

# ANNUAL MESSAGE

**to the Legislature**

*NEW JERSEY'S QUIET REVOLUTION*



*By Governor Thomas H. Kean*

*January 10, 1989*

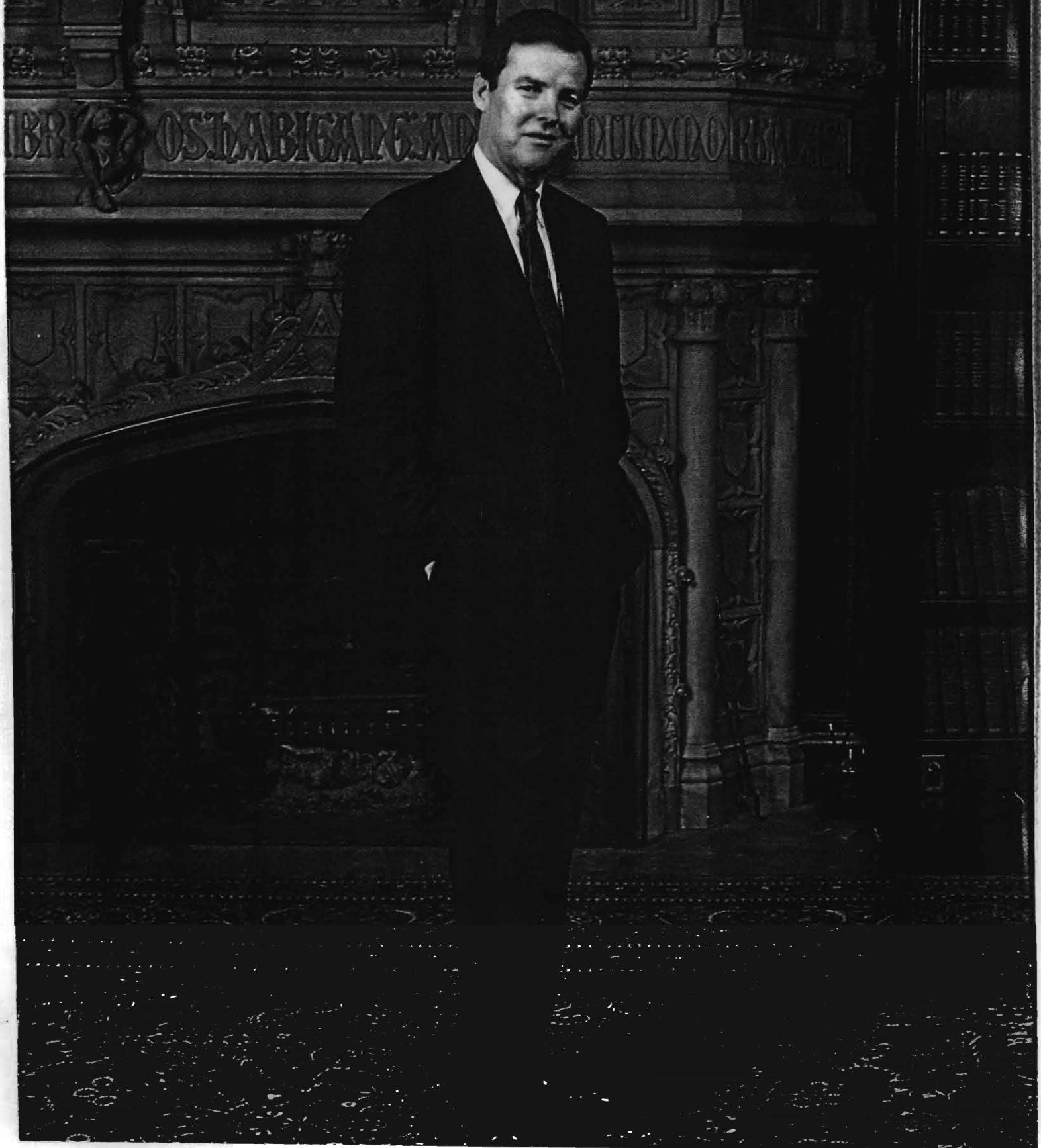
# ANNUAL MESSAGE

**to the Legislature**

*NEW JERSEY'S QUIET REVOLUTION*

*By Governor Thomas H. Kean*

*January 10, 1989*



---

GOVERNOR'S ANNUAL MESSAGE

---

---

# INTRODUCTION

---

## *TO THE MEMBERS OF THE LEGISLATURE:*

**I** issue a challenge to those who succeed us....to build on our notable accomplishments and to break new ground in innovative, honest and cost-efficient government."

Those words were uttered by Governor Brendan Byrne on January 13, 1981, as he delivered his seventh annual message to

the Legislature. Today, I can report that we have met the challenge. We have lived up to the lofty standards set by our predecessors.

In the year ahead, we will build on our record.

New Jersey has enjoyed a Quiet Revolution in the 1980's; we have seen fundamental changes that have improved our lives and created a new, positive attitude in State government. A state that once threw its hands up at difficulties now believes there is no problem that State government can't meet.

Reduced taxes and prudent investments in everything from roads to new research facilities have spurred 72 straight months of economic growth and fattened our wallets with rising wages.

More than 35 school reforms have attracted an army of new and

outstanding teachers; demanded more of students, principals and parents; and sent test scores rising.

A state once consumed by environmental problems is now the national model for toxic waste cleanups, garbage recycling, and strategies to clean water, deal with radon and protect open space.

Even the most needy New Jerseyans have been part of our Quiet Revolution. We lowered the infant mortality rate and made good on a promise, unique in this country, that the ill or injured would never be turned away from a hospital because they couldn't pay the bill. We brought 20,000 jobs to inner-city neighborhoods through urban enterprise zones and revolutionized welfare, giving the unemployed hope instead of a handout.

In nineteen eighty-eight we added to our list of accomplishments. We put in place an ocean protection plan that is far more ambitious than any other state's. We won voter approval of the \$350 million Jobs, Education and Competitiveness Bond

JANUARY 10, 1989

Act to build libraries and laboratories on our college campuses; we raised standards for our high school students and put in place another national first, a plan to intervene in failing local school districts. Just last month we reformed the nation's only state public campaign financing laws.

Not until you journey outside New Jersey do you realize how impressive these achievements are. Most of these issues have yet to be raised by other states, and when they are raised they are often considered too sensitive or complicated to be touched by elected representatives.

Here, while we have had our share of debate and legislative infighting, most reforms are adopted quickly and by bipartisan consensus.

Still, we face problems, many the byproducts of the very prosperity we have successfully engineered. Our Quiet Revolution will not be complete until we solve those problems, and that is my goal in my final year in office.

A special part of New Jersey is disappearing, as bulldozers and backhoes rip open fields and farms and replace them with condominiums and strip malls. So I will ask voters to approve a \$350 million Open Space Bond Issue, along with new, innovative programs to protect parks, recreations areas and farmlands.

Today every New Jerseyman who wants a good job can find one, but our

businesses have trouble finding qualified workers. So I want to build on our school reforms by abolishing an antiquated physical education requirement; beginning a new five-part program to improve urban schools; and proceeding quickly with

---

*New Jersey has enjoyed*

---

*a Quiet Revolution in*

---

*the 1980's; we have seen*

---

*fundamental changes that*

---

*have improved our lives*

---

*and created a new,*

---

*positive attitude in State*

---

*government.*

---

our potentially revolutionary plan to allow parents to choose the schools their children attend.

We have invested millions in our shore, and this year I will attempt to add to the investment by asking voters to approve a \$120 million Clean Ocean Bond Issue. The investment

only makes sense if we give our shore towns the power they need to control their future by putting in place a Coastal Commission.

Our strong economy has meant higher wages for all New Jerseyans, but it has also driven up the price of the family home. This year I propose a three-part strategy to build affordable housing and a new program so that seniors on fixed incomes aren't forced to sell their homes in the face of rising property taxes.

I have other priorities – a new ELDERTECH program to use technology to improve the elderly's lives and a new program to allow the elderly to borrow money to pay property taxes so they don't have to sell their homes. We will begin another new program to provide more child care in small intimate settings. I also will propose another bond issue to build more prison beds and improve State institutions. And we must this year approve a mandatory verbal threshold to bring down auto insurance rates.

This is my agenda. I will pursue it in the same way I have always acted: with enthusiasm, imagination, a willingness to compromise, and a deep and abiding faith in you, the good men and women who serve in our Legislature.

*Tom Kean*  
Thomas H. Kean

GOVERNOR'S ANNUAL MESSAGE

---

# CONTENTS

---

<i>JOB AND THE ECONOMY</i>	<i>1</i>
<i>EDUCATION</i>	<i>27</i>
<i>HIGHER EDUCATION</i>	<i>45</i>
<i>ENVIRONMENT</i>	<i>59</i>
<i>HEALTH &amp; HUMAN SERVICES</i>	<i>77</i>
<i>HOUSING &amp; COMMUNITY DEVELOPMENT</i>	<i>95</i>
<i>TRANSPORTATION</i>	<i>113</i>
<i>LAW &amp; PUBLIC SAFETY</i>	<i>127</i>
<i>INSURANCE &amp; BANKING</i>	<i>141</i>
<i>GOVERNMENT &amp; MANAGEMENT</i>	<i>153</i>
<i>FEDERAL RELATIONS</i>	<i>165</i>
<i>CONCLUSION</i>	<i>171</i>
<i>GOVERNOR'S CABINET</i>	<i>175</i>

---



GOVERNOR'S ANNUAL MESSAGE

1

# JOBS AND THE ECONOMY

**H**anging out with friends on the boardwalk at Seaside Heights. Camping on cool fall days at High Point State Park in Sussex County and canoeing on the Delaware River.

These were the things Michael Auerbach liked about going to high school in New Jersey in the mid-1970's. But when he left New Jersey in 1982, he suspected he would never enjoy those things again.

Michael was working for Exxon Research and Engineering Company and he was headed for Houston. Back then, New Jersey's economy was stagnant while Houston's was growing. That's where the good jobs were. That's where bright young people like Michael could build a better future.

Today, Michael Auerbach is back in New Jersey. He works in Murray Hill as an executive for Airco/BOC, a British-based industrial gas and health care firm. He turned down good job offers in England and Germany to come back and buy a new home in Hillsborough, where he and his wife are planning to raise a family.

Michael's story sounds like a dream – and it is a dream, the American Dream. For 760,000 New Jersey-

ans like Michael who have found new jobs since 1982, the American Dream is alive and well. For the 300,000 people like Michael who have moved into our state in this decade, the 1970's headlines about high unemployment and population exoduses seem like ancient history.

The "New Jersey Rejuvenation" may not be as pithy as the "Massachusetts Miracle," but by most standards our turnaround is more stunning than any other state's.

During a decade when Americans in the heartland were faced with rising unemployment, New Jersey, once the nation's rustbucket, created an average of more than 100,000 new jobs each year.

During a decade when most American families struggled to come to grips with a continuing decline in real wages, New Jersey's wages rose steadily. Today our per capita income has risen to second in the United States.

What happened? We didn't discover a huge reservoir of coal or oil. We didn't enjoy a massive infusion of defense dollars. To paraphrase the late John Houseman, we got our

JANUARY 10, 1989

2

prosperity the old-fashioned way: we earned it.

As one independent research group, the Corporation for Enterprise Development, reported last spring, New Jersey is one of the three top states in investing in the "building blocks" of a strong economy, whether they be roads and bridges, workers or sewage treatment plants. What's more, we have benefitted from a tax policy that makes us far more attractive for business than neighboring states.

As we enter the 72nd month of our unprecedented recovery, however, we face greater economic uncertainty than we have faced in years. True, our unemployment remains lower than any industrial state and business confidence remains high. Yet the recent slowing in state tax revenues may presage the long-predicted slowdown in our economy.

Uncertain times demand certain and sound policies. First, we must not be tricked into undoing the policies that spurred our economic boom in the first place. At the same time, we must solve the new problems that six years of prosperity have put before us.

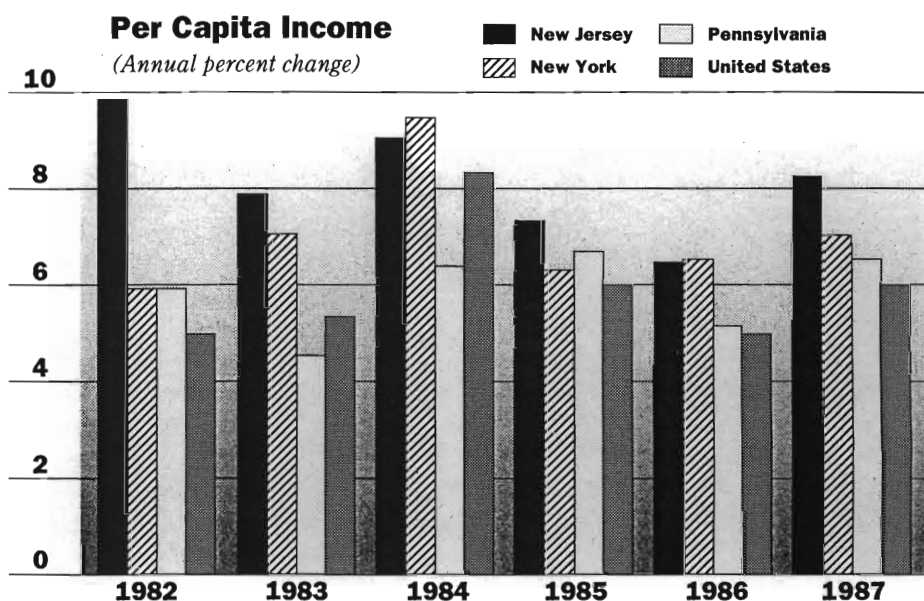
Prosperity does have a dark underside. Years of record new job creation have left New Jersey businesses hungering for workers today and worried about the lack of skilled workers ten years from now. An unprecedented real estate boom has paved hundreds of acres of parks and farmland while clogging roads throughout suburban and even rural New Jersey.

We have already taken steps to respond to these challenges, but in my last year I want to accelerate and expand our efforts. Whether we meet these challenges will determine if we compete in the new international economy. If we can compete, Michael Auerbach and seven and one-half million more New Jerseyans will find

their preferred destination would be out-of-state... to New Jersey.

This survey was merely the latest evidence proving that in the 1980's New Jersey has become "The Opportunity State."

Last year alone, Verdel Inc., a medical supply distributor, moved from New York City to Elizabeth.

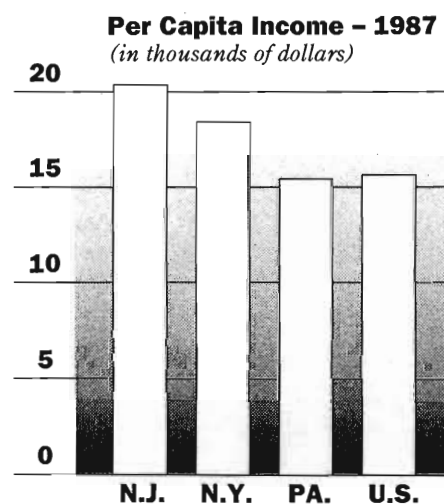


good jobs and rising wages for another ten years.

## The Opportunity State

Would you like to relocate your company? That was the question that officials of National Westminster Bancorp Inc. asked executives in the New York metropolitan region last summer. One-third of the executives in both New York and New Jersey said yes, they would like to move.

But what really interested me was the next question on the survey. Seventy-five percent of the New Jersey executives said they would like to move in-state. More than fifty percent of the New York executives who wanted to move, however, said



# GOVERNOR'S ANNUAL MESSAGE

3

Investor's Insurance Company of America moved from Manhattan to Laurence Harbor. Song Design, Incorporated, a garment manufacturer, switched addresses from Manhattan to Union City.

Other companies, like United Parcel Service of Lawrenceville, and BMW of North America, located in

profitable companies, and phased out our inheritance tax, a deterrent to profitable executives and a penalty against senior citizens.

We put in place urban enterprise zones to attract businesses to our cities and started a loss-carry forward program so that young businesses may deduct today's losses

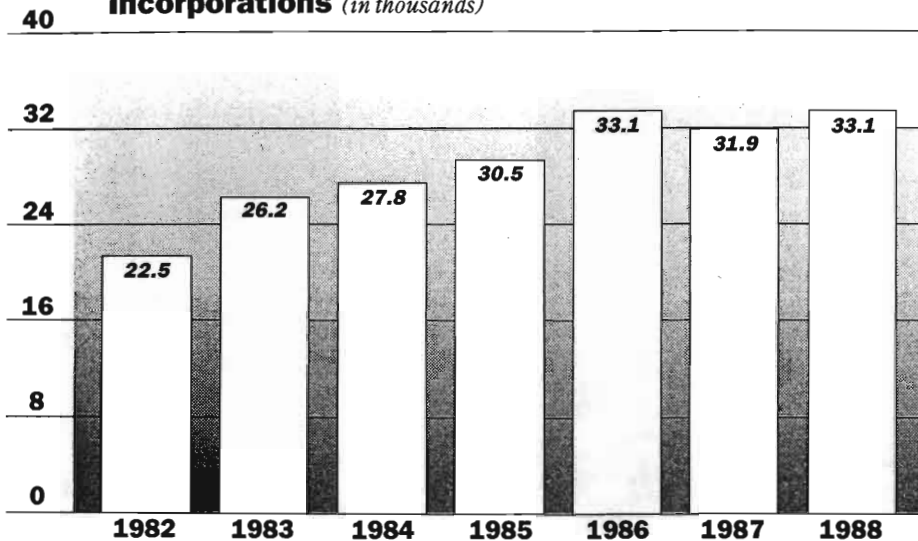
At a time when other states seem to be copying our winning formula, it would be foolish to adopt their old ways. That is why I take so seriously the recent evidence of slowing in State revenues. If not handled properly, it could send us back down the path of higher taxes, low growth and a darker future.

Fortunately, we are prepared. First, we have been fiscally responsible. While State spending has increased substantially the past six years – in response to the need for economic investments and the federal government's withdrawal from important areas – we have not spent beyond our means. I have vetoed close to \$2 billion in spending bills since I took office. These vetoes have reduced pressure for tax increases and give us a cushion in case a downturn occurs.

Last year we turned that cushion into a Rainy Day Fund. Now we are acting to control the costs of State government through hiring freezes and cuts in nonessential programs. By doing this, we will preclude the kind of budget crises other states face this January, crises which inevitably lead to higher taxes. I do not want to leave my successor in the kind of financial straight-jacket that I inherited in 1982.

This same cautious philosophy motivated me last year to form a task force to examine the State's unemployment insurance fund. We have paid back a debt that once was as high as \$600 million. After six years of declining unemployment, the fund

## New Jersey Business Incorporations (in thousands)



Montvale, decided to stay and expand in New Jersey as we once again created new jobs at a greater rate than the rest of the nation.

Business executives understand that profits are encouraged here. A big part of the encouragement is our relatively cheap office space. But another inducement is our state tax incentives.

Since taking office, we have cut six state taxes. We eliminated the corporate net worth tax, a deterrent to

from tomorrow's profits. We paid back an unemployment insurance debt to the federal government that was effectively a \$42 a year tax on every New Jersey worker. And we approved the only income tax cut in state history.

Proof of our success is our 3.8 percent unemployment, our record highs for new business openings and record lows for business failures. But more proof comes from the fact that other states like New York have been working in recent years to cut taxes, particularly to lower their income taxes so that their rates are more competitive with ours.

JANUARY 10, 1989

4

today has a surplus of more than \$2 billion and several plans to spend that money have been advanced.

The task force members warned that spending the money would be unwise, and I agree. The surplus is still not large enough to handle an economic downturn of the size and duration that we faced in the late 1970's. While we do not expect a stiff recession in the future, we should be prudent now, so we will not be forced to place another onerous tax on labor and business.

For similar competitive reasons, I will continue to reject calls to raise New Jersey's income tax. Any suggested decline in other taxes would prove illusory. Recent state history proves that trading one tax against another is impossible. The result today, as it was in the past, will be higher income taxes, higher property taxes and lower economic growth. This in turn would produce less revenue for the State to invest in our economic future and the welfare of our citizens.

Instead, my Administration remains committed to our policy of returning much of the revenue gained from our strong economy to towns and cities to take the pressure off property taxes. Last year, \$5 billion, more than half the State's budget, was returned to municipalities for this purpose. This policy of fiscal discipline and low state taxes has created the longest economic boom in state history. It would be foolish to abandon that policy now.

## Trading Places

Last year in this message I argued that New Jersey and the rest of the United States were entering a "new world" economy. We no longer could merely measure our progress against other states. Our real competitors were workers in Tokyo, Bonn and

---

*The "New Jersey*

---

*Rejuvenation" may not*

---

*be as pithy as the*

---

*"Massachusetts Miracle,"*

---

*but by most standards*

---

*our turnaround is*

---

*more stunning than any*

---

*other state's.*

---

Taipei.

Nineteen eighty-eight only accelerated the trends I warned about.

The Canadian Parliament last fall ratified a free trade agreement that will eventually eliminate all trade barriers between the U.S. and Canada, our largest trading partner. European countries moved forward with their bold plan to reduce trade barriers within Europe by 1992, and

the Soviet Union and other Eastern Bloc countries experimented further with free market incentives in an attempt to jump-start their moribund economies.

Many Americans are naturally wary of these trends. They fear we are about to be trounced at our own game. I have no such fears. I believe capitalism's global victory gives us unprecedented opportunities. But to take advantage of these opportunities, we have to make changes in the way we educate our children, the way we treat the downtrodden and dispossessed and the way we do business.

Ming Hsu, the Director of our Division of International Trade, agrees with me. Ming accepted my challenge to make New Jersey's international trade strategy the very best in the country. She expanded and reorganized the Division, started new programs and won plaudits for her efforts from Washington.

Her first priority was export promotion. Multi-national corporations like Merck Incorporated and Johnson & Johnson have the personnel and budgets to sell their products abroad. Smaller firms, however, are often unaware of their export potential. They don't know whom to call, whom to visit, or where to find potential customers.

That's why international trade shows are so important. For very low cost, the international trade division brings businessmen and women abroad where they can meet face to

# GOVERNOR'S ANNUAL MESSAGE

5

face with potential customers. Last year, the State helped more than 75 New Jersey companies exhibit their products overseas in 16 countries, including Germany, Mexico, Australia and Singapore.

Do trade shows work? Ask Peter Tafara of Wall Township. In the past two years alone, Peter has visited

industrial filters. Today his company sells 35 percent of its products abroad. Having visited another trade show in Mexico in December, Peter hopes to double his exports to that country by the end of 1989.

The Division built on the trade show effort in 1988 by targeting two industries for expansion: health care

the international trade division the prestigious E Award for export promotion. This award is normally given to private companies; few government agencies have earned this high honor.

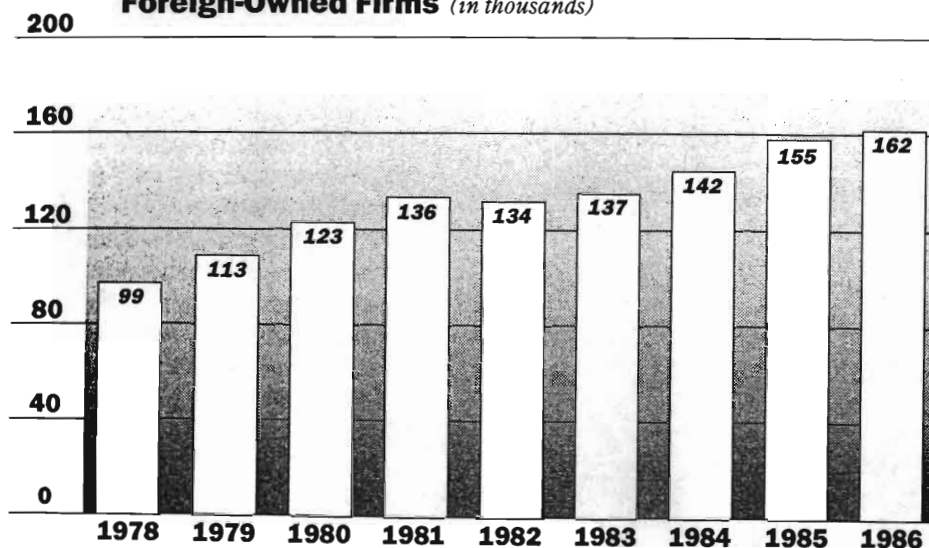
Of course international trade is a two-way street, and New Jersey is increasingly dependent on foreign investment to provide jobs for our workers. Two times in 1988 I traveled abroad – to London and Taiwan – to spread the word that New Jersey is a great place to do business. That trip followed trips to China, Korea and Japan the previous year.

