTERS AROUND THE STATE.

-MORE-

TESTIMONY
BOND ISSUE LEGISLATION/TWO

WE WERE HERE ONLY SEVERAL WEEKS AGO TO TELL YOU OF THE NEED FOR GROUP HOME EXPANSION AND OTHER COMMUNITY SERVICES. WE ALSO TOLD YOU ABOUT AN APPALLING WAITING LIST FOR THOSE SERVICES, A LIST THAT CONTINUES TO GROW AT THE RATE OF AT LEAST ONE A DAY.

WHILE WE DO NOT KNOW HOW MUCH OF THE PROPOSED ONE HUNDRED AND TEN MILLION DOLLAR ISSUE WILL BE USED FOR THE CONSTRUCTION OR DEVELOPMENT OF COMMUNITY GROUP HOMES, WE STRONGLY SUPPORT ANY EFFORT THAT WOULD PROVIDE "...AN IMMEDIATE PROGRAM TO SUPPORT COMMUNITY GRANTS FOR THE DEVELOPMENT OF SUCH FACILITIES AS GROUP HOMES..." AS WELL AS "...COMMUNITY EFFORTS...TO PROVIDE THE PROPER LEVEL OF SERVICES IN LOCAL AREAS, AND THEREBY DECREASE THE CLIENT POPULATION SERVED BY INSTITUTIONAL CARE AT STATE FACILITIES." THOSE WORDS, BY THE WAY, ARE FROM THE LANGUAGE OF THE BILL ITSELF.

AS YOU MUST KNOW, THE ARC/NEW JERSEY IS COMPLETELY COMMITTED TO ELIMINATING A STAGGERING WAITING LIST AND PROVIDING COMMUNITY SERVICES FOR THOSE MOST URGENTLY IN NEED. WE MUST ALSO BE UNDIVIDEDLY COMMITTED TO THOSE PEOPLE WE REPRESENT WHO NECESSARILY REMAIN IN DEVELOPMENTAL CENTERS, EITHER BECAUSE THEY ARE APPROPRIATELY PLACED (NO MATTER HOW TEMPORARILY), OR BECAUSE THEY ARE AMONG THE 1,000 INDIVIDUALS IN THOSE CENTERS WHO WE KNOW HAVE BEEN IDENTIFIED, BUT CONTINUE TO WAIT, FOR COMMUNITY PLACEMENT.

-MORE-

12X

TESTIMONY
BOND ISSUE LEGISLATION/THREE

AS LONG AS PEOPLE WITH MENTAL RETARDATION CONTINUE TO LIVE IN OUR INSTITUTIONS, WE MUST DO WHATEVER WE CAN TO SAFEGUARD THEIR WELFARE AND MAKE THEIR INSTITUTIONAL SETTINGS PHYSICALLY PROPER AND HUMANIZING.

WE BELIEVE ASSEMBLY BILL 4051, SPONSORED BY ASSEMBLYMEN RODNEY FRELINGHUYSEN AND HAROLD COLBURN, IS A STRONG INITIAL STEP TOWARD IMPROVING THE QUALITY OF LIFE IN OUR DEVELOPMENTAL CENTERS, TOWARD PROVIDING MORE COMMUNITY GROUP HOMES, AND, WE HOPE, TOWARD ERODING A GRIM, UNREMITTING WAITING LIST FOR COMMUNITY SERVICES.

THIS LEGISLATION WOULD HELP PROVIDE THE CAPITAL DOLLARS NEEDED FOR OUR DEVELOPMENTAL CENTERS, AS WELL AS PROVIDE DIRECT SUPPORT IN COMMUNITY GRANTS FOR THOSE LOCAL SERVICE INITIATIVES THE ARC/NJ BELIEVES IN SO STRONGLY.

NEW JERSEY FACES TREMENDOUS CHALLENGES TO CONTINUE TO EXPAND THOSE COMMUNITY SERVICES THAT MORE THAN 2,000 OF US AND OTHERS DEMONSTRATED FOR LAST MONTH. THE FRELINGHUYSEN/COLBURN PROPOSAL CLEARLY REPRESENTS A GOOD, ALTHOUGH PARTIAL, ANSWER TO THOSE CHALLENGES.

WE OF THE ASSOCIATION FOR RETARDED CITIZENS WANT TO SAY, UNEQUIVOCALLY, THAT THE NEED REMAINS ENORMOUS. WE SUPPORT THIS LEGISLATION AS ONE WELCOMED STEP IN THE RIGHT DIRECTION.

THANK YOU FOR ALLOWING US TO TESTIFY TODAY.

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