Evidently New Jersey's message is getting across. Last year the Bank of Tokyo announced it will move 400 back-office positions to the Hudson Waterfront. Lucky-Goldstar of Korea broke ground for its new headquarters in Englewood Cliffs, while Siemens, the huge German manufacturing corporation, dedicated a new research center in Princeton. These companies help make our small state fourth in foreign investment, with more than 1,000 companies employing 162,000 New Jerseyans.

Some of these companies probably heard by word of mouth about New Jersey's fantastic location and highly educated workforce. But we would like to rely on a more direct method of recruitment, especially in the Far East. That is why we opened our first foreign trade office in Tokyo last January.

Some states staff their foreign trade offices with people whose qualifications are based more on what they contributed to the governor than

## New Jerseyans Employed in Foreign-Owned Firms (in thousands)



Italy, France, Belgium, Denmark and Mexico. No, he doesn't write for a travel magazine; he runs an industrial company that makes filters that are used in the production of everything from car paint to silicone to CD's.

Two years ago, Peter's company, Universal Filters, sold more than 95 percent of its products within the United States. Then Peter accompanied State officials on a trade show to Mexico, where he found customers who said "si" to the idea of quality

and medical services, and chemicals. One project brought 70 New Jersey health care and medical companies together with Saudi Arabian customers. It led to tens of thousands of dollars in sales. As part of a second export project, Mitsubishi, the giant Japanese manufacturer, agreed to use New Jersey as the sole supplier of its American-manufactured chemical products. Already Mitsubishi is negotiating contracts with at least 20 New Jersey companies.

With this new program, I believe our export promotion strategy has become more sophisticated than other states'. But don't take my word for it. Last November, Secretary of Commerce William Verity awarded

JANUARY 10, 1989

6

what they can contribute to the State's foreign marketing campaign. We sought different qualifications.

I was impressed by Ed Saubolle, our Tokyo office's director, the day I met him. I knew that Ed's 25 years of experience in Far East trade makes him uniquely suited to sell New Jersey to Japan and the rest of Asia.

Ed's experience has already paid dividends. Last June, Commerce Commissioner Borden Putnam signed a cooperation agreement with Japan's Daiwa Bank, the world's 25th largest. More than 70 foreign-owned companies announced new or expanded facilities in New Jersey last year and more than half that foreign investment came from the Far East.

Now the Division wants to build on this progress by helping set up foreign trade ventures for small- and medium-sized firms. The State acts as a matchmaker between foreign firms and New Jersey firms. What's in it for the private companies? Sometimes joint ventures can help our firms get around foreign trade barriers. Other times one firm has capital and new technologies, while another firm has the distribution system and customers. The match allows both firms to profit.

A former New Jersey governor named Woodrow Wilson once said that friendship is the only cement that will hold the world together. We know that friendship is bred by constant interaction, and interaction is the purpose of sister-state agreements, under which we share arts, industry, education and ideas with people from other parts of the world.

Last April, I signed a sister-state agreement with Israel, the very first time we had made such an agreement with an entire country. One month later I signed an agreement with the Korean-U.S. Economic Council to promote further investment between Korea and New Jersey.

In September, we hosted our

---

*We have to shed our  
provincialism, ignorance  
and arrogance if we  
are going to sell in Beijing  
and Barcelona.*

---

friends from Zhejiang Province in China, signers of a previous sister-state agreement, at China Expo '88 at the County College of Morris County. Nearly 10,000 visitors attended the Expo, including more than 400 New Jersey businesses, who met with representatives of 26 Chinese foreign trade organizations. These meetings led to the signing of over \$9 million worth of business contracts and letters of intent to do business worth another \$20 million. Not bad for one week's work.

With new targeted export promotion, sister-state agreements and joint ventures, our international trade division accomplished more in one year than some other states' divisions accomplish in two or three. Nevertheless, in 1989 I am asking

them once again to expand their efforts.

I hope to make further progress on one priority I outlined last year, finding ways to help small firms raise money to sell abroad. The State Economic Development Association (EDA) is working with the international trade division to make low-interest revolving lines of credit available to small business.

My second priority is to complete the creation of our Center for International Business Education (CIBE) at Rutgers University.

Collecting stories about America's clumsy attempts to sell abroad is something of a cottage industry. There's the story of the American businessman who tried to press doormats on the Japanese, only to learn with embarrassment that the Japanese don't need doormats because they remove their shoes before they enter their homes. Or how about the time Schweppes Tonic was translated directly into Italian and advertised as "bathroom water." No wonder sales were low.

For decades we Americans have paid no heed to foreign cultures or languages. We have to shed our provincialism, ignorance and arrogance if we are going to sell in Beijing and Barcelona.

Unfortunately, small entrepreneurs have little time to take a course in Spanish culture and history or learn Chinese. That's where the CIBE will help, by providing low-cost training in the economics, culture and language and laws of various foreign markets.

Later this month I will appoint a council of experienced international business leaders to guide the CIBE. We hope the first classes will be held in February.

I also believe we should consider Senator Bill Gormley's suggestion to name the CIBE after Ambassador Arnold Raphel, the Foreign Service Officer who was tragically assassinated last year with President Zia of Pakistan.

Ambassador Raphel's family lives in New Jersey and he maintained a legal residence here while serving abroad. He was universally regarded as one of the finest Foreign Service Officers in foreign service history, as well as an effective salesman for America's interests in every corner of the globe.

It would be entirely fitting to name the CIBE, founded in the spirit of international understanding, after this dedicated patriot.

## Edison's World

The world is becoming more competitive, and that presents America with a dilemma. We can't compete in labor-intensive industries with low-wage countries unless we want to reduce our standard of living. So the state that gave the world the light bulb, the phonograph, transistors, streptomycin and digital computers is now working to take the lead in the knowledge-based industries of the future.

We idolize the American entrepreneur, the man or woman who works late at night in a factory or office and turns an original idea into a

profit. But success in high technology requires a value given less prominence in American history: cooperation. To succeed, we need a partnership between people who develop knowledge – our university researchers – and people who harness it, our entrepreneurs and business leaders.

That is why back in 1984 we

---

*...success in high*

---



---

*technology requires a*

---



---

*value given less*

---



---

*prominence in American*

---



---

*history: cooperation. To*

---



---

*succeed, we need a*

---



---

*partnership between people*

---



---

*who develop knowledge –*

---



---

*our university researchers –*

---



---

*and people who harness it,*

---



---

*our entrepreneurs and*

---



---

*business leaders.*

---

pushed the \$90 million Jobs, Science and Technology Bond Act and why we used \$57 million from that bond act to establish a series of advanced technology centers at our leading universities. Under the guidance of the Commission on Science and Technology, these centers bring together industry, academia and State government to develop new technologies and new industries.

Last year we dedicated the new Center For Ceramics Research at Rutgers University in Piscataway. When most people think of ceramics, they think of making vases in high school arts class. Today industrial ceramics – durable, heat- and corrosion-resistant materials – are being used to make lighter, stronger auto and plane engines and even to protect the space shuttle. The Rutgers Center will conduct the nation's most advanced ceramics research.

In October, I cut the ribbon for the new Hazardous Substance Management Research Center at the New Jersey Institute of Technology (NJIT). I called the new center a demilitarized zone of inquiry and trust, where scientists will research ways to safely dispose of toxic waste and other potentially harmful byproducts of our economy. These scientists' discoveries will help New Jersey solve our politically sensitive environmental problems, and ideas from the NJIT laboratories will be used to respond to environmental challenges around the globe.

JANUARY 10, 1989

8

We also continued construction on four more advanced technology centers created by the 1984 bond act. We expect to open the four remaining centers – in Biotechnology and Medicine, Advanced Food Technology, Computer Aids to Industrial Productivity and Fiber Optics – within the coming year. Together, the six advanced technology centers have already attracted \$72 million in private support from more than 120 private companies.

The advanced technology centers were not the only high technology developments in the news last year. In July a group of scientists unveiled the world's fastest computer at the John von Neumann National Supercomputer Center in Plainsboro, which is supported in part by funds from the Commission on Science and Technology. Although this supercomputer looks no more imposing than the refrigerator in the corner of your kitchen, its lightning fast calculations could improve everything from economic predictions to forecasting the weather.

In last year's message I emphasized the importance of pursuing the research and development of a particular emerging technology – superconductivity. This revolutionary phenomenon, under which certain materials lose all resistance to electricity, is potentially as important as the discovery of electricity itself. My interest in this technology reflects the fact that the four major industrial leaders in U.S. superconductivity research – Bell Laboratories, Bellcore, IBM and Dupont – are located within a 100-mile radius of our state capital.

Last March, I signed an executive order creating a Governor's Roundtable on Superconductivity. This blue-ribbon panel has already agreed to host a seminar early this summer to bring together for the first time a select group of researchers working on this technology. Later, the members will present me with recommendations on what State government can do to keep New Jersey companies in the forefront of superconductivity.

Keeping ahead of the world is not easy in high technology research, where new discoveries can render yesterday's knowledge obsolete. That's why we put another bond issue – the Jobs, Education and Competitiveness Bond Act – before the voters last November. Their resounding support for this bond issue means we will have \$42 million more to invest in new and expanded advanced technology centers. What's more, it is a vote of confidence in our efforts to build New Jersey's economic future.

The Commission on Science and Technology has already earmarked three new centers to receive money from the successful bond issue. The Center for Agricultural Molecular Biology at Cook College is being planned to provide New Jersey with the largest plant molecular research effort in the nation. There, researchers will build on recent breakthroughs in biology and genetics which promise the development of new hybrid crops that will improve nutritional value and require little or no chemical fertilizers and pesticides.

The fact that New Jersey already hosts the nation's largest concentration of photonics research groups provided the impetus for a Center in Photonics and Opto-Electronic Materials (POEM) at Princeton. Photonics involves the use

of rays of light to carry huge quantities of information; it has potential to revolutionize the way we communicate.

We also will create a center in surface engineered materials. Unlike the other centers, this center will not have one location, but will involve research across many campuses. Researchers will study how surfaces behave and how they can be modified, offering the hope of one day making the smallest computer circuits or the toughest car bumpers.

Once these advanced technology centers bring forth new ideas, we face a new problem. The experts call it "technology transfer," or how to make sure the knowledge we create winds up as products.

Small firms often can't raise money to take ideas from the lab to the marketplace. That's why our Commission on Science and Technology runs three business incubators, in Essex, Hudson and Atlantic counties, which provide low-cost space and services to fledgling small technology firms. We try to match small businesses in need of capital with potential investors. And we help small companies compete for federal research dollars.

We also started technology extension centers, where research findings are put to use on factory floors. This year our Center for Advanced Food Technology is launching "FOODTEX" to bring the benefits of food processing research to consumers in the supermarkets.

# GOVERNOR'S ANNUAL MESSAGE

9

New Jersey has always been the cradle of American ideas and ingenuity. This year we will conclude our "Invention State" celebration, which helps remind young people of the contributions of New Jerseyans like Thomas Edison and Albert Einstein. We hope bright students will learn from their examples and consider careers in science or math, two areas where a shortage of qualified workers could eventually damage our competitive position.

For the same reason, we plan to construct the nation's fifth-largest science and technology museum in Liberty State Park in Jersey City. The museum will be a "hands-on experience" where visitors can walk through a model of a human heart, pretend to travel to the moon or make a robot work.

A group of private citizens, led by Joe Williams of Warner-Lambert Corporation has raised at least \$20 million in private funds for construction, and the State has already contributed another \$5 million. This year I hope together we can finish the fundraising drive. My goal is to have shovels in the ground at Liberty State Park before I leave office. The museum would be a fitting reminder of the dominant role science and technology plays in our modern economy and why New Jersey must remain in its forefront.

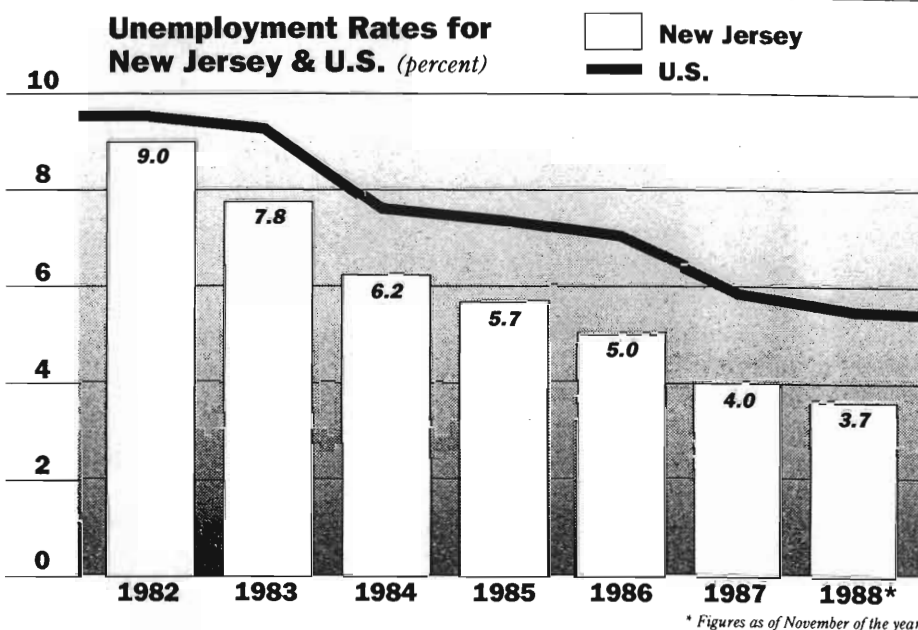
## No Spare People

Have you ever heard Bruce Springsteen's song "Downbound Train"? In it Springsteen sings of the hopelessness of working down at the car wash where, "all it ever does is

rain." It is a song about dead-end jobs and dead-end lives.

Today there is another haunting refrain being sung across New Jersey. This song isn't being sung by street toughs clad in tight black t-shirts, but by corporate executives wearing Brooks Brothers suits and Hermes ties. This sad refrain isn't about dead-

Last spring, for example, Prudential Asset Management Company of Florheim Park announced it was moving its operations to Wilkes-Barre, Pennsylvania because it couldn't hire clerical workers. A survey by the Business and Industry Association found that 82 percent of employers reported a



end jobs, but about too many jobs. New Jersey, once the unemployment capital of the East, today has too many jobs and too few qualified workers.

How did it happen? We are victims of our own success. In the 1980's new jobs in New Jersey were created at twice the rate of the rest of the nation. At the same time, the baby boom bottomed out. One hundred thousand fewer teenagers live in New Jersey today than the day I took office. The result is a labor shortage of the likes we have not seen since World War II, with potentially dangerous consequences.

shortage of available labor. But don't look at the statistics - go to the mall or the local Wawa or 7-11. The lack of available labor is the reason you spend extra time waiting in line.

According to Labor Commissioner Charles Serrano, New Jersey's economy could create another 724,000 new jobs by the turn of the century. Will there be qualified people to fill these jobs? That question may determine whether we compete in international trade and

JANUARY 10, 1989

10

create the capital to support our high technology industries. Luckily, we are already working on the answer.

Two years ago I formed a task force to review our employment training system and recommend ways to improve it. They examined a system in which the federal government, counties and six State agencies spend more than \$300 million a year to help educate and train almost a million New Jerseyans. Now the recommendations they put forward are being used to improve and streamline the system.

We really face four separate challenges. They can't be met by government alone, but government can and must be a catalyst for private progress.

The first challenge is to make sure new workers, whether high school graduates, college graduates or the unemployed, have the basic skills needed to earn a first job.

That's why we put in place a tougher basic skills test for graduation from high school and why we announced plans to toughen that test again in 1988. With a guarantee that a high school diploma means proficiency in math and English, we can offer the graduates of inner-city high schools a private-sector job through our 10,000 Jobs program. REACH, our acclaimed welfare reform effort, gives the unemployed not just a hand out, but skills and training. I will discuss these programs in detail in later sections, but they make up a basic skills program that is as ambitious as any other state's.

But what about the workers already on the job? One Washington-

based organization predicts that 75 percent of today's workers will require retraining by the year 2000.

For many, retraining must begin with simply learning how to read. We estimate that one out of every 10 adult New Jerseyans cannot read well enough to get through a newspaper. Many of these people already hold

---

*New Jersey, once the  
unemployment capital of  
the East, today has  
too many jobs and too few  
qualified workers.*

---

jobs, but will never advance further unless they learn to read.

This spring we will begin a pilot program to help at least 700 functionally illiterate New Jerseyans. The program is a partnership involving the federal government, our education department and unions representing auto workers and workers employed at the Meadowlands and Garden State race tracks. We will bring literacy training to these people in the workplace and are encouraging private companies to follow our example.

We also continue to meet the retraining needs of workers in declining industries. When plants are about to shut down, the labor department's Rapid Response team moves in to help workers apply for unemployment benefits and find

training in skills in demand in the job market. Last year the program served thousands of workers and was cited by President Reagan as an outstanding example of what states can do to ease the pain of dislocation.

The third challenge we face is a bit more subtle and difficult. We must meet the needs of qualified New Jerseyans who want to work but cannot because jobs are inaccessible. At the same time, we must recruit people who might be great workers but historically have not been recruited, like the handicapped.

Louise Loriquet is one of the former class of workers. Louise is one of the ablest workers in my office in Trenton. She is expecting her first child and, like millions of young men and women like her, she faces the difficult choice of deciding whether to work or stay at home and take care of her child.

With quality day care, parents like Louise can do both. That's why we developed a statewide child care referral system, to match children with quality day care centers. It is why our REACH welfare program provides our poorest families with day care, even for a time after they have left the welfare rolls to work. It is also why we have established three child care centers within State agencies, to set an example for private industry. It appears the example is being followed. Employer-sponsored day care has increased almost 1,000 percent since I took office.

Young families need quality day care to be productive workers. In the

## GOVERNOR'S ANNUAL MESSAGE

11

same way, many handicapped New Jerseyans rely on technology to secure their place in the working world. Our Departments of Human Services and Labor work with mute New Jerseyans to provide electronic devices that allow them to communicate with others. We have to pursue more technological advances like this if we are going to take advantage of the talents of every potential worker.

Our fourth challenge is perhaps the most difficult. We must do a better job of matching jobs with available labor. While businesses in the suburbs scream labor shortage, unemployment in the inner cities, while down substantially, can still be as high as 10 percent.

Our urban education reforms are intended to give inner-city young people the skills to find and hold jobs. But we also have urban enterprise zones, which offer tax incentives to attract new businesses and new jobs to urban neighborhoods. And one of the ultimate goals of the State Planning Commission, which I will discuss in a moment, is to start to channel some growth back into the cities.

We are meeting these four challenges with creativity, money and imagination. But this problem is such a high priority that we need constant evaluation of our efforts and leadership to tell us where to go from here. Therefore, I am calling for legislation which would make the State Employment and Training Commission permanent so it can ably guide us through the challenging years ahead.

### Leisure Time

For most of the 1980's, tourism was one of the fastest-growing parts of New Jersey's overheated economy. Attracted by our "New Jersey and You: Perfect Together" campaign, record numbers of visitors came to dance the night away in Atlantic City,

---

*The first challenge is*

---

*to make sure new workers,*

---

*whether high school*

---

*graduates, college*

---

*graduates or*

---

*the unemployed, have*

---

*the basic skills needed to*

---

*earn a first job.*

---

ski in Warren and Sussex counties or loll on sandy beaches along the shore. We rose from seventh to fifth in the nation in tourism dollars.

Nineteen eighty-eight was not a good year, however. For the second summer in a row, isolated instances of beach closings and garbage tides created negative publicity that caused many tourists to cancel their weekend or summer vacation plans. Hotels and

restaurants normally packed on weekends faced empty rooms and empty tables.

The Kean Administration has chosen not to duck this problem. We have faced it directly with real answers and immediate solutions.

The pollutants that caused beach closings in Monmouth County came from one malfunctioning sewage treatment plant. The city that ran that facility has been fined and the plant replaced. The garbage that washed ashore occasionally came, many suspect, from lax disposal practices at New York landfills across the Hudson River. At our insistence, New York has agreed to improve those practices and we have added extra marine patrols to monitor them and catch any illegal dumpers.

I am proud of our efforts. This year New Jersey will again invest more than any other state in programs to protect our ocean and shore. And I will continue to push for a Coastal Commission to coordinate our efforts. But now we face a new and equally formidable challenge: we must let tourists know what we are doing.

We have problems; we are the first to admit it. But we are also taking steps to solve our problems, and not every state can admit that.

Unfortunately, this message is lost in the sometimes sensational press coverage. Last year, for example, vials of AIDS-contaminated blood were illegally dumped and discovered in an abandoned lot in Bayonne. The resulting television press coverage left the impression that these vials were discovered on Bayonne's beaches. This must have

JANUARY 10, 1989

12

surprised Bayonne's residents, who have to drive at least 45 minutes to reach the shore.

How many tourists know the truth? How many tourists understand that only five beaches out of 56 along the Jersey shore were closed for even an hour last summer? How many tourists realize that New Jersey is the only state that tests the quality of its ocean water every week? New York doesn't. Neither does Delaware, Maryland, Massachusetts or Virginia. New Jersey is the only state on the East Coast that can guarantee that, when our beaches are open, the water is clean.

We need to get these facts out. So in the coming months I will work with the Legislature to tell the truth about the New Jersey shore. This "Shore Truth" campaign will let people know about our unmatched efforts to keep water clean, our strict health laws and our still beautiful and largely unspoiled 127 miles of beaches.

Yes, State money is tight. But a small investment in this area can recoup large increases in our tourism economy and add substantially to our sales tax revenues. More important, it can help restore the image of the New Jersey shore. The present image does not square with reality. Once tourists have the facts, I know they will agree that they and the shore they once loved are still "perfect together."

While 1988 was an off year for recreational tourism, it was a strong year for the fastest growing part of our tourism industry: business tourism.

In June, I awarded \$80,000 in grants under a new State program to

help local business leaders establish Convention Visitor Bureaus (CVB's). These local bureaus, popular in other states, try to attract lucrative corporate meetings and conventions. Every dollar we invest in these bureaus can eventually reap \$22 in local economic activity.

Our new Office of Business

---

*New Jersey is the only  
state on the East Coast that  
can guarantee that,  
when our beaches are open,  
the water is clean.*

---

Tourism, under Director Victoria Schmidt, has done a good job of getting these CVB's off the ground. Already, New Jersey stands seventh in the nation in hotel occupancy, proof that more conferences are being held within our borders. We hope to have thirteen CVB's fully operating by the end of 1989. Our ultimate goal is to make New Jersey one of the top five states in this increasingly lucrative industry.

When planners are looking for a place to hold conferences, the first question they often ask is what the attendees can do for fun. If the attendees are sports fans, New Jersey is a home run.

Turn on your television set on any weekend in the 1980's and you are likely to see two things: Brent

Musberger and the New Jersey Meadowlands.

Last year, the Giants and the Jets battled in the Meadowlands' Giants Stadium in the most memorable game of the National Football League season. And one Brendan Byrne Arena tenant, the underdog Devils, thrilled fans by almost reaching the pinnacle of the National Hockey League.

But that wasn't the only good news to come out of Exit 16 on the Turnpike. The historic Army-Navy football game, held in Philadelphia for four decades, is headed up Interstate 95 to Giants Stadium this fall. And heading south to Brendan Byrne Arena is the prestigious National Horse Show, held for the previous 105 years in Madison Square Garden.

The Sports & Exposition Authority also announced it will now run the New Jersey Waterfront Marathon. Last April, a national television audience watched as athletes ran through the streets of Jersey City and West New York trying to qualify for the Olympic Marathon.

Horses were also in the news last year as an agriculture department study revealed that in a state with over 60,000 horses, equine-related industries now contribute more than \$600 million annually to our State economy. The Meadowlands retained the rights to the Hambletonian, harness racing's most prestigious event, and the *Washington Post* noted that, in a sport suffering nationwide, the Meadowlands remains "phenomenally successful."

All in all, 1988 was a great year for New Jersey sports. Nineteen

# GOVERNOR'S ANNUAL MESSAGE

13

eighty-nine holds even more possibilities. The Meadowlands has a shot to the earn the rights to host college basketball's 1994 Final Four Tournament, one of the most exciting events in sports. And this year we should begin inducting the first class of New Jerseyans into our new Sports Hall of Fame.

Jersey Make a Comeback in the Movies?"

Well, Yogi was right: things weren't over for New Jersey and the movies. Under the direction of Joe Friedman and the Motion Picture and Television Commission, New Jersey has become "Hollywood East."

Last year, despite the movie and

that a film crew had snuck across the South Jersey border to Collingswood to shoot a Pennsylvania Lottery Commercial. You know what Yogi Berra would say about that? New Jersey has become so popular for film making that nobody goes there to make films anymore.

These days, it seems everyone continues to want to visit Atlantic City, which remains the nation's most popular vacation destination. Started under my predecessor, Governor Byrne, casino gambling has done a great deal for New Jersey's tourism industry, attracting over 30 million visitors to Atlantic City in 1988 alone.

Amtrak will open its new express line this year from Philadelphia to Atlantic City. This should be big step in the continued growth of the shore resort, as well as a boost to the economies of rural and suburban parts of Atlantic, Cumberland and Camden counties.

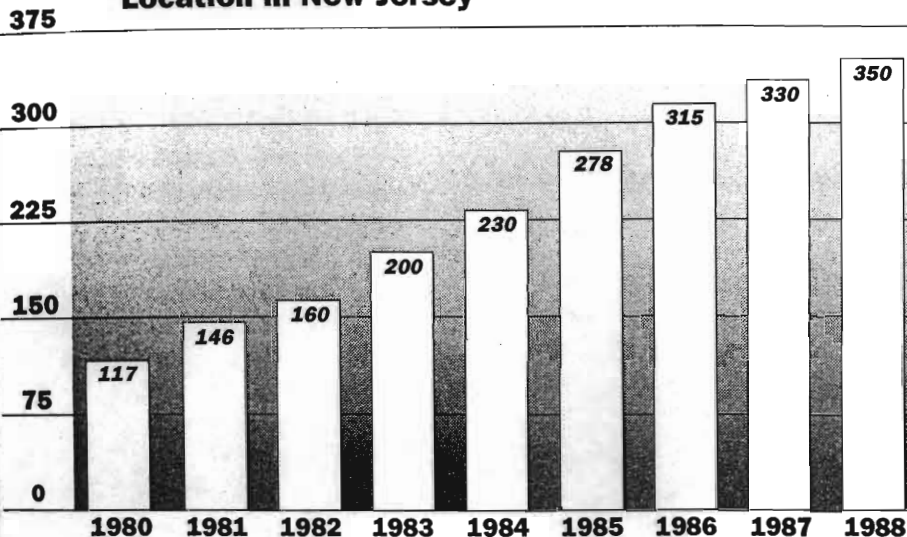
## Farming's Future

Dale Whitenight is angry, and that's good news for New Jersey.

Whitenight helps Pennsylvania farmers market fruits and vegetables. He thinks his growers are losing sales to our farmers. He says, "New Jersey has done a real job of promoting so that's what the consumer is familiar with."

Whitenight is talking about our Jersey Fresh program, soon to enter its sixth year. Before Jersey Fresh, few New Jerseyans knew that our state grew delicious blueberries, tomatoes and asparagus, not to

## Films and Videos Shot on Location in New Jersey



One of New Jersey's most famous sports figures, of course, is Yogi Berra. One of Yogi's legendary sayings was: "it ain't over 'til it's over."

Yogi's advice could easily describe the recent history of the State's motion picture industry. Fifteen years ago you were about as likely to find a movie producer in New Jersey as a redwood tree. *The Star-Ledger* even spent a series remembering New Jersey's glory days in silent pictures. The series asked: "Can New

television industry's writers' strike, the film industry contributed \$22 million to our state's economy, an increase of 12 percent over 1987. We attracted a record 350 projects to New Jersey, including 35 lucrative feature films that were shot either totally or in part in our state.

Last year's box-office smash *Big*, starring Tom Hanks, was filmed in Fort Lee and Cliffside Park. Director Sidney Lumet's critically acclaimed *Running on Empty* was shot in and around Englewood and Tenaflly. Peter Falk, Jerry Lewis, Chevy Chase, Gene Wilder and Madonna all filmed movies or television programs in New Jersey.

One newspaper even reported

JANUARY 10, 1989

14

mention peaches so juicy you need a towel to eat them. Fewer still understood that agriculture is the Garden State's fourth-largest industry. Including food production, agriculture accounts for 25 percent of our total economy.

Today, things are different. Because of our Jersey Fresh advertising campaign, everybody knows about the garden in the Garden State.

When we first erected the billboards and shot the television commercials, only 10 percent of the produce sold in New Jersey supermarkets was locally grown. Today, five years later, almost 40 percent of the produce sold during our growing season is grown within our borders.

This year we hope our advertising campaign will reach more than 150 million households, scattered throughout New England, New Jersey, New York and Pennsylvania. But what makes the campaign work is not the quality of the television spots, but the quality of the product. Consumers know when they pick up the Jersey Fresh label they are getting the best produce money can buy.

Jersey Fresh has done wonders for New Jersey agriculture. But last year farmers weren't talking about market shares, they were talking about sharing the heartache of drought. Farmers in New Jersey and across America suffered through scorching temperatures that boiled tomatoes on the vine and hurt more than 4,000 farms across our state.

At Agriculture Secretary Art Brown's insistence, I asked President Reagan to declare 20 New Jersey

counties disaster areas. The President agreed, making our farmers eligible for disaster assistance. Later, the President signed special legislation broadening the criteria for disaster payments. One thousand seven hundred New Jersey farmers have applied for aid and we expect New Jersey will eventually receive at least

---

*... land is a farmer's*

---

*pension, as Secretary Art*

---

*Brown reminds us, and to*

---

*arbitrarily strip that*

---

*pension is unfair. We think*

---

*we've found the way to*

---

*protect farmland without*

---

*penalizing farmers.*

---

\$20 million.

The drought of '88 will long be remembered. But the future of New Jersey agriculture will be determined not by forces of nature, but forces of man – specifically, whether farming can survive the unprecedented increases in real estate prices spurred by our strong economy.

Susan and Ted Blew know what I mean. For five years, they struggled to make ends meet growing vegetables on a 160-acre farm in Hunterdon County. Susan and Ted love farming, but with mortgages high and profits low, they thought they might have to sell out eventually to a developer.

Thousands of New Jersey farmers have faced the same choice. In 1960, our state had two million acres of farmland. Today we have slightly fewer than 800,000 acres, and we are losing 40,000 acres of farmland a year to development.

We are slowly witnessing the demise of agriculture and that is troubling. Farms provide far more than food for our table at Sunday dinners and feasts for our eyes on Sunday drives. Unlike condominium parking lots, farmland collects rain and replenishes the aquifers from which we get drinking water. Farms are home to wildlife and plants.

If we continue to allow the market for land alone to dictate matters, New Jersey could be left with as many farms as deserts. That would be a disaster for both our economy and our environment. So the State must intercede.

Eight years ago the previous Administration won approval of a bond issue to allow the State and counties to invest \$50 million to preserve farmland. We paid farmers for an easement, the difference between the farmland and developed value of their land. In turn, the

GOVERNOR'S ANNUAL MESSAGE

15

farmers or land owners were allowed to keep their farms as long as they did not develop them.

There was one snag in the program. The county contribution required was too high, so the program was about as popular as Iron Maiden at the Metropolitan Opera. So two years ago we won approval to change the program by increasing the State's share of the easement cost and also allowing the State to buy farmland outright and resell it after acquiring a permanent agricultural deed restriction.

The program is beginning to work. Hundreds of farmers are joining Susan and Ted Blew in saving their farms and forgetting their financial worries. Over 10,000 acres will be set aside. Yet demand for the program far outstrips the supply of money. The question is, what do we do next?

Some say the answer is for government to simply regulate farms and prohibit development on them. But land is a farmer's pension, as Secretary Art Brown reminds us, and to arbitrarily strip that pension is unfair. We think we've found the way to protect farmland without penalizing farmers.

We've developed a three-part strategy that will operate in both the short- and long-term to help us preserve as much as 500,000 acres of productive farmland.

This year I will ask the Legislature to put a Open Space Bond Issue

on the ballot in November. This \$350 million bond issue will include money to set aside parks and recreation areas, which I will discuss shortly. It will also include a large investment to save New Jersey farming before the only tractors and hoes we can find are in museums.

Fifty million dollars would flow directly into the pool of money established by the earlier bond issue to allow the State to continue the purchase of farm easements. We believe that this \$50 million investment will allow the purchase of at least another 10,000 acres of farmland.

But we have other, more sophisticated and cheaper tools to protect our farmers; tools we must put in place immediately to provide for our long-term needs.

We need something I have called for in my past two Annual Messages, a concept called Transfer of Development Rights (TDR). Here is how it works. First, towns revise their land use plans and decide what land can be developed and what cannot. Then, let's say a developer wants to build a townhouse complex on a rural road in that town. The area is designated for development, but limited to new houses on one acre of land.

The developer and the town strike a deal. The developer gets to build high-density townhouses on the rural road, but in turn agrees to purchase the development rights to a farm in a no-growth section of the community. The farmer keeps his farm but earns a market price for his land. The developer makes his profit. The town controls its growth - keeping it where it makes sense. All

three are happy and New Jersey has more acres of farmland.

This year I renew my call for the Legislature to pass Assemblymen Bob Shinn's legislation, which would set up such a TDR system in Burlington County. This county-wide system, built on land-use ordinances already adopted by Burlington towns, would be a model for the rest of New Jersey.

You would think farmers would feel the same about transferring development rights as they do about a rainy growing season. The truth is, farmers have been less than excited about the program. They point out that it is difficult to find developers willing to buy their rights and farmers themselves don't have the know-how or the time to set up these deals.

This year we propose to change all that and make TDR work. I propose that \$25 million of the Bond Issue be used to set up a Transfer Development Rights bank. The bank would be a broker, searching out farmers and developers who want to make deals. The bank would have the capital to buy development rights and hold them until they could be sold to developers in a growth area. Once these deals were made, the money would flow back into the bank and be available for further deals.

New Jersey's concern about the loss of farmland is nothing new. More than 20 years ago we amended the State Constitution to say that farmland should be taxed at a lower rate than other properties in a town or city. New Jerseyans figured that the

JANUARY 10, 1989

16

entire community benefited from farming's presence so the entire community should share the burden of supporting it.

Of course, the subsidy should and does end when the farm is converted to another use. Here in New Jersey, the seller must pay the difference between the property tax he paid on the farm and the property tax he would have paid if not farming the property for the three years prior to the sale. This is called a three-year rollback and money raised from it is returned to the town to spend as it sees fit.

This system has become outdated. It is no longer encouraging farmland conservation. The rollback we apply is nowhere near as tough as other states in which rollbacks are longer than five years. Assemblywoman Maureen Ogden and Assembly Speaker Chuck Hardwick have the right idea. If we want to get serious about protecting farmland, it is time we extended our rollback to ten years.

A ten-year rollback would make farm conversion more expensive and raise more money for municipalities. Here, too, we need to make a change. Since the value of developed property is determined in part by surrounding agricultural land and open space, I recommend that one-half of the funds returned to the town be dedicated to pay for more farmland preservation.

We must amend the State Constitution in order to adopt this system. I call on the Legislature to put such a question before the New Jersey voters. If our economy contin-

ues its recent pace, we estimate a ten-year rollback could earn municipalities about \$14 million a year, at least half of which would go directly for farmland preservation.

The beauty of this system is easy to see. As the economy heats up and farmland is sold, the pot of money to protect farmland grows larger. This is a combination we can't afford to ignore.

## Last Choices

Last March the transportation department hired the Rutgers Eagleton Institute of Politics to poll New Jerseyans on a variety of issues. One result stunned the pollsters. Forty percent of the respondents said they had changed the time they leave for work or the route they took commuting because of traffic congestion.

This finding proved what so many New Jerseyans already know: growth is the issue of the day in the Garden State. The issue manifests itself in many forms: in the sewer bans that slow or halt development in more than 170 communities; the skyrocketing cost of garbage disposal that has raised property taxes; the traffic jams which force New Jerseyans to hold the dubious honor of the longest commute in the nation; and the rapid disappearance of parks, fields and farmland that give our state its essential character.

I ran for office seven years ago promising to pull our economy from the economic doldrums. We had three priorities: jobs, jobs and more jobs, and we were spectacular in providing them.

But I also ran on the belief that a clean environment and a strong economy are not mutually exclusive,

that the first is a precondition for the other to occur. I still believe that, and 1989 is the year we must prove it again.

In the year ahead we face many of the last choices in determining how we will use land in the Garden State. As the most densely populated state, much of our land is already developed or, as is the case with the Pinelands, set aside for protection. We have relatively little land to play with compared to most states.

How we use the remaining land will determine whether New Jersey remains a great place to live and whether the economic growth we have enjoyed recently will occur for another decade. If we make the wrong choices, frankly, our economy will slow and new jobs will head to other states.

That is why we must act on my ecological priorities this year to guarantee New Jersey's economic future.

I just explained about my plan to preserve farmland. We must also protect our disappearing open spaces — our parks, playgrounds and recreation areas that have been turning into the condominiums and shopping malls of the 1980's.

Some say this is simply an environmental issue. They should ask the chief executives of some of our Fortune 500 companies why they moved here. Sure these business leaders talk taxes and location, but they also talk about the sylvan fields

in Somerset and Morris counties that are so attractive to them and their workers.

Even the real estate industry understands the economic impact of open space. The distinguished landscape architect Charles Elliot, who built many of the parks around Boston, has found conclusively that "the value of solid residential and commercial buildings is determined by the open space surrounding it."

Beginning in 1961, New Jerseyans have shown a strong commitment to open space preservation. Over the years we have approved six bond issues worth over \$700 million in funds to set aside almost 265,000 acres of New Jersey. This commitment is larger than any other state's, and the idea of revolving loan funds, pioneered by the Kean Administration, has allowed our most recent bond issue, passed in 1983, to buy more land for fewer dollars.

Still, the money is not enough. Right now we are able to fund only a small portion of the requests for Green Acres funds. That's why I will ask the Legislature to put on the ballot a New Jersey Open Space Bond Issue. I already mentioned the Bond Issue's importance to agriculture. It will be even more important to our Green Acres program.

But buying parks and playgrounds cannot be our only weapon against unbridled growth. Growth is not a four letter word, but uncontrolled growth will have terrible consequences.

For proof, look no further than our shore. Some of the pollution that

damaged the tourism industry last summer came, we suspect, from out of state. But many problems are of our own making. Whether it is overburdened sewage treatment plants, run-off pollution from sewers or garbage on the beach, these problems are all results of haphazard development.

Three years ago I proposed a Coastal Commission to give the towns and cities along our coast the power they need to control their destinies. This proposal was never meant to be and never will be a means of taking property from shore residents. Instead, it is a property protection measure. Only by helping towns and cities get a handle on growth will we attract responsible development, which leads to rising property values. I will explain the Coastal Commission in greater detail in a later section. Suffice it to say now that we need it this year to protect our shore economy.

But growth isn't just a problem on the eastern edges of Monmouth and Ocean counties. We need a tool to manage growth across the state.

That's why I created the State Planning Commission and entrusted it with the responsibility of coming up with a plan for New Jersey's future. Taxpayers complained to me that neighboring towns never communicated with each other. Uncontrolled growth in one community spilled over into the next and residents of that town had no recourse. It was clear we needed a regional approach to the problem.

I did not want to slow growth, because growth is good. But I did want a rational plan to manage growth so we can make sure that by the year

2000 New Jerseyans won't have to wake at 4:00 a.m. to begin their commute to work, and so that their children won't have to look in books to remember what a park or forest looks like.

The State Planning Commission, under the leadership of Chairman James Gilbert, vice president of Merrill Lynch, has ably met my charge. They have been open, encouraging public input throughout their deliberations.

Some criticisms of their work have been fair, and the commission has incorporated these criticisms in its drafts. Other criticisms, frankly, have been deliberately hyperbolic. The Planning Commission will never "tell people where to live and work," as one particularly irresponsible special-interest group recently suggested. State planning only offers a tool so that we New Jerseyans can help ourselves. It is based not on coercion, but cooperation.

Last November, after two years of work, the Planning Commission released the final draft of its work. I believe the plan comports with the values which most New Jerseyans hold dear. We must try to direct growth to the cities. Rural towns should maintain their essential character by clustering development. Suburban growth should be encouraged in areas where roads and sewers are available to handle it.

Now we enter the most important part of the process. In the few states that have tried master plans, the plans have been foisted from

above onto the backs of local government. One state, Florida, even fines towns that don't comply with the plan. We are taking a radically different approach.

This year the planning commission will begin the process of cross-acceptance, soliciting input as it travels from town to town across New Jersey explaining the plan and what it means to each town. We want towns to determine for themselves what kind of development they want. The commission will incorporate each town's views into the overall plan. This is democracy at its finest, and the only way we New Jerseyans can control our own destiny.

But I have one fear. I fear that this process will be derailed by

special interests whose real agenda is to make a quick buck by preserving the status quo. Therefore, I urge all New Jerseyans from all walks of life – local elected officials, parents, farmers, small business owners and community activists – to get involved in this important process. We must channel the discontent about disappearing space and traffic jams into responsible action for our future.

As it has so often before, the rest of America will be watching. In this, as in so many areas, New Jersey is embarking on a path on which no other state has tread. The skeptics say we will not make it. But those people ignore recent history.

We entered this decade as the nation's rustbucket. Many said New Jersey would never be an economic leader. We didn't have the skills to compete in burgeoning service industries such as tourism, they said; we didn't have the knowledge base

for high technology or the manufacturing know-how to sell our products abroad.

We quietly proved the critics wrong on all counts. Today our economy is diverse, buoyant and a model for the nation.

Now a new challenge arises. We must prove we have the sophistication and maturity to manage growth before it manages to undo our future. We must set aside open space, solve the real problems that affect our shore and, through planning, gain control of our economic destiny.

Can we do it? Yes we can.

## GOVERNOR'S ANNUAL MESSAGE

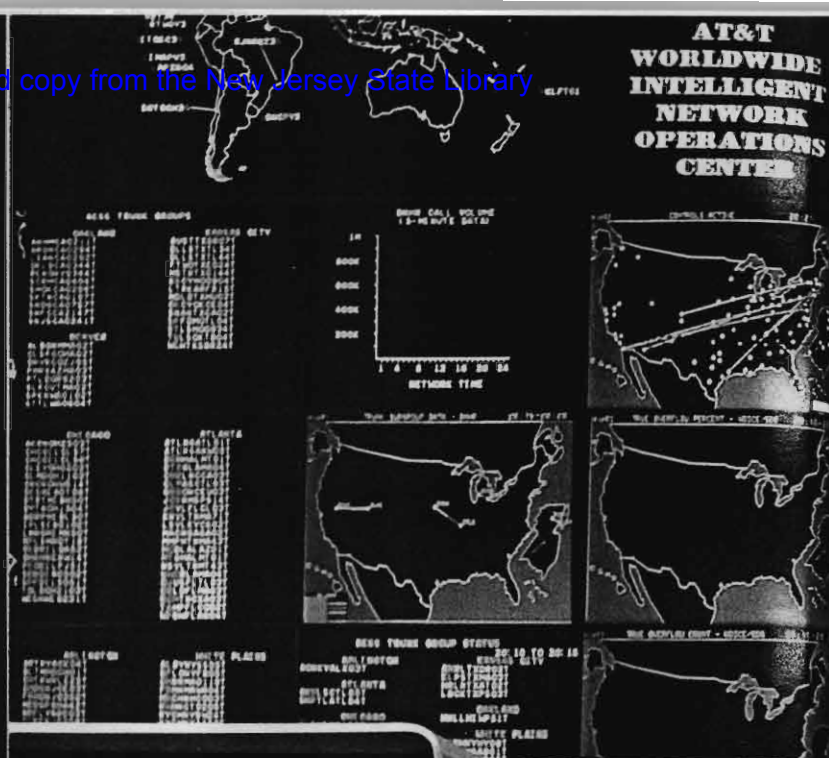


*New Jersey's*

*economy: six years of*

*good news*

# AT&T WORLDWIDE INTELLIGENT NETWORK OPERATIONS CENTER



The AT&T Intelligence Network in Bedminster keeps New Jersey in touch with the world.

Bottom left, at Siemens Corporation in Princeton, workers experiment with the most advanced robotics technology.





General Electric  
Astro Division  
in Princeton. "New  
Jerseyans make  
satellites to circle  
the globe."

Top to bottom,  
Governor Kean  
prepares to  
tell the world: "New  
Jersey and You:  
Perfect Together."  
World-renowned  
director Sidney  
Lumet, on location  
in Englewood,  
New Jersey.  
Governor Kean,  
former Secretary of  
State Henry Kissinger,  
and International  
Trade Director Ming  
Hsu welcome China to  
New Jersey at China  
Expo '88 held  
at Morris County  
College.

Opposite page,  
Gilda Sossin, owner  
of one of the oldest  
stores in Caldwell,  
shows what  
"New Jersey Fresh"  
really means.





Sports in New Jersey. (Top to bottom) The New Jersey Giants, The New Jersey Nets, horse racing at the Meadowlands, and Governor Kean with members of the New Jersey Devils, along with some of their fans.



GOVERNOR'S ANNUAL MESSAGE

27

## EDUCATION

**H**ank Henderson is not a teacher, a principal or a superintendent. But like millions of Americans, he knows that something, somewhere, went dreadfully wrong with America's system of public education.

Hank sees the symbols of failure daily as he interviews workers for new jobs in

Henderson Industries, a high-technology firm he runs in West Caldwell. Hank meets young people who believe they have a future reserved in the real world only to discover that the only thing reserved for them is a place in the welfare line.

Hank is not alone in his frustration. His sentiments are echoed by "Bo" Sullivan, former chairman of the New Jersey Turnpike Authority, who couldn't hire young people to work the toll booths because they couldn't make change, and by Bob Winters, chairman of the board of the Prudential Insurance Company of America, who reports that six out of ten potential clerical workers his company interviewed last year couldn't pass a basic skills test in reading and writing.

We too are aware of this problem. For seven years, New Jersey has been working to cure the ills that

affect American schools and endanger our children's future. Now, when business leaders and parents across America ask how Jason will learn to read and write and Brittany will learn to count and compute, they turn to us for answers.

The date was September 6, 1983, the day before a new school year opened. I called a special session of the Legislature together and said; "At times in our nation's history, one issue becomes so urgent that we ignore it at our peril. Today that issue is education."

I proposed reforms to close the gap between our need for rigorous schooling and our ability to provide it. We have made much progress since that day. More than thirty-five reforms have been adopted. Many have won the ultimate praise of being copied by other states. We have learned lessons, and in turn we have incorporated those lessons into new efforts.

We learned that reform does not happen overnight. In no area does our theme of Quiet Revolution apply as perfectly as in education. When a bright young college graduate decides to forsake a career in busi-

JANUARY 10, 1989

28

ness to pursue a career in teaching through our alternate route, the results of that decision may not be felt for ten years. Similarly, when a high school sophomore studies harder in order to pass a tougher basic skills test, the results often may not be seen until two years later, when that student goes for a job interview.

Education reform takes time. We have had our successes and our setbacks, and yet we have never wavered from our course. Education reform has remained our number one priority since I called that special session of the Legislature six years ago.

We have also learned to listen. Once a month since I have taken office I have visited classrooms across New Jersey. Talking to teachers and students, I have come to believe that although Trenton can come up with ideas that work, real reform only occurs with the active and lasting involvement of the people at the grass roots: students, teachers, administrators and parents. Our most profound reforms have been to empower these people, and our best reforms have been a result of their ideas.

Finally, we know that in education, as in most other enterprises, money is not the answer to all our problems.

This is not to say that we have been frugal with our schools. To the contrary, we have been quite generous. In 1983, New Jersey stood 21st in the nation in per capita spending on each student. Today we stand 5th in per capita spending; in the past four years alone we have increased education spending by over \$1 billion.

We have focused not on money alone, but on the quality of our investments. To spend education

dollars on programs that don't work is to cheat the taxpayers and, more important, to cheat our children. I am not one who correlates the decline in American education with an increase in government spending. But I do believe that education dollars must be spent on what works, and nothing else.

---

*...when business leaders*

---

*and parents across America*

---

*ask how Jason will learn to*

---

*read and write and*

---

*Brittany will learn to*

---

*count and compute, they*

---

*turn to us for answers.*

---

These principles will continue to guide us through my last year in office. My goal is to solidify the many reforms we have adopted so that they will be the foundation of New Jersey education into the next century. But I also want to move into new areas.

To continue our drive to raise standards for students and empower teachers and administrators, I believe we should give districts the option of doing away with the 61-year-old State requirement for physical education. What's more, we have found solutions to challenges facing urban schools. We have reduced dropouts and improved basic skills and I want to share our solutions with 50 urban

schools across the state.

I also want to move ahead with our plan to start pre-school education in some inner cities and to provide character education and opportunities for community involvement in more of our public schools. Finally, I want to continue to explore the idea of allowing some students and parents to choose the schools they will attend. This idea could be the capstone of all our other efforts.

This is an ambitious agenda, but I will pursue it vigorously until the day I leave office. In my life education has made the difference. Without good schools and great teachers, I never would have had the opportunity to govern this great state. I will not rest until every New Jersey child can be guaranteed a quality education.

### **Climb Every Mountain**

When I was in grade school I remember reading Lewis Carroll's *Through the Looking Glass*. One of my favorite lines in the book is when the Queen says to Alice: "It takes all the running you can do to keep in the same place."

Lewis Carroll could have easily been describing the plight of young people across America today.

A Washington research group recently put their situation in stark terms. At the end of World War I a young American could obtain a decent job with only a fourth grade education. By the end of World War II, you needed an eighth grade education; by the Vietnam War you needed a high school diploma. The jobs of the future, the research group predicted, are going to require at least two years of college.

# GOVERNOR'S ANNUAL MESSAGE

29

If our schools stand still our young people will be run over. Tomorrow, more will be required of our young people; so we must ask more of them today.

This may seem like common sense. Yet in the 1970's, faced with declining test scores in math, science and English – the very basics of

the Joe Isuzu of school systems.

We changed things, winning approval of a much tougher ninth grade exam, the High School Proficiency Test (HPST), and matching it with an ambitious program of remedial instruction. We confounded the critics who said children would fail and we watched as students' scores

rose on the tougher test for four straight years.

Still, we deserved no applause. This was only a test of ninth grade skills. So last year I asked the Legislature to move the basic skills examination to the 11th grade, beginning with the class entering the 11th grade in 1993.

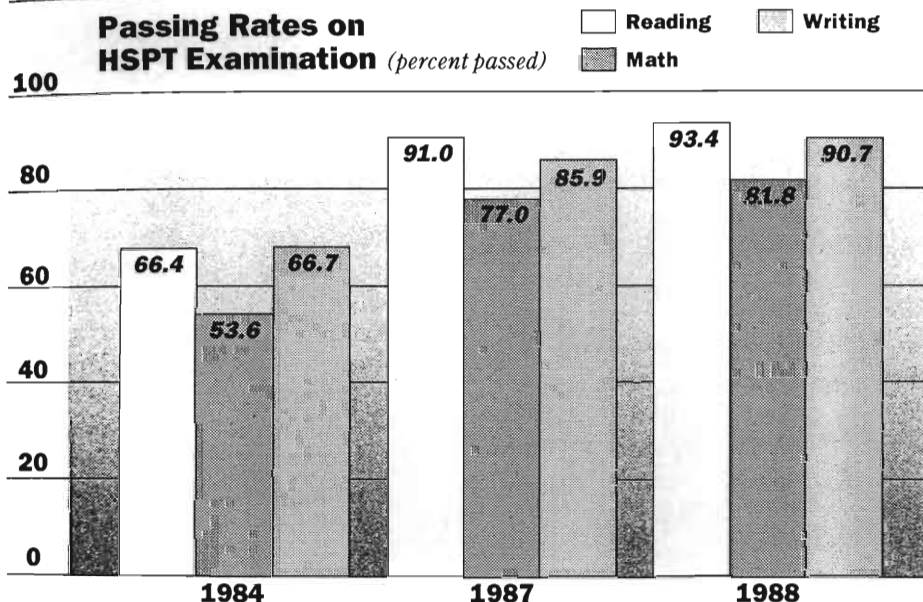
This basic skills legislation, sponsored by Senator Matty Feldman and Assemblymen Joe Kyrillos and Joe Palaia, roared through the Senate and Assembly without the controversy that accompanied the earlier legislation. This proves that we have left behind the tired philosophy of lowering standards to improve scores.

The purpose behind raising the basic skills test level is simple: to make sure that whether students attend schools in Princeton or Perth Amboy they receive at least the basics of a quality education. The same purpose motivates Education Commissioner Saul Cooperman in his quest to establish core proficiencies for the high school subjects.

As parents we worry a great deal about our children. One constant worry is that they will spend their school days goofing off, taking courses like "Advanced Meal Planning" and "Social Interaction in the 80's."

That's why the state mandates are being implemented to require students to take four years of English, three years of social studies, three years of math and two years of science.

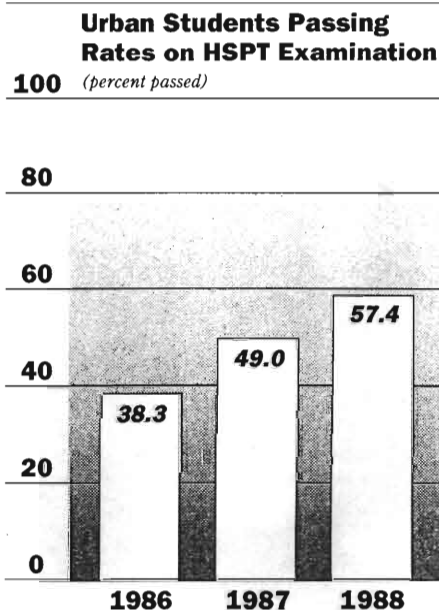
There is one snag. While the State sets the general requirements, determining proficiency in each subject has been left to the individual districts, and standards vary widely.



knowledge – educators were reluctant to raise standards for students. If children are failing, they argued, make the standards easier.

New Jersey provides a perfect example of what happened. When I took office in 1982, students were required to pass a ninth grade Minimum Basic Skills (MBS) exam in order to graduate from high school.

The test measured only the minimum skills a ninth grader needed and yet our high school graduates went to job interviews with diploma in hand, convinced it was a guarantor of high school competency. It wasn't, and many employers must have felt that they were dealing with



JANUARY 10, 1989

30

In some districts, for example, history students may well recognize as they should the importance of the Magna Carta in the history of democracy. In other districts, sadly, young history students may learn nothing to dissuade them that Magna Carta is not a relief pitcher in the Mets minor league organization.

We are cheating these students. This year Commissioner Cooperman will work with some of our best teachers to establish State standards to be used to evaluate proficiency in these required areas, as well as in foreign languages.

It is futile for the State to require a third year of math instruction if districts simply respond by splitting the second-year math class into two parts. The proficiency tests will allow us to say with confidence that whether a senior English student goes to school in Basking Ridge or Bayonne, he or she will learn that "a tide in the affairs of men" is not Queequeg's description of good whaling weather.

Unlike the HSPT, the proficiencies will not be used as a standard for graduation. But they will be used to inform the public about what is going on at their local schools. Schools can use this information to help their students and we can use this information to better target our efforts to help schools improve.

We need this information because, while Justine and Jessica in Scotch Plains are getting out of high school at 3:30 in the afternoon, Yoshiea and Izumi in Tokyo may be just starting a two hour math class. Studies show that by the time young Japanese men or women graduate from high school they will have received more than twice the instruc-

tion in math or in science as American students.

Eventually American educators are going to have to consider lengthening our school day and even our school year. But in the meantime, we must ensure that every minute of our students' time is spent learning the basics of a good education and, we

---

*The proficiency tests will*

---

*allow us to say with*

---

*confidence that whether a*

---

*senior English student goes*

---

*to school in Basking Ridge*

---

*or Bayonne, they learn that*

---

*"a tide in the affairs of men"*

---

*is not Queequeg's description*

---

*of good whaling weather.*

---

hope, some of the higher skills that will enable them to secure a good job and enjoy life.

That explains the reasoning behind what some may view as a rather innocuous new reform: doing away with the State mandate that students must take physical education in order to graduate from high school.

Nineteen seventeen was an eventful year in America. Woodrow

Wilson, not long from our Statehouse, was settling in at the White House for his second term. Germany had just resumed the torpedoing of American ships, halted after the sinking of the *Lusitania* two years before, and school children were humming the tune to George M. Cohan's new hit, "Over There." That same year State government adopted a physical education requirement for New Jersey students.

Our predecessors were not motivated by the desire to lower young people's cholesterol levels. The purpose of the requirement was simply to prepare young people for the physical rigors of military life.

A great deal has changed since then. The "War to End All Wars" turned out to be falsely advertised; Woodrow Wilson has become a New Jersey hero; and school children sing songs about the Fat Boys instead of the doughboys. But still we insist on our physical education requirements.

To those of us with fond memories of dodge ball in gym class, the idea of tampering with the physical education mandate may be akin to outlawing puppy love.

But consider a few facts. Physical education represents over 20 percent of the current courses required. Students are required to take as much physical education in high school as English, and more physical education than math, science or history. Consider also that in the average school district physical education takes up 150 minutes of school time a week and fully 20 percent of that time is spent dressing for athletic activity and dressing for class.

When one-fifth of your physical education time is spent buckling your

GOVERNOR'S ANNUAL MESSAGE

31

trousers and tying your shoes, it cannot be considered a grueling activity. In fact, studies show that young people get 80 percent of their exercise out of school. They play baseball, shoot hoops at the local basketball court or serve a few balls at the local tennis court.

Given all this, does it make sense to continue to require physical education in high school? I don't think it does. Young people are facing "elective squeeze." They want to take extra classes in vocational education, math, English, art, music, foreign languages or computers, but they have to drop those plans to spend extra time in the dressing room and on the playground.

We are in danger of graduating a generation of students who can do pull ups but cannot pull their weight in the new world economy. Therefore, I will soon put before the Legislature a bill to repeal the State mandate of physical education for high school students. I do not want to remove physical education entirely from the high school curriculum. I do, however, want to give districts the flexibility to choose for themselves, and if they so wish, replace their physical education classes with other essential classes.

This does not mean I don't believe that healthy bodies and healthy minds go together. So I suggest we replace the physical education requirement by requiring fitness testing of all third, sixth and tenth graders. These tests will provide parents with information about the fitness of their children. With this information, parents can decide whether their children ought to join the local flag football team,

take a physical education class or take the figure skates back out of the closet.

Removing this anachronistic requirement will free students to focus on the basics. And part of our young people's basic education has to be values and ethics. That is why I eagerly await the report of the

---

*We are in danger of*

---

*graduating a generation*

---

*of students who can do*

---

*pull ups but cannot pull*

---

*their weight in the new*

---

*world economy.*

---

Advisory Council on Developing Character and Values, to which I gave the difficult task of identifying the values by which our young people should live.

I announced my plans for this Advisory Council in last year's Annual Message, and in October Commissioner Cooperman unveiled its members, led by chairman Richard Herold of Liberty Corners, and including students, religious leaders, teachers, judges and community activists.

The response to the council has been as I expected. Most have said it is long overdue, but some remain skeptical of its purpose. Some have said inculcating values is the responsibility of parents and church. I agree, but schools play a growing role as the influence of parents and churches

ebbs in many young people's lives. To suggest otherwise is to ignore reality.

Others have said there are no common values; the people of this diverse state could not possibly agree on the meaning of honesty or respect for the Creator. To these people I reply that defining values may not be easy, but it is not impossible.

The council has already begun to hold hearings throughout New Jersey. I believe these hearings will be an occasion for healthy and much-needed introspection. By March, the members will evaluate the hours of testimony and report to me on New Jersey's core values.

I do not want or expect abstractions or vague platitudes. I expect a concrete definition of our core values, which we can use to adjust methods of teaching and curriculum. Our children must become more familiar with values like hard work, honesty and tolerance that have served this nation in good stead for two centuries.

I have great hopes for this effort. As *TIME* put it recently, "large sections of the nation's moral roof have been sagging badly." Our children offer the sturdy foundation to repair the damage for the next century. We must find a way to give them the support they need.

One value New Jerseyans have long held dear is compassion. From the days when Clara Barton, of Bordentown, founded the Red Cross to our state's recent outpouring of support for victims of the Armenian earthquake, New Jerseyans are always ready to help a brother or sister in need.

Volunteer agencies today, however, face some troubles. With both parents working in many families, fewer adults are available to

JANUARY 10, 1989

32

run the blood banks, lead the Cub Scouts, help out in nursing homes or care for abandoned children.

As a child I remember my mother spending hours collecting clothes and food for the poor. Her example stayed with me and convinced me to make volunteer efforts part of my adult life.

Too few young people today have such role models. So this year I am asking Commissioner Cooperman to begin a program to make community service a meaningful part of our student's high school education.

Here's an example of how the program would work. A high school senior could take a course, for credit, in health care policy. As part of the course the student would be required to spend time at the local hospital, working with sick patients and helping the doctors and nurses. The students learns more by seeing the real-world application of his studies. Hospitals and other volunteer organizations will have new recruits who may develop lifelong habits of volunteering.

I want Commissioner Cooperman to start by putting together an inventory of existing school-based volunteer programs. I also want the commissioner to begin to recruit volunteer organizations that would be willing to form partnerships with local schools to set up these kind of programs. This kind of effort should require no State investment but will work through State coordination.

Community service is one way of asking more of our young people. I believe, as John F. Kennedy said, that "to whom much is given much is required," and I think the lesson applies especially to our best and

brightest young people, those who will be New Jersey's future leaders.

That is why I created the Governor's School program for talented high school juniors. Last year was the programs fifth anniversary, as students attended month-long summer sessions at the School of Public Policy at Monmouth College,

---

*I believe, as John F.*

---

*Kennedy said, that "to*

---

*whom much is given much*

---

*is required," and I think*

---

*the lesson applies especially*

---

*to our best and brightest*

---

*young people...*

---

the School in the Arts at Trenton State College and the School in the Sciences at Drew University.

Governor's School students have come from every part of the state and every background. Like Jessica Pagach, of Edison, who had been dancing all her life but who said, "I've never been confronted by the kinds of challenges I've met here at Trenton State." Or Fred True, of Readington, who five years ago created his first hologram at the Drew summer program and last year graduated with a physics degree from Harvey Mudd College in Claremont, California. Or Geoffrey Blue, a

Princeton undergraduate who grew up in Fair Haven and today serves on the advisory council I just mentioned. Geoffrey's interest in values was sparked at the Monmouth College program four years ago.

Geoffrey, Fred, Jessica and 1,500 other young people offer 1,500 plus reasons why this program deserves to be expanded. So this summer we will open a fourth Governor's School, a School in the Environment at Stockton State College. I expect soon the new school will be up to the standards of the three existing schools, which rank among the very best in the nation.

I want to showcase the difference these schools have made in the lives of our young people. So next fall I want to host a National Conference of Governor's Schools here in New Jersey. The event will be an occasion to highlight not just our Governor's School program, but our overall effort to improve New Jersey public education.

### **Where You Lead I Will Follow**

Kimberly Clark may not know it, but she is one small part of an educational revolution.

Kimberly is a Phi Beta Kappa graduate of Penn State University who worked after college as a free lance journalist in Atlantic City. One day she decided she wanted to "touch a little bit of eternity" by becoming a teacher. She didn't have an education degree. In any other state that would have blocked her path to the classroom. But in New Jersey her path was open through our Alternate Route Program to Teacher Certification Program.

# GOVERNOR'S ANNUAL MESSAGE

33

The genesis of this reform occurred five years ago when Commissioner Cooperman and I searched for ways to avert an impending teacher shortage.

We decided the answer lay in somehow bending the rules to recruit talented people like Kimberly Clark who wanted to make teaching a career, but couldn't because they didn't hold the required teaching degree.

Did the idea work? Ask Kimberly and the more than 1,000 new teachers we have attracted to our classrooms in four years, including one out of three new teachers hired in New Jersey last year. Or ask *The Record of Hackensack*, which last November said: "Breaking the monopoly of the teacher-training establishment is one of the smartest things New Jersey ever did."

When the alternate route was first unveiled, critics complained we were forcing our young people to be guinea pigs in an educational experiment. You don't hear those complaints today, just like you don't hear any more the warnings about looming teacher shortages.

The training and study required of our alternate route teachers is as rigorous as the training and study required for an education degree. And alternate route teachers have been scoring higher on tests of teaching ability than their counterparts with traditional degrees. That's not their only advantage. Alternate route teachers are more likely to hold advanced degrees, to have worked in the world outside the schoolyard and, to the surprise of some, more likely stick with teaching during the rough early years.

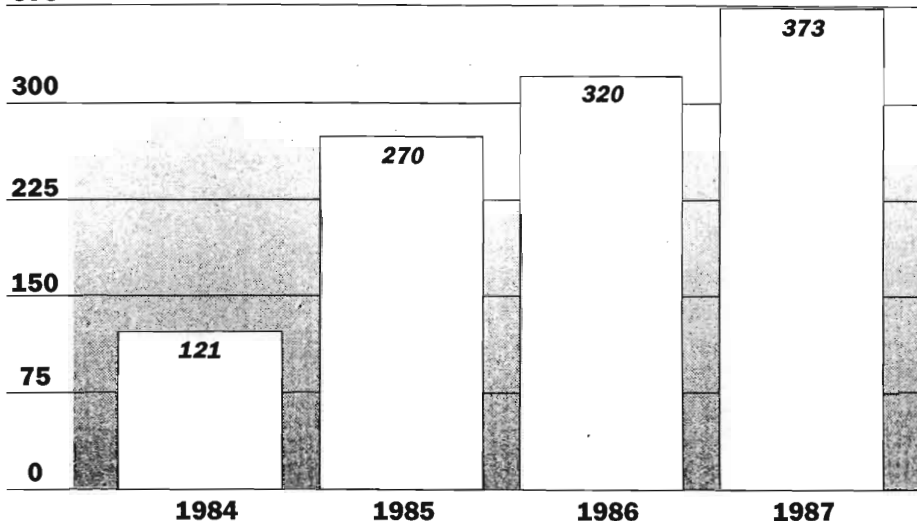
At a time when America demands new ideas to improve classroom instruction, New Jersey has uncovered a sure-fire idea that works. That's why more than 20 states are now rushing to duplicate this program.

The alternate route has exceeded my fondest expectations, but I

schools. If we ask students to do more, we must ask the same of teachers, principals, administrators and parents. And when they respond, we must reward them.

So while we were putting together the alternate route we acted to improve college teacher-training and have continually raised the

**Teachers Hired Through Alternate Route** (number hired)



do admit to one regret. While the alternate route is quietly revolutionizing New Jersey's teaching corps, the revolution could be occurring more quickly. The first year 50 school districts participated, and last year 200 of the state's 585 districts joined. Still, we can do much better. Parents in districts not using the alternate route should ask their superintendents to explain why their schools aren't willing to include teachers like Kimberly Clark. If enough parents ask, maybe we can have 300 districts using the program by the time schools open next fall.

The alternate route is only the most visible of our efforts to increase standards for the people who run

standards for earning an education degree.

My feeling then and now is that teachers, like any professionals, want the lazy and the incompetent removed from their profession. Teaching should be reserved for the able and the ambitious, and in New Jersey it will be.

But able and ambitious people don't work for low wages. That is why in 1985 we raised the minimum salary for starting teachers to \$18,500. It also why we started the Governor's Teaching Scholars program, which offers college scholarships of up to

JANUARY 10, 1989

34

\$30,000 to some of our brightest high school graduates. There is one condition to the program. Scholars must agree to teach in a New Jersey school for at least four years upon graduation from college.

No other state offers as much tuition money as we do. Right now, over 400 young New Jerseyans in college are looking forward to their first day on the other side of the teacher's desk.

How do we keep talented teachers on the job? Teachers want to be rewarded when they do a good job. They want to be given the opportunity to grow professionally and to contribute to the organization in which they work.

That is why we started the Academy for the Advancement of Teaching and Management. As of this spring, more than 4,500 teachers, one out of every 20 in our classrooms, will have worked in or with the Academy, sharing knowledge and teaching techniques. This program is on top of \$15,000 annual grants we have offered to more than 130 teachers the past three years to support innovative methods of instruction.

Even these programs, however, do not bring me as much pleasure as our Governor's Teachers Recognition Program.

The program, now in its fourth year, recognizes an unsung hero in every participating school building in the state — those teachers who take extra hours after class to help a shy student, who run the bake sales and the school dances; who have the magic to make Hawthorne or Faulker come alive for students who never liked to read before.

Each year we invite these teachers to a symposium in Princeton where we give each a grant of \$1,000 to use as they see fit to improve classroom instruction. So far we have honored 4,700 great teachers.

After last year's ceremony I received a letter from Mary Powell, a teacher at Collingswood High School,

---

*...ask The Record of*

---

*Hackensack, which last*

---

*November said: "Breaking*

---

*the monopoly of the teacher-*

---

*training establishment is*

---

*one of the smartest things*

---

*New Jersey ever did."*

---

who said she couldn't remember the last time she had lobster for lunch or the last time someone had said thanks to a group of teachers. Mary enthusiastically pointed out that she already planned to use her \$1,000 to purchase a VCR so her science students could perform more complicated experiments. Multiply Mary's enthusiasm 4,700 times and you have a good idea of the value of this program.

I'd like to think reforms like these are a major reason why a recent Carnegie Foundation Study found that only 6 percent of New Jersey teachers today are planning to leave their profession and a solid 56

percent, far above the national average of 37 percent, feel they receive strong support from State government.

We are succeeding in changing a stereotype of teaching that we should have left behind with Prohibition and flappers. Teachers are professionals who deserve good pay, more power and more rewards when they do a great job. But teachers are only one part of a good school. We need to ask more of our principals, superintendents and other administrators.

Traditionally, school principals were former teachers or football coaches who were popular or especially able. They were promoted to the front office where they received more pay, more awards and the responsibility of managing an organization larger than many New Jersey businesses. All you needed was a master's degree in virtually any area and three years of working in a school.

Sports analogies tend to make educators uncomfortable, but here they do apply. Major league football and baseball are filled with examples of players who were stars on the field and flops behind the bench. Meanwhile, some of the very best coaches had to struggle to even make their professional varsity teams.

The same situation exists in education, but until recently no one the courage to admit it. That changed last year, when Commissioner Cooperman put forward a proposal to modernize our requirements for principal certification.

The criticism of this new way of doing business was intense as

## GOVERNOR'S ANNUAL MESSAGE

35

expected, but the Commissioner persevered and we are left with a pilot program that puts New Jersey in the familiar role of breaking new ground for the rest of the nation.

Within the next school year, prospective principals will have to have earned a master's degree in management and leadership, passed a written test not unlike a Bar Exam or CPA Exam, and undergone a rigorous three-day State assessment.

The assessment isn't just three days sitting at a desk filling in answer blocks. We will put principals in real situations and see how they react. We want to know how a candidate does when an enraged mother bursts into the office and says her daughter has a constitutional right to violate the school dress code. What does a principal do when he opens a letter on his desk one morning and discovers a bomb threat? Can he talk one of his best teachers from leaving school because one isolated incident of student violence has dismayed the teacher?

This assessment will give us precise information about the strengths and weaknesses of each principal candidate. If a school is looking for a principal who is a rigid taskmaster with the demeanor of Charles Bronson, we can point one out. If they want a friendlier, laid back, Jimmy Stewart type, we can find that, too.

We also accommodated the demands of those who said that even people with the greatest coaching instincts and experience should know what it feels like to line up on the playing field instead of beside it. We

agreed that principals who have never been teachers must teach one class a day for at least two years. And we agreed to allow at most only 50 candidates without prior teaching experience into the ranks by 1992.

I have great hope for these new requirements. I believe they will be a magnet for great managers who have

---

*If a school is looking for  
a principal who is a rigid*

---

*taskmaster with the*

---

*demeanor of Charles*

---

*Bronson, we can point one*

---

*out. If they want a*

---

*friendlier, laid back,*

---

*Jimmy Stewart type, we can*

---

*find that, too.*

---

much to offer a school; their presence will give us a competitive advantage over other states. Like the alternate route for teaching, I predict one day the alternate route for principals will be a major source of talent, and that our children will be much better off as a result.

We aren't stopping at the principal's office. We are moving to raise standards for superintendents and school business administrators,

and we are working to open these professions to new pools of talent. This year Commissioner Cooperman will present proposals for new requirements for both jobs to the State Board of Education.

One more often overlooked educational leader deserves and has received our attention: parents.

We live in a "pop in" society. Pop food in the microwave and a dinner is ready in minutes. Pop our clothes in the dry cleaner and they can be cleaned and pressed in a day. We can even pop a tape in the car radio and "read" a book as we drive.

Unfortunately, too many parents take this same "pop in" approach toward education. They seem to think they can drop junior off in the fall, and when they pick him up in the spring he will be educated.

It doesn't work that way. In fact, parental involvement often determines whether a child succeeds in school or falls behind. The sad fact is, most parents want to get involved but don't know how in a world with two-career families and time pressures.

So two years ago we started the Partners in Learning Program. The first phase was a publicity campaign in which we let parents know the simple things they can do to help their children. Later, education department officials searched the state for examples of good programs that successfully promote parental involvement.

The awards were announced last July. One award went to Stony Lane Elementary School in Paramus for a program called "Books and Beyond."

JANUARY 10, 1989

36

Paramus parents are encouraged to help their children flip off *Family Feud* in the evening and flip open a book for leisure reading. Parents are asked to read with or to their children, and for every five hours spent reading their children receive a reward. The results were immediately apparent. One mother noted that before the program her daughter could only read for ten minutes at a time; after the program started she was sitting and reading for 45-minute stretches.

Now the education department is taking lessons learned from schools like Stony Lane and transferring them to schools that need help in promoting parental involvement. This spring we will begin working with 30 schools.

One complaint we often hear from parents is that they have no real or reliable measure to evaluate not just their children, but the progress of their local school.

That's why in my Annual Message last year I proposed the State begin to release annual report cards on New Jersey schools. The report cards would provide information on dropout rates, students scores on basic skills tests, attendance records, SAT scores and other measures of a school's performance.

In this, as most other reforms, we have been opposed by some who believe the status quo is the only way to go. But we have moved forward, and the department has spent the fall collecting data from districts and working with education groups on the report card's structure and content.

The first report cards will be released next fall. They will measure performance for the school year that

began last September. It is important to emphasize that these report cards will not rank schools; rather, they will present important information in simple terms. We will not say: "student participation in instructional experiences is increasing above the norm of previous years;" we will say: "the school has fewer dropouts."

The Report Card will be an essential tool to allow parents and taxpayers to become more involved in their local schools. We eventually hope to use the information to reward schools that improve. Combined with the new principal certification and our teacher reforms, it sends a strong signal that the people who run schools are some of the most important leaders in our society and should be treated as such. But that also means when they fail, they should be judged accordingly.

Last January 14, I signed into law landmark school legislation, sponsored by Senators Feldman and Jack Ewing, as well as Assemblymen Palaia. For the first time, New Jersey was given the authority to intervene in local school districts that repeatedly fail to educate students. The signing culminated two years of bruising negotiations over this unique measure.

Our education department moved quickly with the new powers. In May the department released a 2,000 page report chronicling the problems affecting Jersey City. Those who read the report must share my feelings of dismay and anger.

It tells of students learning from history textbooks that don't mention Watergate because they were printed before the 1970's, of rampant absenteeism and a district that seems to lose track of hundreds of students. It describes demoralized teachers and good employees who are blocked from promotion by walls of patronage,

while unqualified people are given new jobs and raises simply because a relative happens to work in City Hall.

But it was not the tales of patronage and abuse that caused us to decide to intervene in Jersey City — it was the students' abysmal performance on every measure of a good education.

In August we acted, and Jersey City responded by filing suit. An urban district that often cries poverty at budget time decided they could spend \$1 million on a New York law firm. In September an appeals judge narrowed the issues involved to whether Jersey City had properly spent State money. Last month, the State Board of Education upheld the right of the education department to veto any Jersey City School District personnel decisions and the district's purchase of any items costing more than \$5,000.

The appeals will continue throughout this spring. My hope, as it has always been, is that by the time I leave office the legal battles will be over and we can move ahead with a plan to help Jersey City's children.

To other districts still struggling to meet the State's monitoring process, and especially to those struggling to stay away from State intervention, I once again assure you that we will provide all assistance necessary to help you improve. But while we do not want to intervene, we will do so if it is the only way to protect and educate children.

The school intervention measure was in many respects a shot heard around the nation's educational world. Since I signed the bill last January, the Chelsea, Massachusetts School District entered into an agree-

# GOVERNOR'S ANNUAL MESSAGE

37

ment with Boston University to run their district, the poorest in that state. The Illinois legislature approved a new law allowing parents to take control over Chicago schools. And just last month a panel of citizens in Michigan recommended that their State Board of Education consider taking over the Detroit school system.

In this, as in so many other areas, New Jersey has led the way.

## Bright Hopes/Big Cities

Remember the 1950's television show *Our Miss Brookes*. Every week viewers tuned in to watch Miss Brookes guide her lovable students past the shoals of adolescent life. The students were all white, healthy, middle-class children who came from families in which Dad worked, Mom washed the clothes, and the biggest crisis was whether Walter Denton would get in trouble for tearing his trousers.

If a New Jersey teacher stumbled into Miss Brookes' classroom today, they might think they were not only in the wrong school, but on the wrong planet.

Consider a few statistics. When I took office, 29 percent of New Jersey students were from a minority background. Today, that figure stands at 34 percent, and by the year 2000, 40 percent of our school population will be minorities.

Consider that 23 percent of children under fourteen in America, including 50 percent of black children and 25 percent of Hispanic children, live with one parent. And what does it mean when 25 percent of pre-schoolers and 21 percent of school-age

children in America live in poverty?

It means that our schools have demands today that they never dreamed about forty years ago. Back then, schools taught reading and writing and helped students learn how to sew and how to drive. Today schools must do all that, plus deal with drugs and violence, with some

*But it was not the tales of*

*patronage and abuse that*

*caused us to decide to*

*intervene in Jersey City —*

*it was the students'*

*abysmal performance on*

*every measure of a good*

*education.*

children who are not fed at home and other children who have no home at all.

All these problems come together in urban schools. There classrooms sometimes resemble a scene from *Welcome Back Kotter* more than *Our Miss Brookes*, and many people believe quality urban education is impossible. I disagree. Our urban schools not only can succeed, they must succeed. Because as demographics shift, our future shifts more and more onto the

shoulders of the inner-city black or Hispanic child. If they don't make it, we don't make it.

The Kean Administration understands this. When we took office, one of the first things we did was to ask urban educators how we could help. They said money was their first priority and we have provided more of it. But they also said they needed help with basic problems that were overwhelming them.

They needed to find ways to keep children in school and off the streets. They needed help improving basic skills in math, reading and writing. They had to find a way to deal with violent students who poisoned the classroom environment. And they had to convince urban children that if they worked hard there would be a job waiting after graduation.

We responded to each of these challenges. Earlier I mentioned the Partners in Learning Program, which is directed primarily at urban schools. We also put together summer institutes to prepare urban children for our basic skills exam.

With State money and expertise, we began Operation School Renewal, working directly with three districts to solve the four problems I just mentioned.

At the same time we began Operation School Renewal, we moved forward with a broad-based program directed at 40 individual schools, instead of districts. This time the State cash investment was smaller, and we relied more on our expertise and experience. We broadened our approach to include problems like keeping drugs out of school and teaching bilingual students to read.

Here we have seen successes. The stories of those successes prove

JANUARY 10, 1989

38

that providing quality urban education is neither complicated nor impossible.

Myrtle Avenue Middle School in Irvington, for example, wanted to improve reading among seventh-and eighth-graders. So the school began a pilot program in which students were asked to keep daily journals. Faced with at least five minutes of required writing a day, the children's writing skills picked up immediately. As the children shared their insights with teachers the teachers became more aware of the problems each child was experiencing.

The broad-based program proved that urban reform works better when we deal with an individual school instead of an entire district. It was based on trial and error, using experience to find what worked in each school.

Two years ago we began another program, called Effective Schools, with a somewhat different approach. The old joke says that an economist is someone who sees something happen in practice and wonders if it will work in theory. In Effective Schools, we take theories of urban education and try to make them work in practice.

One theory tells us, unsurprisingly, that schools with an orderly atmosphere promote good learning. The atmosphere at Winfield Scott School in Elizabeth was disturbed every morning by the sound of nine and ten-year-olds rushing pell mell back from breakfast in the cafeteria. By the time the students settled down, an entire period was lost.

So with the Effective Schools assistance, the school changed the

breakfast routine, serving meals in individual classrooms instead of the cafeteria. Without the morning recurrence of their own Running of the Bulls of Pamplona, Myrtle Avenue's learning climate improved considerably.

The Marines like to say they are looking for "a few good men." Well, urban businesses are looking for more than a few good workers. Through our 10,000 Jobs Program, we match qualified high school graduates with good private sector jobs.

Students who participate in the program must not only pass our basic skills test, but must have outstanding citizenship skills, be well-behaved in school and have a strong attendance record. We guarantee private employers that they won't have to worry about these workers being unable to write a coherent memo or playing hooky from work some day. In turn, we make clear that these workers can do more than flip hamburgers; they deserve entry level jobs with a future. Over 1,000 workers will be placed in good jobs this spring.

Alone, these reforms may not be earthshattering. But it is through hundreds of small reforms that you build great urban schools. I believe we have acquired a body of knowledge that we can put to use in any urban setting. So this year I want to build on our accomplishments with a new, five-part urban program.

First, we want to share our Effective Schools experience with 50 more Urban Schools of Excellence. The budget I present to the Legislature next month will include money for new Urban Schools of Excellence, in which we can work with 50 more schools, sharing approaches that work to strengthen the role of principal, improve basic skills, and increase attendance.

Second, we want find new ways to help more schools get a handle on the problem of dropouts. Why do students drop out? One big reason is lack of self-esteem. No one at home or at school seems to care about their problems. We think we have found a way to rectify that.

The movie *Breakfast Club* provides a good way of explaining our program. It portrays five troubled youngsters brought together one Saturday morning in a high school library. Although they are all being punished for various offenses, the youngsters have little in common. One is a jock wrestler, another a nerdy science student; a third is the class flirt, a fourth a runaway kleptomaniac, and a fifth the angry young man from the wrong side of the tracks. At first they can't stand each other, but a few hours together makes them friends, and they leave that day feeling better about themselves.

A new program we start this year, called Twelve Together, will take students at risk of dropping out and form support groups. With the help of adult volunteers, the students will meet regularly to share their worries, hopes and concerns. We expect to help 600 students through this program in the next school year.

Disruptive students present another special problem. Again suffering from low self-esteem, these students seek attention by violating rules, making noise and becoming violent. They don't learn, and neither do many of their classmates.

We have had success the past few years with a pilot program involving 17 schools, including 13 in

urban  
stud  
then  
local  
Hills  
Voc  
Atl

like  
Tow  
year  
motl  
hous  
went  
fight

Disr  
gets  
and l  
who  
This  
for e  
miss  
year.

effor  
youtl  
mont  
thes  
stud  
tricts  
in dr  
retur  
peop  
in pri  
to ge  
job.

reform  
stude  
schoo  
young  
doing  
motiv

## GOVERNOR'S ANNUAL MESSAGE

39

urban districts. We remove disruptive students from classrooms and enroll them in six alternative schools, located in Bayonne, Rahway, Warren Hills, Montclair, Middlesex County Vocational Technical School and Atlantic County College.

These schools serve students like a teenager from Washington Township who had been living for a year in an abandoned car. His step-mother had kicked him out of the house and on the rare days when he went to school he constantly got into fights.

Then a friend told him about the Disruptive Youth Program. Now he gets the adult supervision he needs and he talks daily with other students who share his sense of alienation. This student, who once missed school for eight straight months, hasn't missed a day of school so far this year.

This year I want to expand our efforts to help more of our troubled youths. The budget I submit next month will include money to make these alternative schools available to students in seven more urban districts. We know the money we invest in dropout prevention today will be returned many times over as we take people headed for a life on the dole or in prison and allow them the chance to get a good education and a good job.

We want to try two other urban reforms. The first is directed at students who have yet to enter high school. We have learned that some younger urban children who are doing okay in school lose their motivation in the summer months.

Hanging out on city streets, they are they are susceptible to drugs, crime and other temptations.

We want to give these young people something better to do with their time. We are going to start a new program, called City Summer-Session, which will enroll nine- to twelve-year-olds from five urban districts in summer education programs.

The classes will be held on Mondays, Wednesdays and Fridays. The first two days the children will study and on the Friday they will take field trips to see first-hand what they have been learning about. Children reading about George Washington, for example, might drive to Washington's Crossing and see where he crossed the Delaware River.

To keep costs down, I want to rely heavily on volunteers, especially elderly and college students, to help run the program. We hope to get 1,200 inner-city children involved by this summer.

My hope is that City Summer-Session could make the difference for a ten-year-old who is unsure of whether or not it pays to work hard in school. But we have learned, sadly, that reaching a ten year old child is sometimes not soon enough.

One of the most successful federal programs is Head Start, which provides health and education services to pre-school youngsters from economically disadvantaged backgrounds. Studies show that Head Start youngsters are much less likely to drop out, become discipline problems or fail to learn English and math.

Last year I said it was time the State tried to do Head Start better by setting up pre-school programs in urban areas. Unlike Head Start, this program would attempt to establish continuity between kindergarten and

first grade. Assemblyman Palaia introduced legislation to establish such a system and as I write it appears to be headed to my desk for signature. The program, a cooperative venture between the Departments of Human Services and Education, will take care of both the physical and educational needs of these children. We hope to start four pre-school programs — in Newark, Jersey City, East Orange and Camden — by next fall.

These five programs are not flashy; they will probably receive nowhere near the attention of other reforms yet together they will touch many lives.

For two decades America poured billions into urban schools in hope that something would get better. Usually it did not, and America woke up in the 1980's with an urban underclass that is an anchor around the neck of our society.

But in the past few years, we have made important breakthroughs. We have found ways to bring drop-outs back into the education system. We no longer have to tolerate disruptive students ruining the education of the other students in the class. We have found ways to turn unruly school corridors into quiet aisles of learning.

We can point to a few successes in each of these areas. Now our challenge is to share those successes with other schools.

### Choose Me

Not long ago a teacher asked me what I had learned in six years of trying to improve New Jersey's schools. I told him I was frustrated.

JANUARY 10, 1989

40

We know what has to be done, we even are beginning to learn how to do it, but the great challenge is making the reforms work across 586 districts. Even within districts, a reform that empowers teachers in one school may show no results in another school across town.

The reason is simple: like snowflakes, no two schools in New Jersey are alike. No matter how hard we try, reforms from Trenton will never work everywhere. Our ultimate goal, as I said before, has to be to give local schools the power to help themselves.

That is why I have become so enthusiastic about the possibility of public school choice in New Jersey.

In last year's Annual Message, I said I wanted to take a close look at the possibility of allowing New Jersey parents to choose the schools their students attend. Last December Frank Esposito, vice president of Kean College, presented me with a thorough and balanced review of the possibilities and problems with Choice.

First we learned that Choice comes in many varieties. Magnet schools that offer quality instruction in the science or performing arts are one example. Another is large urban schools which can be broken down into smaller, more personal units. Students can choose schools across the state or within their own district. And contrary to popular perception, Choice is not a synonym for private school vouchers.

Frank Esposito knows this. He visited many districts in America in which Choice is being attempted. What he found should be of interest to every business leader, teacher, legislator and parent who cares about our schools.

If designed properly, Choice offers a way to let schools reach the goals of our more than thirty other reforms. When parents choose schools, they are more likely to care about the schools progress and become involved in its operation. In some choice programs, teachers pick the schools in which they want to work and help create the courses they teach. In other districts, choice has increased student achievement and reduced dropout rates.

Choice has a parallel in economics. For centuries governments have struggled to control their economies from a central state apparatus, always without success. But here and in other countries we give consumers a choice, businesses to make a profit and the result is prosperity.

So, too, Choice can make our schools prosper. This is not to say we should not be careful in implementing it. Allowing choice within school districts has worked better than allowing students to cross district lines. And Choice should never interfere with other important education goals such as desegregation.

But Choice offers so many advantages it must be pursued.

In the coming months, Commissioner Cooperman will sponsor hearings in every county in New Jersey to educate us about the possibilities of Choice and to obtain community input. We want to hear

from more than Trenton lobbying organizations. We want to hear from teachers, students, parents and business leaders, all of whom have a stake in this process.

We don't want the debate to end with these public hearings. Within schools and districts themselves I hope the debate will rage. This is an important step for New Jersey education. But it should be taken. By the time I leave office next January, I want to have a consensus plan so that Choice can begin working for New Jersey's parents and students.

There will be those who say that we should just leave well enough alone. I ask those people to talk to the New Jersey business leaders who complain about our schools' products. To these people, leaving well enough alone means leaving bad enough alone.

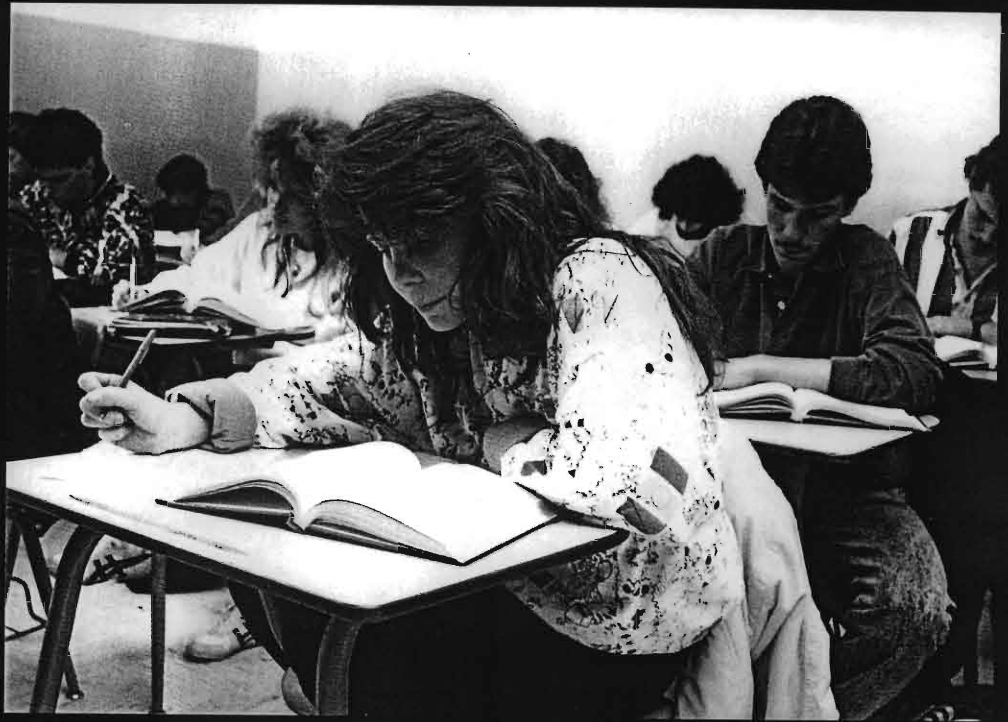
Robert F. Kennedy put it best: "Progress is a nice word, but progress requires change, and change has its enemies."

Progress in education can only occur if we rid ourselves of the antiquated notion that education is somebody else's job and poor schools are someone else's problem. All of us — business leaders, parents, educators, students and Legislators — must take a greater interest in our schools. Our enemy is complacency. Whether we conquer it will determine whether our children and our state succeed.

Conquering this enemy will build a properous future for our state and our children.

## GOVERNOR'S ANNUAL MESSAGE

---



*After seven years*

*and more than 30 reforms,*

*New Jersey has become*

*"the Education State"*

---

---

---

---

---

---

Top right, our pre-school pilot program will give many inner city children a fair start in the race with suburban children.

Higher salaries, recognition and the alternate route are revitalizing New Jersey's teachers.

Below left, Governor Kean and Alex Plinio, of the Prudential Insurance Company of America, congratulate Daniel Tabar of Edison, Shari Uldrich of Toms River, and Michelle Maglalang of Absecon, three bright young graduates of the Governor's Schools for talented high school juniors.



---

# HIGHER EDUCATION

---

**I**n May 1932, weeks before he first uttered the words "New Deal," a candidate for president named Franklin Roosevelt explained his philosophy. "The country needs and, unless I mistake its temper, the country demands bold, persistent experimentation," he said. "It is common sense to take a method and try it. If it fails, admit it

frankly and try another.

But above all, try something."

I'd like to think FDR would have had the same advice for New Jersey's higher education system when we took office in 1982. We had three major problems: we were exporting our best and brightest students like Korea exports Hyundais, our campuses lacked excitement and direction, and our buildings were crowded and beginning to fall apart.

Quietly and without great fanfare, we set out to meet these challenges. Today, New Jersey higher education – from the county colleges to the most exclusive private universities – is winning rave reviews. We have rewarded good faculty, kept college affordable and stopped the decline in minority enrollment. Across America educators talk about "excellence and access." Here those words are more than rhetoric; they are reality.

Our most recent accomplishment occurred last fall when, for the first time in 17 years, we won passage of a bond issue to repair the physical infrastructure of our campuses.

Ten years ago, a similar bond issue went before the voters of New Jersey. In 1979, the voters said "no." In 1988, New Jerseyans said "yes," by a resounding margin.

I already mentioned what the bond issue will do for our high technology research laboratories. It will also be a shot in the arm for less exotic but still vital parts of campuses: libraries, dormitories and classrooms.

The State will be able to borrow more than \$300 million for the repair and construction of these facilities. That money will be combined with as much as \$130 million in matching funds from the institutions themselves.

The benefits are real and long-term. At Rutgers University, \$42.7 million will add enough space to accommodate nearly 100,000 new books the library purchases each year. Glassboro State College will use \$1.6 million to add classrooms and offices.

JANUARY 10, 1989

46

With \$9 million, Ramapo State College will build a new Center for Communication Arts and Technologies, while Stockton State College will use \$6.9 million for an arts and environmental science building.

For the New Jersey Institute of Technology (NJIT), where cramped space made some classes almost as packed as a train at rush hour, \$20 million will provide the classrooms needed for students who now take night classes because of overcrowding. Our state's average square footage of space per student is a whopping 155 gross square feet – the size of a professor's office – below the national average. The bond issue will help us close the gap and serve our students better.

As someone who has been involved in his share of close elections, I have learned to be satisfied with any sort of victory at the polls. However, approval of the Jobs, Education and Competitiveness Bond Act was achieved by one of the largest margins ever seen on a statewide bond issue. My deepest thanks goes to the sponsors, Senator Matty Feldman and Assemblymen Jeff Moran and John Rocco. I must also thank Bob Allen, the chairman of the board of AT&T, who led the citizens lobbying group in favor of the bond. Much more than a mere victory, passage of the bond issue was a ringing endorsement of excellent education – one that bodes well for the next generation of scholars.

## Great Risks, Great Deeds

The Jobs, Education and Competitiveness Bond Act was a big step forward. But the measure of a college or university is not buildings, but people; not bricks and mortar, but energy, ideas and enthusiasm.

These were qualities sorely lacking on campuses ten years ago. Today, they are as abundant as Walkmans and Frisbees.

---

*Across America educators*

---

*talk about "excellence and*

---

*access." Here those words*

---

*are more than rhetoric;*

---

*they are reality.*

---

You can't achieve greatness without controlling your own destiny. Yet when we took office, state colleges had to get Treasury Department approval to make personnel decisions and sign contracts.

All that changed in 1986 when we put in place college autonomy, which was sponsored by Senator Feldman and Assemblyman Rocco.

Has autonomy made a difference?

Ask the people at Ramapo State College. A few years ago the steps broke on the path leading from the

parking lot to the main campus. The school waited three years for a State construction crew to fix the steps. Now, with autonomy, physical problems are fixed immediately with employees hired and paid by the college.

Shortly after the autonomy bill was signed, a vendor called Ramapo to inquire about a check he had received that day. When he was told it was for supplies he had sold the week before, he said, "I don't believe it!" He had grown accustomed to waiting weeks for a bill to go from the college to the Treasury Department in Trenton and then back to the college. He was happily flabbergasted at the new efficiency.

But autonomy means more than just quick repairs and happier vendors. Now our state colleges each have the freedom – and the responsibility – to design programs that serve the unique needs of their students and faculty.

Compare higher education to a footrace. Autonomy lifted a five-pound weight from state colleges' backs. But what really caused them to run stronger was the State challenge grant program. One by one, we offered each sector increased State investment. The catch was that the colleges and universities had to earn the money by defining their mission, building upon their strengths and taking risks.

## GOVERNOR'S ANNUAL MESSAGE

47

Did it work? Look at our state colleges. Eight years ago, many people thought Trenton State College was an average school. Only two high school seniors were applying for each spot in the freshman class of 1980.

Still, the leaders at Trenton State had what seemed to be a farfetched notion. They believed that Trenton State was a good liberal arts college. But they knew it could be much better. They wanted to attract outstanding high school students with the promise of a top-rate liberal arts education from a college of distinction.

So Trenton State took its show on the road. Over Danish and scrambled eggs, guidance counselors and principals around the state were told about the school's tougher curriculum and the creation of a community of scholars. In the first year, the counselors were telling them why they wouldn't send their good students to Trenton State. Now the counselors are asking why Trenton State is turning down some of their top students.

In the fall of 1988, six candidates competed for each spot at Trenton State — three times the number of applicants as in 1980. What's more, the average SAT score of the entire pool of 6,200 applicants this year was 52 points higher than the average score of freshman admitted in 1980.

At Montclair State College, a similar change occurred. We approved challenge grants for two different programs. One, the Opera/Music Theatre Institute, allows students to work and study with practicing artists. Opera star Jerome Hines deserves the national recogni-

tion he is receiving for making Montclair a great college for the performing arts. The second challenge program, Montclair's Institute for Critical Thinking, is allowing faculty from every discipline to share their techniques for higher-level intellectual analysis.

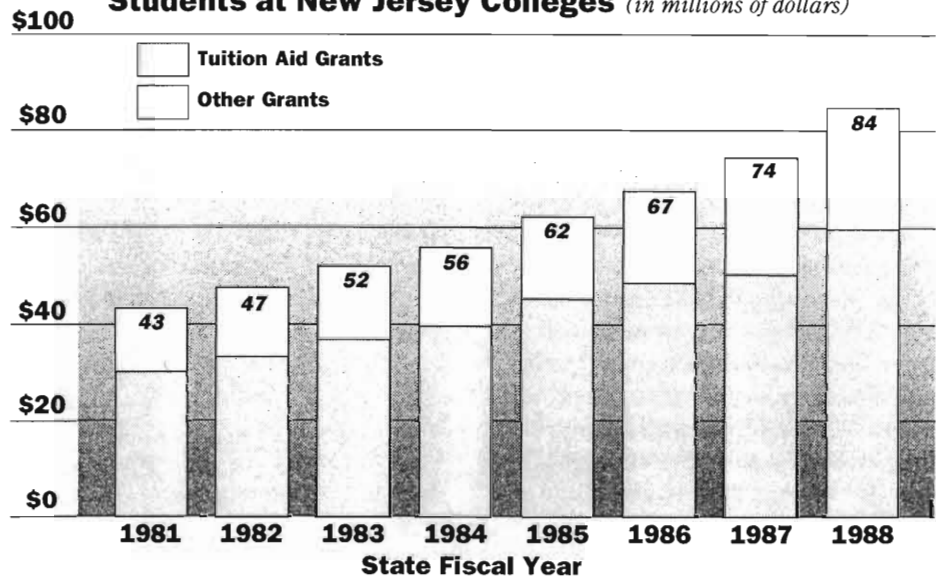
The beauty of these challenge grants is that, compared with the entire operating budget for the colleges, they are not phenomenally expensive. But they can have an

credits. Many of these students are going to college on corporate scholarships that don't cost the State a penny in tuition.

By next year, an entire dormitory will be filled with 100 students who will benefit from the \$350,000 in scholarships the school raised from businesses who were willing to believe, as the Greek historian Herodotus did, that great deeds are wrought at great risks.

Tom Murphy, a student at

**Student Grants and Scholarships to Students at New Jersey Colleges** (in millions of dollars)



impact far beyond their dollar amount.

At Jersey City State, for instance, our grant involved an initial outlay of \$5 million, a fraction of the school's \$35 million budget. But now, virtually every student is involved in the college's cooperative education program, gaining work experience in offices from AT&T to ABC-TV, and from Touche Ross to Schering-Plough, while they earn college

credits. Many of these students are going to college on corporate scholarships that don't cost the State a penny in tuition.

JANUARY 10, 1989

48

student theatrical productions were getting a better response.

"In any case," he concluded, "few Jersey City State students who have been around awhile can miss the signs of new life at New Jersey's cooperative education college."

That kind of advertising didn't cost a cent, and it's priceless.

Nearly every State college has received a challenge grant, and each college has refined and focused its mission on doing what it does best. For Ramapo State College that means imbuing its curriculum with a global perspective. You may have seen the movie, *It's a Wonderful Life*. Jimmy Stewart plays George Bailey, the heart and soul of Bedford Falls, who wants to shake the dust of the town from his feet and "see the world." Ramapo appeals to modern-day George Baileys, students who can see the world even if they can't leave Bedford Falls – or Mahwah.

Thomas A. Edison State College, the college without classrooms, serves people who are too busy at the office to attend school or mothers who never have time with a baby in their laps. Now men and women around the state and around the country can go to class on their laptop computers. With the Computer Assisted Lifelong Learning Network that the challenge grant made possible, school is just a disk drive away.

Kean College has gained national attention for its efforts to actually measure what a student learns in college, again in response to

our challenge. Glassboro State College is not afraid of the "L" word – liberal arts – and is integrating them into its professional programs. And William Paterson State College, named for one of our signers of the Constitution, is an environmental patriot, using its challenge money to create a center for applied science that will focus on waste management.

This year we should take the final step in our challenge grants initiative. The budget I present next month will include funds to allow the challenge grants to be included in the base budgets for Thomas Edison, Ramapo, Trenton State and Montclair's Opera/Music Theatre Institute.

State colleges aren't the only ones to respond to the challenges. Rutgers University, NJIT and the University of Medicine and Dentistry of New Jersey (UMDNJ) are also on the move. We have appropriated more than \$55 million for Rutgers in its quest for excellence. Rutgers has heeded my challenge to become one of the nation's premier research institutions. It has recruited professors who aren't just the best in the state, but the best in the world. People like Bernard Coleman, an international authority in the mathematical foundations of thermodynamics and continuum mechanics; Ann Markusen, an expert on the economic and industrial structuring of regional development; and Jerry Fodor, well known for his work in linguistics and philosophy of language and a leader in cognitive studies.

What's more, the Henry Rutgers Research Fellows program has supported outstanding junior faculty in the arts, sciences and humanities, as well as in professional disciplines.

The level of program awards paid for by private funds has increased by 36 percent in just two years, to \$58.7 million. That's enough to buy 1,956 personal computers, 29 Don Mattinglys, or 3,452,941 copies of *The Politics of Inclusion*.

Over the past decade, the average SAT score of incoming freshmen at Rutgers has risen nearly 80 points, while average test scores nationwide have improved by only about 13 points. While the number of high school students in the state has dropped, applications to Rutgers have increased.

We challenged NJIT to take its place among the country's best technological universities, and it has responded. Freshmen are not just given a microcomputer to use. They must put the computers together from kits. The idea is to demystify high technology, to take students behind the Wizard's curtain and make the seemingly Oz-like world of computers work for them instead of against them. Now NJIT students, whether studying biotechnology, manufacturing or architecture, understand that "interface" isn't what you do on a date, but a part of the lexicon of learning.

NJIT also continues to distinguish itself by offering the limitless educational opportunities of technology to minority students – almost 30 percent of the freshman class insert-

## GOVERNOR'S ANNUAL MESSAGE

49

ing their computer disks last fall were black or Hispanic students.

Like Rutgers and NJIT, UMDNJ has used challenge money to attract the world's best researchers and practitioners. The university last year established a Dental Research Center and used challenge money to bring in internationally renowned biochemist, Dr. Bronislaw Slomiany, as the Center's director. Dr. Slomiany is already at work on research into the possible uses of saliva as an indicator for a number of diseases.

In UMDNJ's Newark medical school, the New Jersey Cancer Center is becoming one of the nation's most advanced treatment and research facilities. A linear accelerator at the center allows doctors to apply radiation directly to the cancerous growth rather than through the skin, where traditional radiation treatments have disturbing side effects.

In this year when money is growing tight, we must carefully set our priorities. But one priority we cannot ignore is the challenge grants to Rutgers, NJIT and UMDNJ. The states that succeed in the next decade will not necessarily be those with huge supplies of oil or large pools of low-wage labor. The states that succeed will be the states with the best colleges and universities. It's as simple as that.

### Private Drive

Although New Jersey has no direct fiscal obligation to our independent colleges and universities, we do have a stake in their quality. They share a duty with our public colleges and universities to serve the men and women of our state. They educate a significant share of our state's college students, conferring one-third of all bachelor degrees awarded in New Jersey every year. What's more, they often set the standards which other schools adopt.

Fittingly, New Jersey has become a national leader in its public support of its independent colleges and universities. Acting on the recommendations of a blue-ribbon panel last year, I challenged the independents to become the very best of their kind, and we offered substantial State grants to those who responded with visions of excellence.

Four grants, totalling nearly \$8 million, were awarded last year to Fairleigh Dickinson University, St. Peter's College, Bloomfield College and Westminster Choir College. With \$1.4 million, Westminster will develop a center for "vocal pedagogy." Through the Center's use of technology and its focus on the voice as an "instrument," the college will add to its reputation as an international leader in music education. Two million dollars will help St. Peter's design an "institute for the advancement of urban education" to help urban educators teach better and to help urban students succeed in college.

Fairleigh Dickinson University will use some of its \$2.5 million to help prepare more disadvantaged

students for advanced courses and some for a cooperative education program. Finally, \$1.8 million will help Bloomfield College give students a deeper appreciation for cultural and racial differences.

As with the State colleges, these independents are meeting the challenge by clarifying and refining their missions. I am renewing the challenge this year, and I make a special plea to the independents to make good on their part of the bargain. I call upon them to pursue vigorously the plan that resulted from the blue-ribbon commission's report on serving the needs of the state.

### The Road To Somewhere

I met Anna Byrd last fall at a REACH conference in Atlantic City. She was the perfect success story for our welfare reform program. Anna, a single parent, seemed stuck on the welfare treadmill after the birth of her daughter Donna, a cerebral palsy patient. Through the REACH program in Trenton, Anna was able to land the full-time job that has pulled her off the welfare rolls. In fact, she has already earned a promotion.

But Anna Byrd is also an example of how 11 challenge grants to our county colleges have already shown results. Anna received her training through Mercer County Community College's Career Assessment, Remediation, Education, Employment and Re-Entry (CAREER) program.

CAREER is a direct result of a challenge grant to Mercer County

JANUARY 10, 1989

50

Community College. What makes the program unique is that it allows Anna to pursue a degree by attending Mercer part-time and credits her REACH training toward her degree.

Brookdale Community College's challenge concentrated on a younger element: sixth-graders. Most New Jerseyans hardly think about high school, much less college, when they are in the sixth grade. But Brookdale's premise is that, in poor communities, dropout patterns develop early. Some city children show signs of losing interest as early as the third grade. Brookdale believes these patterns must be changed at their roots or not at all.

Consider a girl in Neptune. She is the youngest of nine children, and her mother has to work a full-time job on an assembly line. As a fifth grader, this bright but unmotivated girl was getting poor grades. Three other kids in her family had quit school, her mother said, "and she was on that road."

Brookdale's program has put her on a new road by exposing her to enrichment and career awareness programs after school, on Saturdays and in the summer. Her mother takes part in the program's parent conferences. Within a year the girl has already pulled up some of her marks. Her latest report card shows a C average in some courses, 85 in basic skills and a 93 in science.

"It helped me do better in school and be better in my behavior," the youngster says. And she's already talking about going to college.

But challenge grants are just one part of the county college story. As the newest institutions on the scene, the county colleges have felt, perhaps with justification at times, like the stepchildren of the higher education system. While we were seeing real, tangible improvements at Rutgers and some of the other senior institutions, I was asking the county colleges to put their own houses in order. My remarks provoked some anger. More important, they pro-

---

*The challenge grants*

---

*have inspired every*

---

*sector of higher education.*

---

*As a result students*

---

*are learning more and*

---

*our colleges and*

---

*universities*

---

*are winning national*

---

*recognition.*

---

voked change.

A national panel of experts studied the county colleges and recommended changes in the way

they are run, how they are financed, the students they serve and the curriculum they offer. Chancellor T. Edward Hollander, along with the Board of Higher Education, and the county colleges sat down and agreed to establish specific goals for the colleges to improve and expand their services. The colleges agreed to pay particular attention to the areas mentioned in the panel's report. A progress report is expected soon. I eagerly await it.

We stand ready to play our part in this collaboration. I encourage the Legislature to pass a bill, sponsored by Senator Matty Feldman and Assemblyman Jack Collins, that will strengthen the Council of Community Colleges along the lines of the State Colleges' Governing Boards Association.

I also support the colleges' efforts to develop guidelines for codes of ethics and presidential selection.

The challenge grants have inspired every sector of higher education. As a result students are learning more and our colleges and universities are winning national recognition.

Now we are attempting the most difficult process, to actually begin to measure what a student learns during his or her college years. The program is called the College Outcomes Evaluation Program, and New Jersey's effort is the most ambitious in the country.

Charles W. Eliot, a former President of Harvard, was once asked why his school was a "storehouse of knowledge." Eliot replied, "Each

So  
br  
Ju

ha  
wl  
stu  
as  
stu  
mo  
yo  
int  
tha

O

On  
col  
res  
stu  
high  
div  
ma  
gra  
len  
pro  
enr  
abl

hov  
the  
to k  
the  
sch  
the  
gro  
wha  
all a

Dep  
the  
mec

September the incoming freshmen bring so much knowledge – and each June the seniors take so little out.”

Eliot was joking, but we still have no accurate way of measuring what the college experience gives to students. Now we are trying. We are asking college leaders to work with students to find reliable ways to measure the impact of college on a young person. We want to use that information to improve the services that these colleges provide.

## Opening Minds

One of the greatest challenges our colleges and universities face is resisting the urge to conform. As students become more diverse, higher education's offerings should diversify too, and this has been a major purpose of our challenge grants. Nevertheless, certain problems extend across every campus, problems like increasing minority enrollment, keeping colleges affordable and motivating faculty.

Faculty need the chance to learn how to apply new technologies to their teaching. They must be allowed to keep pace with and contribute to the knowledge explosion and new scholarship. Like other professionals, they must have opportunities for growth and improvement. That is what the Master Faculty Program is all about.

A joint project between the Department of Higher Education and the Woodrow Wilson Foundation, the mechanics of the program are simple.

Teachers from participating institutions split into pairs. One partner observes the other partner's class each week over the course of a semester, and each partner conducts regular personal interviews with three students from that class throughout the term. A professor may ask a student, “Did you understand what Kant meant here?” but he'll also ask, “How's your family?” Every week the partners trade notes and try to improve their approaches.

---

*...we are trying to*

---

*encourage the best*

---

*professors in the state. I*

---

*believe, as Sir James*

---

*Dewar wrote, that “minds*

---

*are like parachutes – they*

---

*only function when they*

---

*are open.”*

---

The results are different in each case, but they often lead to less lecturing and more teaching.

A fine arts professor who acted as the observing partner last spring knew just what she wanted to change in her own technique. Her students needed to know each other if they

were ever going to take the kinds of risks that lead to creativity. She greeted her new class with name tags and asked each of the students to talk about themselves. Her first assignment to the class was a short autobiography. Her hunch was right. By December she was getting the best artwork she had seen from her class in five years at the school, and the Master Faculty Program had another convert.

Over the past few years the State has committed itself to reinvigorating faculty minds. We now have eight competitive grant programs that stress creativity in undergraduate education, including three in science and technology and two in the humanities. We have also developed a summer institute series that gives faculty a chance to get away from the rigors of daily assignments and focus on specific topics of interest to them. We have already tackled important issues like improving racial harmony on campus and new approaches to remedial math instruction. New topics are planned for the coming summer.

But of all the faculty enrichment initiatives, I am most excited about a brand new one. In my message to you last year I issued a personal challenge to the academic community to pursue scholarly work in the humanities.

This spring we will begin the New Jersey Governor's Fellowships in the Humanities for junior faculty members at New Jersey colleges. We will ask teachers to bring us their ideas for scholarly work in fields such as art history, literature, archaeology

and philosophy. A distinguished panel of humanists from outside the state will choose the best proposals, and we will grant each Governor's Fellow \$25,000 over two semesters to pursue his or her idea.

Through programs like Master Faculty and the humanities fellowship, we are trying to encourage the best professors in the state. I believe, as Sir James Dewar wrote, that "minds are like parachutes - they only function when they are open." I have great respect for those who keep their minds open to new ideas in teaching and learning. Their creativity merits both our moral and our financial support.

## Wonder Years

A few years ago, while many of our reforms in higher education were already beginning to show signs of success, a disturbing trend was only getting worse. Fewer and fewer blacks and Hispanics were going to college in the Garden State, despite the Department of Higher Education's efforts.

But today things are starting to change. Not only are we arresting the decline in minority enrollment, but as enrollment of black and Hispanic students in New Jersey begins to increase, states across the country are asking Chancellor Hollander to explain how we have succeeded.

At a recent national consortium, Shirley Malcom, of the American Association for the Advancement of the Sciences, noted that black

enrollment in certain graduate programs was down 20 percent over the past decade. "Where the dropoff in black graduate education is sharpest," she advised, "state governments should be asked to copy a New Jersey initiative and link state support

---

*We can look at our*

---

*commitment as a moral*

---

*obligation, but there's also a*

---

*compelling economic*

---

*argument to be made: the*

---

*majority of growth in the*

---

*state's workforce will come*

---

*from our black and*

---

*Hispanic families. If these*

---

*students don't succeed in*

---

*college, New Jersey won't*

---

*succeed in the economic*

---

*marketplace.*

---

to a university's production of black doctorates."

That New Jersey initiative is the Minority Academic Career (MAC) Program, which offers loans of up to \$40,000 for minority students in doctoral programs. Once the student earns a doctorate, he or she may redeem the loan by joining the faculty of a New Jersey university or college. In this way, we are developing a pool of minority faculty members who can serve as role models for future students.

The MAC program is especially important because it moves us toward the involvement of minorities at all levels of higher education - from student to faculty to staff. It stands at the crest of a wave of strategies for minority recruitment and retention that sweeps across every effort in higher education.

Our Equal Opportunity Fund (EOF) has been helping economically disadvantaged students make it through college for 20 years. EOF provides not only financial aid, but academic advising and counseling as well.

EOF has helped our poorest students. Unfortunately, retention and graduation rates among minority students who enter college without the help of EOF sag well below those of white students from similar economic backgrounds. With a little additional help, these minority students can succeed. In the coming year, we should consider extending the support EOF provides to other minority students.

as a  
a cor  
be m  
the s  
our b  
these  
colleg  
the e  
  
televi  
Years  
recall  
world  
That's  
idealism  
energ  
what i  
tough  
cities,  
drugs  
of thei  
  
F  
pre-col  
help m  
sought  
skills, c  
school  
attract  
science  
them to  
more th  
cities a  
  
B  
and aca  
prevent  
educatio  
ignore t  
block us  
of High  
Confere  
sponsore  
presiden

## GOVERNOR'S ANNUAL MESSAGE

53

We can look at our commitment as a moral obligation, but there's also a compelling economic argument to be made: the majority of growth in the state's workforce will come from our black and Hispanic families. If these students don't succeed in college, New Jersey won't succeed in the economic marketplace.

One of the most popular new television programs is "The Wonder Years," an aptly named comedy that recalls our youth, the era when the world seems limitless and magical. That's the time in our lives when our idealism runs rampant and our energy knows no bounds – or that's what it should be, anyway. In the toughest neighborhoods of our big cities, though, the realities of crime, drugs and poverty can rob youngsters of their wonder years.

Four years ago we established pre-college academic programs to help minority and poor children. We sought to improve students' basic skills, encourage them to take high school math and science courses, attract their attention to careers in science and technology and motivate them to plan to attend college. Now, more than 2,600 students from 10 cities around the state are involved.

But as we remove the financial and academic barriers that have prevented full involvement in higher education by minorities, we cannot ignore the social barriers that still block us. Last April, the Department of Higher Education and the National Conference of Christians and Jews co-sponsored a conference for college presidents on reducing prejudice and

discrimination on campuses. Higher education is, above all, about learning. Our colleges and universities have a special responsibility to dispel ignorance and promote harmony throughout New Jersey.

Issues like racial tension shouldn't just be topics for faculty teas. Students have to confront these problems, too. Last October, the Department of Higher Education convened a meeting of faculty, administrators and students to confront some of the toughest issues on campus: racism and sexism, fraternity hazing and alcohol abuse. Following that meeting, fraternity members from across New Jersey formed a student task force to reform fraternity and sorority practices. I hope this task force can help prevent the tragic accidents that sometimes occur on our campuses.

### **There's "Afford" in Your Future**

Last spring I received a letter from Lisa Fox, who is now a senior in high school. She was planning for college and worried that she couldn't afford the expense. She asked, "Will there be any money left after the other expenses to help those of us that want to pursue an education after high school?"

Yes, Lisa, the money will be there, as long as New Jersey continues the commitment it has shown throughout my administration. Our State-funded financial aid programs will provide \$84 million in grants and scholarships to students this year. That's more than double the amount available to students at New Jersey colleges and universities when we took office in 1982.

This year 40,000 students, or one out of every three full-time undergraduates in New Jersey, will receive State grant and scholarship aid. Our Tuition Aid Grant (TAG) program covers the full cost of tuition at any public college for 15,000 low-income students and substantially reduces the tuition bills for 22,000 others. As college costs have gone up, we have expanded the TAG eligibility to keep college in New Jersey affordable. In 1982, TAG grants were available to families with incomes up to \$26,000; this year, they are available to families with incomes up to \$42,000.

This year 500 new Urban Scholars, selected from our state's most disadvantaged areas, will join the ranks of those receiving State scholarships. These include 12,000 Equal Opportunity Fund grants, 3,500 merit-based Distinguished Scholarships, and 3,200 Garden State Scholarships, which consider both financial need and academic ability.

These programs are meant to open the door to college for students from poor families. But there is a problem. Until recently, part-time students have not been eligible for EOF grants. Like a modern-day Odysseus, we've been telling the freshman who is struggling with a partial course load – or the single mother who is trying to squeeze college in between work and family responsibilities – to choose between Scylla and Charybdis: taking a full load or losing the grant.

JANUARY 10, 1989

54

Now, through a pilot program at 25 schools, we allow deserving part-time students to receive EOF and TAG awards.

Grants are given according to need and in proportion to the number of credits a student is taking. The Department will study the program for two years before deciding whether to expand it statewide.

You may have seen the late-70s hit movie *Grease*. In it, teen idol Frankie Avalon serenades Didi Conn

Although New Jersey has become one of the nation's most successful states in recovering defaulted student loans, over half of the defaulters are economically disadvantaged students who attend trade schools briefly before dropping out. We are working with these schools to develop more responsible loan programs. Even before these reforms take effect, we have already cut our annual dollar default claim

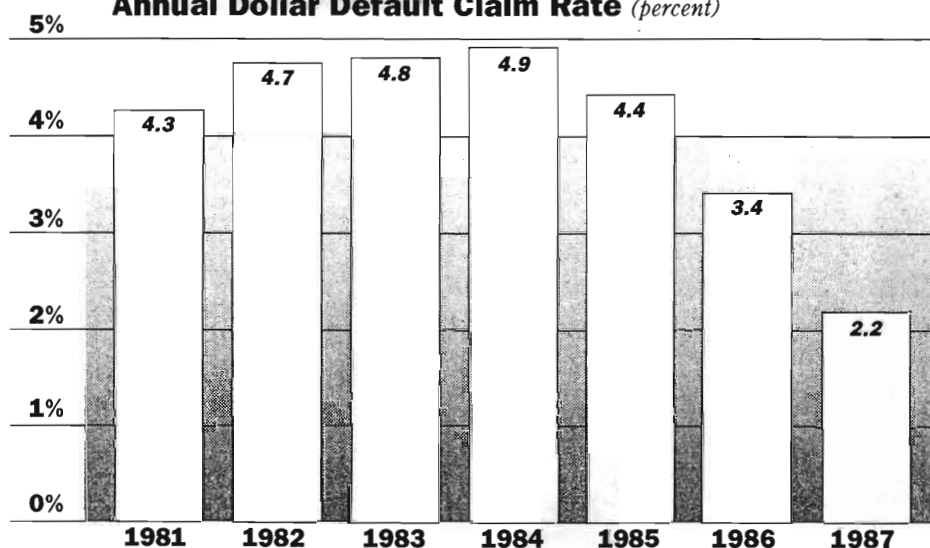
man named Mark Rajcok, a junior at Stevens Institute of Technology. It wasn't a complaint or a suggestion. It was a letter of gratitude.

"I would like to thank you," he wrote, "for the following three awards that I received through your office: Tuition Aid Grant, Garden State Scholarship, and the New Jersey Distinguished Scholarship.

"Without such programs, it would be impossible for me to attend this institution of higher learning! Thank you for helping me attend the college of my choice."

Unlike Mark, a lot of young people may not take the time in college to say thanks for the opportunity. But eventually, the millions of students who are entering New Jersey's colleges and universities will say thanks. Thanks for autonomy. Thanks for the challenge grants. Thanks for investing in new buildings and making a special effort to help minorities. Thanks, in short, for giving them the tools to build New Jersey a bright future.

**New Jersey Student Loan Program  
Annual Dollar Default Claim Rate (percent)**



by singing, "beauty school dropout, go back to high school." In New Jersey we sing a different refrain, with more serious advice: Pay back your loan.

rate to just above 2 percent – half of 1986.

Not all letters on financial aid read like Lisa Fox's. Chancellor Hollander shared with me a note he received last summer from a young

## GOVERNOR'S ANNUAL MESSAGE

---



*Today new ideas and  
enthusiasm are as  
abundant on New Jersey  
campuses as Walkmans  
and Frisbees*

---

---

---

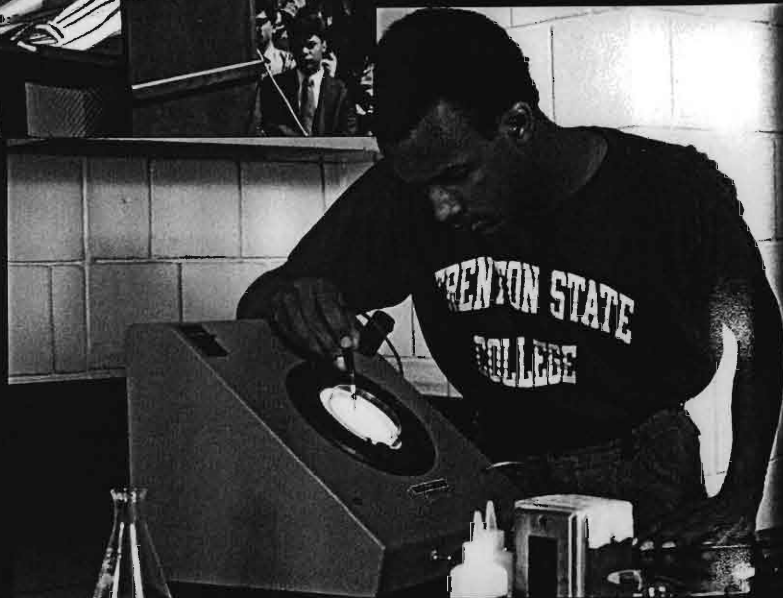
---

---

Dr. Michael Lambert  
teaches accounting at  
Kean College (top).

Governor Kean  
stumps at NJIT for the  
Jobs, Education and  
Competitiveness Bond  
Issue, \$350 million for  
New Jersey's future.

A Trenton State  
student analyzes a  
culture in a petri dish,  
while NJIT Professor  
Reginald Tomkins,  
opposite page, works  
with students in  
chemistry lab.





Moving in day  
at Rutgers Cook  
College. New Jersey's  
financial aid pro-  
grams guarantee that  
every qualified  
New Jerseyan can  
attend college.  
New Jersey is one  
of the only states to  
begin to halt the  
dangerous decline in  
minority enrollment.



## ENVIRONMENT

W

hen I took office seven years ago, the Department of Environmental Protection (DEP) had attempted only one major cleanup of a hazardous waste site. It blew up.

How things have changed in eight years.

Last year, the *Wall Street Journal* wrote about our environmental

protection programs. The paper's reporter, Paul Barrett, didn't talk about things exploding. Instead he said of New Jersey, "It is teaching the country a thing or two about environmental protection."

Necessity has been the mother of inventive policies. We are the fifth-smallest state, but the nation's most densely populated one. The top seven producers of chemicals, pharmaceuticals and petroleum distillates call New Jersey their home, as do more than 100 Superfund sites – more sites than any other state and about 10 percent of the nation's total.

In the 1970's New Jersey was best known as an ecological nightmare. We got so little respect that years later someone would ridicule us with a movie called the *The Toxic Avenger*, a story about a mild-mannered New Jersey pool attendant transformed into a mutant after a

gang of hooligans dunk him in a toxic waste dumpster.

But today we are Environmental Avengers, teaching the nation how to clean up toxic waste, recycle garbage, deal with radon, protect wetlands and save the shore and ocean.

We enacted the "Spill Fund" tax that served as the model for the federal Superfund legislation, and then the Environmental Cleanup Responsibility Act (ECRA), the first State law designed to prevent future Superfund sites by requiring companies to put their own toxic houses in order. Confronted with inadequate sewage systems and dwindling federal funds, we created the New Jersey Wastewater Trust, a model for the reauthorized federal Clean Water Act. And when we recognized the difficulty of garbage disposal as landfill space dwindled, we created the Solid Waste and Resource Recovery Fund to help counties finance needed facilities.

In 1983, we enacted the first Worker and Community Right to Know law, another pioneering law the federal government later copied, and passed the first state-wide mandatory

JANUARY 10, 1989

60

recycling law in the nation so we could whittle away at the garbage crisis.

Faced with the discovery of radon, which the federal Environmental Protection Agency (EPA) says is the second-leading cause of lung cancer, we launched one of the most aggressive testing programs in the world.

What we did was to start a revolution so quiet that, even today, few people realize how completely we have changed the environmental landscape – figuratively and literally. It is a proud record, worthy of the national laurels we have received. But I must tell you this: we cannot rest on these laurels.

## Green Gardens

New Jersey's face is changing every day. Shopping malls, 7-11's and subdivisions whose names all end with "Chase," "Glen," or "Pointe" scythe through our forests, fields and meadows, gobbling our open spaces and leaving us with a legacy of overtaxed roads, sewers, schools and lives. We need growth. But growth brings new challenges – none greater than the need to protect open space.

It's tough to keep track of the acres of open space that have become closed space. But we know that we are losing about 40,000 acres of farmland a year, and that this number represents a small fraction of the mountains, vales and forests that are being chewed up each year.

We also know that Cumberland County needs 10 times more locally-owned public open space than it has, that Burlington County needs to

preserve seven times more local open space than it has, and that Mercer County, hothouse of development, needs 100 percent more locally-owned parkland than it now boasts to meet public demand.

We know that there are fewer than a dozen major parcels of open space left in Bergen County, a place where not 40 years ago farmers

---

*What General Howe*

---

*could not do, townhouses*

---

*are now poised to do: win a*

---

*victory over the common*

---

*wealth of New Jersey.*

---

boasted of their succulent crops and prolific plantings.

We know that the historic White Farm overlooking the Princeton Battlefield, and a tract adjacent to the Monmouth Battlefield, where our forefathers fought and died to create this great state and nation, are threatened by weapons the British never carried. What General Howe could not do, townhouses are now poised to do: win a victory over the common wealth of New Jersey.

I am proud to say that New Jersey's ear is more finely tuned to these problems than most other states. We have an excellent record of preservation. Since the initial \$60 million Green Acres bond issue was approved in 1961, \$650 million has been approved to preserve open space. We have saved about 265,000 acres, bringing the amount of public

lands held to 725,000 acres.

The Kean Administration has been especially active. We won approval of open space bond issues in 1983 and 1987. The 1983 Green Acres Bond Act, which created the Green Trust Revolving Loan Fund, for example, provided nearly \$135 million, while a 1987 bond issue committed \$100 million.

These financial commitments were important, but our real success occurred in the way we distributed and leveraged the money. Before the 1983 Green Trust bond issue, the State simply gave local governments grants for half the cost of land acquisition. Towns often had difficulty raising their half of the money. Once all the State grants were given, the program was finished.

The Green Trust changed the program. We were able to make low-interest loans that paid for 100 percent of a project's cost, making the program more accessible and increasing demand. It allowed us to stretch our scarce dollars, so that by this year we will have set aside 87,000 acres of open space in just seven years. When loans were repaid we had more money to acquire more open space.

These parks and recreation areas are in addition to the freshwater wetlands we set aside. Last year the DEP began to put into effect the 1987 Freshwater Wetlands Protection Act which was so doggedly pushed by Assemblywoman Maureen Ogden and Senator John Lynch. Combined with the Coastal Wetlands Act I wrote 19 years ago, the 1979 Pinelands Protection Act and the Hackensack Meadowlands Development and Reclamation Act, the State now has the power to protect virtually every

## GOVERNOR'S ANNUAL MESSAGE

61

one of the remaining 900,000 wetlands acres in New Jersey.

Still, this is not enough. We need at least one million acres of publicly-owned open space to meet the recreational needs of New Jersey residents. Two years ago the Governor's Commission on New Jersey Outdoors recommended a bond issue of \$800 million to assist us in acquiring the remaining 350,000 acres needed to meet this goal.

I am not the only person working on the problem. Assemblywoman Ogden, Senator Lynch and Senator Bill Gormley, among others, have warned often and eloquently that we must not become environmental spendthrifts, squandering the great natural blessings God has bestowed upon us. We must protect and increase our open space.

Earlier I mentioned my proposed Open Space Bond Issue and how it will set aside thousands of acres of farms through easement purchases and by setting up a state-wide Transfer of Development Rights Bank.

But the Bond Issue will be an even greater boon for our non-agricultural open space, our parks, fields, recreation areas and historic sites.

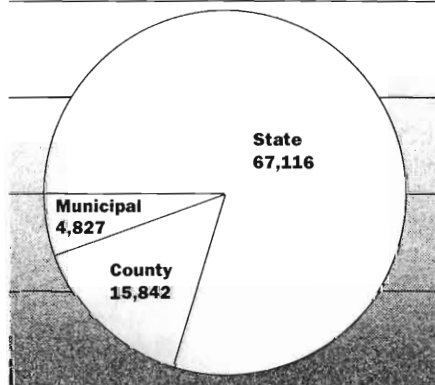
The biggest chunk of money, \$175 million, will go directly to our Green Trust to be used by local towns and municipalities to set aside land for permanent open space.

In the past, the Green Trust has helped pay for land acquisition in places such as Bayshore Park in Monmouth and Middlesex counties, Lake Lenape in Atlantic County and, most recently, Sterling Forest in

Passaic County.

Another \$100 million will be used directly by the State to purchase open space so that we can add to our State parks as well as our local ones. This money would allow us to pursue acquisitions at places like Pyramid Mountain in Morris County and expand our holdings at Pigeon Swamp in Middlesex County. It would

### Open Space for Recreation Since 1982 (in acres)



allow us to buy more of Bear Swamp in Cumberland County, the last nesting site of bald eagles in New Jersey.

Three-hundred-fifty million dollars is a lot of money. But when you ask yourself if it is worth it, ask yourself if it is worth \$3 a year to create a park for you and your family to hike through and camp in. Ask yourself if it is worth \$3 a year to give your sons and daughters a ball field so they can play soccer in the fresh air of autumn or know the joy of tracking a high fly ball against a bright blue summer sky. Ask yourself if it is worth \$3 a year to preserve our common historical lineage. That is what this bond issue would cost each of us. I think it is worth it.

With this addition to the Green Trust we can support a large enough

loan program to make at least \$35 million available each year for the foreseeable future. For the first time, counties and municipalities will be able to plan their acquisitions and know they can count on State assis-

*...we must not become  
environmental spendthrifts,  
squandering the great  
natural blessings God has  
bestowed upon us. We must  
protect and increase our  
open space.*

tance at a specific date. This is the only program of its kind in the United States. It would finally guarantee New Jersey the kind of land acquisition program we need.

We would like to use this Open Space Bond Issue to build belts of greenways across our state, linking our parks, forests and wildlife refuges into a system of open space that would maximize the effect our open land provides. Eisenhower's Secretary of State John Foster Dulles defended the administration's deci-

JANUARY 10, 1989

62

sion to emphasize nuclear weapons by claiming it was more cost-efficient. His catchy explanation was "more bang for the buck," a phrase that stays with us today and stands us in good stead as we discuss this bond issue. Using the money from the Open Space Bond Issue to acquire more parks and open land and create these greenways would give us the greatest bang for the buck we could find.

We would like to create greenways in the Skylands, on the Delaware River Bluffs linking the Delaware Water Gap to Trenton, on the coast east of Wharton State Forest, on the Delaware Bay around the Maurice River and in Cape May County. I would like to see greenways stretch across the Bayshore and even through heavily urbanized Hudson County, from the border of New York to Bayonne. I would add to the Delaware and Raritan Canal greenway across the waist of New Jersey.

Our cities must receive their due. Some of the bond money will go to create parks that recall and celebrate our unique urban historical heritage. We must act now to preserve our architectural gems and create a system of connected, well-maintained parks, plazas and open spaces.

This huge investment does not end the need for the Natural Resources Trust, which I have called for in the past three Annual Messages. Even if the voters approve this bond issue, we have a long way to go to meet our 1 million-acre goal. Despite

the revolving loan fund, we cannot possibly stretch our dollars far enough. I think of the Open Space Bond Issue as a down payment – but one that doesn't take away our need for additional annual funding. We need this stable source of funding, not only for open space protection, but also to repair our beaches, clean our lakes and provide flood protection

*The Garden State without*

*any gardens would be*

*like Wheel of Fortune*

*without Vanna White.*

and control.

I continue to believe that a small increase in the Realty Transfer Fee remains the fairest way to pay for the Natural Resources Trust. But I am willing to look at any other source of funds, as long as we do not place this burden on the general treasury. I hope Assembly Speaker Chuck Hardwick and Senate President John Russo can sit down and work out an agreement on this bill as a complement to the Open Space Bond Issue.

This is the year to act. The Garden State without any gardens would be like *Wheel of Fortune* without Vanna White. Our open space is under siege, our position vulnerable. In Bergen County, for example, the last few remaining parcels will probably be saved or lost this year. Speed is of the essence if we want to prevent our land from being overrun

by armies of backhoes, bulldozers and, finally, buildings.

## **Blue Waters Run Deep**

There is another front to this fight to save our Earth, a battle line that runs from Alpine in the North to Cape May in the South, west to Hancock's Bridge and then back north to Port Jarvis. We are a lonely piece of land jutting out into a vast ocean and bordered on two other sides by majestic and historical rivers. But the waters around us face as grave a risk as do our open spaces.

The 101-year-old *Historical and Biographical Atlas of the New Jersey Coast* recounts a story of a 60-year-old woman who had never seen the ocean until the day she met the Atlantic at Beach Haven. Looking at the pounding sea, she nervously asked a companion, "And what is there to prevent the sea from rising over this flat beach and carrying us, with all these homes, away?" The friend, quoting from the *Book of Job*, reminded her of the Almighty's power: "Who shut up the sea with doors, when it brake forth, and said, 'Hitherto shall thou come, but no further; and here shall thy proud waves be stayed.'"

Trust in the Almighty may have been enough for Victorian New Jerseyans fretting about the fate of the coast and the ocean, but 101 years later we face new problems. We should be doing more to clean our waterways and preserve our beaches.

I know that New Jerseyans want

GOVERNOR'S ANNUAL MESSAGE

63

more State action; my mail is clear on that. As far back as three or four years ago I noticed a steady increase in complaints. The letters complained about dirty beaches and polluted water.

Two years ago this week, I outlined a plan to reverse our ocean's deterioration. I proposed a Coastal Commission to manage our most precious resource. I firmly believed then, as I do now, that we will never stop the pollution that ravages our coast unless we all work together. Coastal pollution is complex; pollution comes from regional problems that cannot read a map and do not respect municipal boundaries.

As New Jerseyans prepared to celebrate the 1987 Memorial Day weekend, there was still no Coastal Commission. Unbeknownst to all of us, we were about to embark on a summer, the summer of 1987, that would enter the history books as one of the worst in our history. With each day of closed beaches, it was evident that the problems were getting worse.

Unwilling to let more time pass without taking steps to save our ocean, I proposed a 14-point plan. In that plan, offered as a complement to the Coastal Commission, I proposed that we spend a quarter of a billion dollars to undo what man had done to the Jersey Shore.

I am happy to report to you that in the last year, while other states dawdled or pretended there was no problem, New Jersey took a series of important steps to protect the shore, enacting most of my 14-point plan.

January 1, 1988, marked the beginning of one of the important

changes we recorded – the first day sludge dumpers could no longer dump sludge in the “dead sea” 12 miles off of Sandy Hook.

Not content to rest with this, I signed legislation in July, sponsored by Senator Jim Hurley and Assembly Speaker Chuck Hardwick and Assemblyman John Bennett, requiring the six New Jersey sewage authorities, responsible for half of the sludge annually dumped at sea, to quit dumping by Saint Patrick's Day 1991.

But the best news was yet to come. Three months after I signed our law, we were finally able to break through the congressional deadlock on ocean dumping and win a long-sought victory by convincing Congress to end all off-shore dumping of sludge by 1991. New York City will finally be forced to stop dumping off our coast.

There was more. In July, I signed a bill sponsored by Senator Larry Weiss and Assemblymen Ed Salmon and Pat Roma that gave the Department of Environmental Protection \$1 million to expand its supervision of sewage authorities as they required industries to pre-treat sludge to rid it of heavy metals and cancer-causing chemicals. I also signed a related bill that gave the DEP the authority to write tougher regulations than we have now to govern the use of treated sludge on land.

In the same week, I signed legislation, sponsored by Senate President John Russo and Assemblymen Frank LoBiondo and Robert Smith, that set stiff penalties for deliberately littering in state waters. The new law also provides bounties to those who turn in offenders.

We were sending a signal to intentional and unintentional polluters alike that we will not tolerate the fouling of our waters. In December 1987, the State forced New York City to agree in federal court to install booms and sweepers to keep garbage from washing off its barges and the Fresh Kills Landfill and onto our shores.

Thanks to the detailed investigation conducted by Attorney General Cary Edwards' Environmental Prosecutions Task Force, we were able to go back into court this year and prove that New York's system was failing, and demand a new system of protections. The Attorney General filed a motion with the court to require New York to move its garbage in closed containers, so no garbage can make it out to sea. In December, while the judge's ruling was pending, New York State's Department of Environmental Conservation ordered New York City to put covers on its garbage barges.

Recognizing that riding herd on would-be polluters was not easy, we doubled the size of the State Marine Police, pouring more than \$4 million into the program last year. We used some of this money to create a new 23-person task force whose sole duty is to keep an eye on sludge dumpers operating within State waters.

The most sensational headlines last summer came when people found medical waste on the beaches. On August 10, I authorized an emergency rule putting into place a cradle-to-grave medical waste tracking system. Those who generate waste should be responsible for knowing its fate. The

JANUARY 10, 1989

64

federal government modeled their law after our rule. Yet we still have not made our rule a State law. I urge the Legislature to pass the medical waste-tracking law, sponsored by Senator Bill Gormley and Assemblymen Frank LoBiondo and Joe Palaia, that puts the most stringent controls on these dangerous materials.

If garbage barge covers were the answer to pollution problems our job would be easy. But solving the riddle of ocean pollution is geometrically harder than solving the riddle of the Sphinx. Cleaning up the ocean means attacking different sources of pollution with different answers. Garbage, medical wastes and sludge are but three problems. Sewage is a fourth.

New Jersey, like other states, has sewage treatment plants that are not up to federal or State regulations. But unlike other states, New Jersey is ready, willing and able to take tough action to make sure these plants comply with the law, as Asbury Park learned last year.

The DEP said Asbury Park had not performed proper maintenance on its sewer plant for two years, and fined it \$1 million after alleging it was responsible for pollution that closed beaches not only in Asbury Park, but in neighboring Ocean Grove, Bradley Beach, Spring Lake, Avon, Allenhurst and Belmar.

We believe this will not be a problem again. For one thing, we have sent a message to all polluters. For another, Asbury Park last summer replaced its 50-year-old sewage treatment plant with a new \$28 million plant. No longer will two million to

three million gallons of minimally-treated sewage flow daily from Asbury Park into the sea.

Every year we continue to clean up the ocean we learn something we did not know the year before. Look at the learning curve for the past 50 years and its length is breathtaking. Fifty years ago in New Jersey it was generally considered right to com-

---

*New Jersey is one*

---

*of the first states to*

---

*recognize that the*

---

*anaconda of population*

---

*pressure is squeezing the*

---

*life and livelihoods*

---

*from our ocean.*

---

bine your stormwater and sewer lines. Today we know it is wrong.

Last year I signed legislation, sponsored by Senator Gormley and Assemblymen Bob Singer and John Paul Doyle, that will provide \$33 million to map the combined sewer lines and other stormwater lines that pollute our ocean. But that was only the first part of the job. We still need to replace some lines and repair others; where this is not possible, we will have to treat what comes out, and

that will be expensive. Accordingly, I will ask the Legislature this year to put before the voters a \$120 million Clean Ocean Bond Issue as a down payment on clean water.

These were our successes. Most parts of the 14-point plan, only ideas on a flip-chart 14 months ago, are now law. Yet when I look at all we have done, I'm still reminded of the coda to the Humpty Dumpty nursery rhyme: "All the king's horses and all the king's men, couldn't put Humpty together again." For all of this construction, and for all of these new laws, we will not put our ocean back together again unless we make a fundamental change in the way we protect our shore.

One of the greatest threats to a clean ocean is the population explosion on the Eastern Seaboard and on the coast itself. A sixth of the nation's population can get to the Jersey Shore on one tank of gas. And while New Jersey's population is expected to grow 4 percent in the next 11 years, the shore's population is expected to grow 4 times that much.

As with so many other things, we were one of the first states to realize that, as Walt Kelly used to say in *Pogo*, "We have met the enemy and he is us." New Jersey is one of the first states to recognize that the anaconda of population pressure is squeezing the life and livelihoods from our ocean.

That is why two years ago this week I stood before the Legislature and unveiled a bold departure from the past piecemeal shore policies.

That is why I asked the Legislature to create the New Jersey Coastal Commission.

I described a deliberately broad outline for the commission, leaving blanks to be filled in by the people who know the shore's problems better than any Bennie or Shooobie ever can. I asked the people of the shore to form a partnership with me, preferring to fill in the details together.

We developed this plan the way no other environmental protection plan in the history of the State has been developed. This was no ironclad plan forced on the local residents by bureaucrats in Trenton. My staff and I spent six months travelling up and down the coast, listening to local people and together crafting the commission.

What we heard was an unmistakable demand for help. The letters I had been receiving were but a small sample of the frustration. Mayors and homeowners described shore problems such as beach erosion, unplanned development, beach litter and sewage overflows, problems that did not respect town boundaries. Fighting these problems with home rule was like fighting World War II with bows and arrows.

Local officials told us it was time for a regional approach to these problems. They added conditions they wanted met. Shore residents knew the problems affecting the shore couldn't be solved with rhetoric alone; the solutions would cost money.

They said they wanted to be represented on the commission and told us that we must close loopholes in the Coastal Area Facilities Review Act (CAFRA). They said the State must streamline its regulations and asked for greater local control over the issuance of permits. We agreed.

Yet still, two summers have

---

*The biggest myth about  
the Coastal Commission  
is that it will drive  
down the value of homes  
on the shore.*

---

passed and we have no Coastal Commission. The onslaught of coastal problems, diverse in their nature and causes, continues to receive admirable but piecemeal solutions. But without coordination these solutions are doomed to fall short. This frustrates me.

It was this mounting frustration that forced me to reluctantly approve, on October 3, an emergency rule that gave the State the power to oversee waterfront development. I had to do this because a loophole in CAFRA was giving developers the opportunity to permanently disfigure the face of the shore and injure the shore's environment.

But this is no more of a solution than any of the other isolated steps we have taken. The Coastal Commission remains on the legislative

drawing board, a victim of confusion about its purpose; a confusion spread deliberately in some instances by special interests.

I want to clarify my position. First, I will never sign legislation that prevents the rebuilding of homes destroyed by natural causes.

Second, I have worked throughout my administration to reduce bureaucracies and streamline regulations. The Coastal Commission would replace a DEP bureaucracy, streamline the permit processes, and allow the delegation of permit rights to the local level.

Third, I believe in home rule and aim to strengthen municipalities' control over their own futures. But towns are now at the mercy of many different forces and they need help. The Coastal Commission is the only way to make sure that Wildwood won't build a beach by taking Cape May's sand or that Belmar won't solve its pollution problems by diverting stormwater runoff into neighboring towns.

Fourth, this is not an anti-growth proposal. I have spent seven years promoting growth in New Jersey. But there is no reason why growth must destroy the very quality of life that attracts people to the shore, and right now that is happening.

Finally, the Coastal Commission is the only way to guarantee that the shore's voice is heard in Trenton and the halls of Congress.

This portrait of a Coastal Commission is much different than the portrait the special interests paint.

JANUARY 10, 1989

66

They distort the truth because they profit from the status quo. Yet the people along the shore know that the status quo isn't good enough anymore.

I want to break the logjam. I want to convince the people of Belmar, Long Beach Island, Margate and the Wildwoods that the Coastal

am willing to spend this money, but not without the Coastal Commission to coordinate the solution to the coast's problems. Otherwise, we are not going to have a shore line worth protecting.

If the shore line is not worth protecting, property values can only go in one direction: downward. The

able to swim in the ocean because the bacteria count may be too high. And one of the reasons bacteria counts may be too high is because too many townhouses have been wedged onto narrow spits of land.

Overdevelopment increases the amount of stormwater runoff. Most of the beach closings last year had nothing to do with exotic problems like syringes. Most of them occurred because of the high bacteria counts in the water, and 75 percent of those high counts came after rainfalls produced stormwater runoff.

The status quo is no longer good enough to protect homeowner investments and the \$8 billion-a-year tourism industry at the shore. The coast needs regional solutions. No one is in charge of the shore as a whole, and this is costing us.

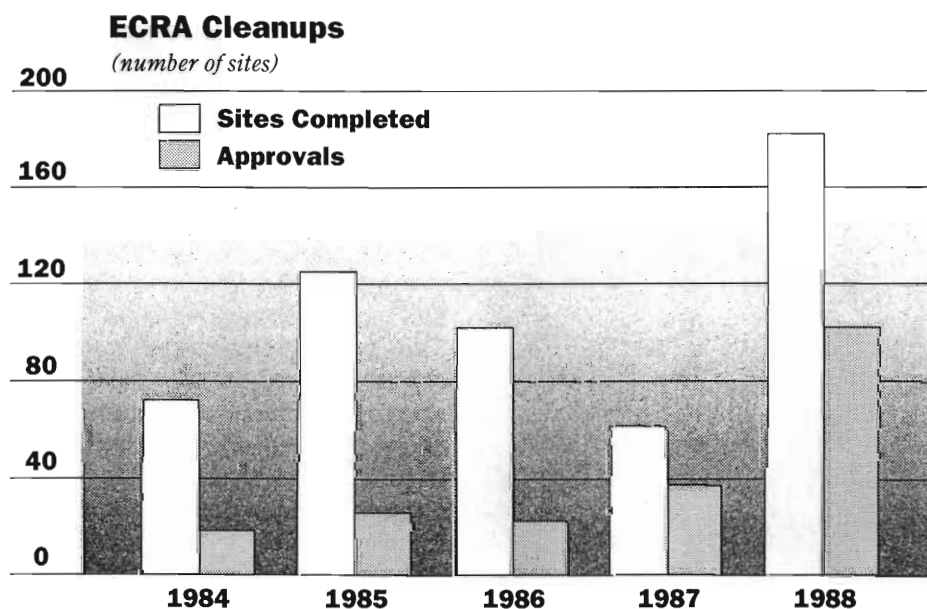
To those of you who love the shore, please help me create a new tool that will work for all of us.

Let's not believe that we can do no better, or that there is no need for change. The events of the past two summers have been painful reminders that something is fundamentally wrong. If we continue to our current piecemeal approach we are doomed to be as unsuccessful in our fight with the sea as King Canute was when he ordered the high tide never again to return to England.

We must plan and work together as never before. We must create the Coastal Commission.

## Toxic Tales

To this day, no one knows exactly why the Chemical Control Corporation in Elizabeth blew sky high on



Commission is the best way they can control their future.

Therefore, I have a new proposal. Senator Len Connors has often told me that towns need more money for shore protection. I agree.

I believe that we should invest \$25 million from the Clean Ocean Bond Issue I described earlier to restore and repair coastal beaches. This \$25 million is further proof of our commitment to a partnership for meeting coastal needs. But it contains a proviso that only the Coastal Commission can administer these funds. I

biggest myth about the Coastal Commission is that it will drive down the value of homes on the shore. I received a letter from one Somerville man who told me that his shore house used to be worth \$460,000 and is now selling for \$260,000. He wanted me to do something about it.

Property values haven't fallen because we proposed a Coastal Commission. Property values have fallen because of the pollution of the past two summers and because the coast has become clogged with condos. The coast is like a car with too many miles on it. It keeps breaking down because it is just overloaded. No one wants to pay \$460,000 for a beach house if he might not be

## GOVERNOR'S ANNUAL MESSAGE

67

Earth Day 1980. But acrid black smoke from two-days-worth of fire was ample reminder that something had gone wrong.

Chemical Control was also a symbol that something much bigger had gone wrong. Years of ignoring toxic waste had come back to haunt us. Then, the headlines suggested unprecedented health problems. Today the headlines are much more positive. Quietly we have begun to solve our toxic waste problems.

The solution began in 1983, when I proposed a Management Plan for the Cleanup of Hazardous Waste Sites in New Jersey. We aggressively pursued federal Superfund program designations and money, and repeatedly drew more cleanup funds than any other state in the country.

We put together a plan to spend \$640 million in State money, including money raised through the 1976 Spill Fund, the 1981 Hazardous Discharge Bond Act for cleanups, and then raised more money from the Hazardous Discharge Bond Act of 1986. When Superfund lapsed two years ago, we were able to lend the federal government money to spend in New Jersey.

I am proud to report that last year we did more to clean up toxic waste in New Jersey than ever before. We took more major actions, recovered more public money, executed more consent orders and records of decision, and, most important, committed more money to the actual cleanup and removal of toxic waste than we had in every other year of cleanup combined.

Among last year's achievements

was an agreement with DuPont to spend up to \$39 million to clean up its Chambers Works plant in Deepwater. Later in the year, a similar agreement was reached with American Cyanamid for a \$63 million cleanup of its Bound Brook plant. These settlements are the largest single-site, single-party settlements ever in which the party responsible for the pollution

---

*Thousands of potential*

---

*Superfund sites in New*

---

*Jersey will never realize*

---

*their infamous potential*

---

*because of the*

---

*Environmental Cleanup*

---

*Responsibility Act.*

---

has agreed to pay for the cleanup.

The DuPont agreement was reached in March. Two months later, 50 major corporations and individuals made final binding agreements in federal court to pay \$17.5 million to clean up the sixth-worst toxic site in the nation, Price's Pit Landfill in Pleasantville. The cleanup may take as long as 20 years, but the effect of this agreement is already being felt. Some of the settlement money is being used to move Atlantic City's wellfield from the threatened area. This agreement sends a strong message that those responsible will bear the cost of their pollution.

What all of this now means is that we have moved beyond the opening rounds for hazardous waste clean up. The preliminaries are over with – all the planning and measuring – and we are in the main event at nine out of the top 10 Superfund sites in the state. All are scheduled to begin actual construction or cleanup work this year. We were able to do this because New Jersey received \$1 out of every \$3 the federal Superfund spent last year and an even more amazing 50 percent of all Superfund money spent on actually cleaning up sites.

The pace is only expected to accelerate. Combining federal and State funds with expected funds from private polluters, we expect to have a total of \$1.6 billion to continue cleanup of a projected 229 sites over five years.

This money is being spent now to clean up threats to our children left by our parents and our grandparents. But since 1983, we have been working to make sure that these sites are the only ones we ever have to clean up.

Thousands of potential Superfund sites in New Jersey will never realize their infamous potential because of the Environmental Cleanup Responsibility Act (ECRA). The law requires industrial sites to be cleaned up before they are sold. In 1987, the program won the Council of State Governments Innovation Award. ECRA ought to win another prize this year because we approved \$70 million worth of cleanups at 100 sites – more than we had done during the first four years of ECRA combined.

JANUARY 10, 1989

68

Thanks to ECRA, \$2 million was spent to clean up the Camden riverfront and that city can now build the centerpiece of its renovation, its aquarium. Twenty-four blocks in Jersey City that used to be the Colgate Palmolive plant cost \$5.7 million to clean, but now the old industrial site is going to be redeveloped. And in Manville, the Johns Manville plant is being cleaned of its asbestos. All of these problems solved today will not bother anyone tomorrow.

ECRA is a deterrent to pollution, but no law is any good if it isn't enforced. We enforce ECRA, and we make sure we enforce our other tough environmental laws. Without tough enforcement, the rare fine and penalty is considered by many to be a cost of doing business.

DEP has recently taken some steps to remind businesses that environmental crime does not pay. All enforcement responsibilities are now coordinated by a single assistant commissioner and an executive enforcement council. And enforcement strategies are being targeted on repeat offenders, major polluters and flagrant violators.

Three years ago we also increased the deterrent value of our anti-pollution laws by passing multi-million dollar penalties for violating the Water Pollution Control Act, the Solid Waste Management Act and the Spill Act.

Last year, we acted to ensure that industry, which creates the risks and requires the enforcement, paid its fair share. In August we proposed new regulations that would further

shift the cost of regulating toxic waste from the general public to the industries and companies which produce, transport and dispose of these chemicals.

ECRA and our other environmental laws have survived loud complaints from people who claim they drive business from our state. ECRA has survived a legislative

---

*New Jersey started*

---

*playing pass the trash*

---

*long before Milton Bradley*

---

*got to it. Everybody*

---

*who played the game*

---

*was a loser.*

---

attempt to weaken it. But by far the toughest battle is the one the Hazardous Waste Siting Commission has endured during the past four years.

For all of the talk we do of cleaning up toxic waste, everyone becomes strangely silent when asked the final question of where we finally dispose of what we have cleaned up and what we continue to make.

I asked the Hazardous Waste Advisory Commission to find us the proper place to site technology to store or burn this hazardous waste. Senator Frank "Pat" Dodd agreed to lead this effort.

For six years Pat and his commission painstakingly pored over reams of scientific data and spent

hours listening to scientific experts. They constantly solicited public input and at times endured meetings with hostile crowds.

After rigorous analysis, the commission has pared the list of possible sites. Its deliberations have been free of politics and based solely on scientific factors.

The commission would prefer sites where industries already dispose of hazardous waste – so-called brownfields sites. Legislation has been introduced, which I support, to allow these sites to be considered. But the Assembly, timid in the face of local opposition, not only declined to expand the commission's options but took away possible brownfield sites.

I understand how residents feel in towns picked for this proposed incinerator. But scientists insist incineration is a safe and reliable disposal method. I reiterate, our hazardous waste must be disposed of somewhere.

I commend Pat Dodd and the commission for their thorough and courageous work. I hope the Assembly will reconsider its earlier vote and give the commission the flexibility to consider more brownfields sites. But whatever the commission's decision, I will stand by it. If we do not conquer NIMBY in this and other instances, if we do not lead New Jerseyans to an understanding of the responsibilities of living in this state and this democracy, then our environmental problems will never be solved.

## **Pass The Trash**

When Mary Brown asked her sons Nicholas and Sherwood what they wanted most for Christmas, she got

GOVERNOR'S ANNUAL MESSAGE

69

the usual response: toys. Some were classics, but there was one that Mary, who lives in Trenton, had never heard of, a game made by Milton Bradley called "Pass the Trash." The object of the game, Mary said, was to move a garbage can across the board and be the first to fill it with garbage. The loser is the person stuck with garbage at the end.

New Jersey started playing pass the trash long before Milton Bradley got to it. Everybody who played the game was a loser. In the old days – only seven years ago – garbage disposal meant cheap dumping costs at landfills. Then we began to realize that those landfills were toxic time bombs. Between 1981 and today, we closed many of the worst offenders.

The DEP knew what was coming and warned long ago that we were heading for a trash crisis that would leave us without landfill space for more than half of the garbage we would generate in our state in the year 2000.

Under the Solid Waste Management Act, counties were supposed to make sure that their residents had a place to get rid of their trash – be it a landfill or a resource recovery facility. Some towns could see the light at the end of the tunnel and realized that it was a locomotive of \$50- to \$120-a-ton dumping fees rushing at them. In 1970, for example, South Orange became the first town to have curbside recycling of glass. Overall, however, few counties and towns heeded the warning.

When the counties refused to act, the State was forced to act to

avoid disaster. The State tried to blunt the impact of the coming woes while preparing for the day when trash actually became a crisis. The 1980 Natural Resources Bond Act provided some of the first money to build resource recovery plants. A 1985 bond issue contributed more. Money raised from other 1985 legislation provided extra cash to reward towns

---

*With one swipe of the pen,  
we can save our taxpayers a  
few extra dollars and our  
open roads and beaches a  
few more soda bottles and  
styrofoam containers.*

---

and cities that accepted new landfills, while it penalized counties that continued to export trash and dodge their responsibilities.

Then, two years ago, I signed the nation's first mandatory recycling law. I said that we must recycle a minimum of 25 percent of all of our trash by 1990. I am proud to say that we are exceeding expectations. Last year we recycled 18 percent of our waste stream, up from 11 percent in 1986 and 12 percent in 1987.

Recycling is not the sole solution to our garbage problems. We also need resource recovery plants to burn the garbage and use the energy

released to generate power. As we near the end of my second term, the first resource recovery plant, in Warren County, is operating and we anticipate the opening of several others.

Warren County's plant is capable of burning 400 tons of garbage a day. When Gloucester County's plant is finished, it will burn 575 tons a day, while Essex County's plant, scheduled to be completed in 1990, will burn 2,250 tons a day. Last year construction began at two plants in Camden County with a combined capacity of 1,500 tons a day. The DEP also granted final permits for a 3,000 ton-a-day plant in Bergen. Together with recycling, these resource recovery plants will deal with most of the garbage we produce.

Long after the bones of this generation have turned to dust, the styrofoam cups from which we drank our coffee and the plastic bags with which we carried our groceries will remain.

That isn't the monument we want to leave to our children. Last year I proposed a two-cent tax on packaging products that are not made of recycled materials. I believe this would encourage greater recycling and would spur companies to switch from plastic containers to glass ones. Plastic packaging of all sorts, from the dish your frozen microwave dinner sits on to the plastic bottle your Diet Coke comes in, is being replaced by glass, aluminum and other easily recycled materials. With each person in New Jersey producing about a ton

JANUARY 10, 1989

70

and a half of waste each year, more than 30 percent of which is packaging, we have to make sure that the products we buy are packaged in recyclable containers.

When I first proposed this tax, I suggested the money raised be returned to the taxpayers in the form of a homestead rebate. Senate President John Russo has suggested otherwise, feeling the money should go directly to municipalities to reduce property taxes. Others have suggested different approaches. If any bill reaches my desk I will sign it immediately. With one swipe of the pen, we can save our taxpayers a few extra dollars and our open roads and beaches a few more plastic soda bottles and styrofoam containers.

## Down the Drain

If for years we took for granted throwing out the garbage, the same could be said for the way we thought of our sewage disposal. A simple flick of the wrist was enough to flush away sewage.

What we did not realize is that treating wastewater is far more complex than first imagined. Although New Jerseyans built sewage treatment plants, many of them provided only the most rudimentary of treatments. While Asbury Park's plant may have been the most newsworthy in 1988, it was not the only plant whose troubles made news this decade.

Four years ago, we knew we would face troubles if we did not do something to improve our ability to handle sewage treatment. We needed to spend \$3.2 billion to improve our treatment plants and lines or else watch construction grind to halt

because of construction bans all around the state.

We scratched our heads and thought hard about this. Our answer was the Wastewater Trust. The trust, sponsored by Senator Dan Dalton and then-Assemblyman Martin Herman, was created as a revolving fund. Since federal grants provided only about 50 percent of the cost of building a plant, towns had to borrow the balance at market rates. But the trust gave towns a way to build plants and save money, making loans at below-market rates.

We passed the \$190 million Wastewater Treatment Bond Act of 1985 to provide the initial funds for the loans. With federal funds the State will receive over the next few years, we expect to provide \$2.5 billion for construction during the next 15 years. The wisdom of this approach was proven in October when the federal government gave New Jersey \$70 million – a down payment on \$500 million due the state under the Clean Water Act.

When it made the announcement, Washington said it was only awarding the money to states with revolving loan programs. In fact, the entire federal wastewater financing approach enacted into law when the Clean Water Act was amended in 1987 was based on our Wastewater Trust.

We remain committed to clean water – and building the treatment plants it requires. Last year the DEP entered into more than 120 agreements with towns and treatment authorities to bring their treatment plants into compliance with tougher federal standards. As a result of these agreements, construction will begin on more than \$1.4 billion of improvements over the next three years. The Wastewater Trust will provide critical funding for many of these projects.

## An Ounce of Prevention

Just about everything I have talked about is intended to fix old problems and repair the legacies of generations of environmental abuse. During the past year we also took many steps to prevent new problems from happening.

Few can forget the horror of the news accounts of the mass death in Bhopal, India, when poisonous gas escaped into the air. That disaster prompted New Jersey to pass legislation, the "No Bhopal Bill," sponsored by Assemblyman Byron Baer, to prevent anything like that from happening here. Last year, the DEP wrote the regulations to put the Toxic Catastrophe Prevention Act, as it is formally known, into effect. I am very pleased to report that this program was recently named as the recipient of the Council of State Governments 1989 Innovation Award.

Under the law, the State stepped up its monitoring of deadly chemicals that might be released into the air. Each year, there are 10,000 tons of air toxics emissions, and we wanted to make sure catastrophe was prevented. That same concern was why we rewrote the Air Pollution Control Act in 1985 to increase penalties for air pollution for the first time in 18 years.

Just about the time Bhopal seized our attention, we learned of another threat – radon. Before the discovery of the threats posed by this odorless and colorless but carcinogenic gas, many people thought radon was man-made cloth. But as the federal government pointed out, radon is responsible for 20,000 deaths a year.

We moved aggressively, beginning a \$4.2 million statewide study of the extent of New Jersey's

## GOVERNOR'S ANNUAL MESSAGE

71

radon problems that was almost completed by the end of the year, and urged every New Jersey resident living in radon-prone areas to conduct the simple, inexpensive test that would tell them if they were at risk.

Acting Commissioner Chris Daggett and Health Commissioner Molly Coye sent over 400,000 letters to citizens who live in these radon-prone areas, urging them to have their homes tested. This letter elicited 40,000 requests for additional information and advice. Our program has produced brochures, video tapes and slide programs, and has fielded more than 90,000 calls. In fact, it has become a model for other states, and was commended by the Fund for Renewable Energy and the Environment, while EPA decided to model the federal program after the New Jersey approach.

Whether radon or air toxics, New Jerseyans deserve to know as much as possible about the threats in our midst. That's why six years ago I signed the State's Right to Know law, sponsored by Senator Dan Dalton and Assemblywoman Barbara Kalik. We wanted to tell residents what chemicals were being handled in their communities and find ways to minimize the threats these chemicals posed. During the intervening years we began an aggressive outreach program. Last year we handed out 630 violations to companies that had failed to comply with the act.

On the old *Jeopardy* television game show, contestants were able to select questions from a category called "Potent Potables." Unfortunately, in New Jersey - where half of the population depends on groundwater - too many residents faced potent

potable problems of their own; for them the answer wasn't game show fame but polluted drinking water. We anticipate, for example, that we will have to replace 20 percent of the 250,000 wells New Jerseyans use to draw water.

Five years ago, I signed a law, sponsored by Senator Ray Lesniak, that enabled us to move ahead with

---

*For seven years as  
governor, ten years as a*

---

*State legislator and*

---

*a lifetime as a*

---

*conservationist, I have*

---

*watched New Jersey*

---

*respond to environmental*

---

*challenges that would*

---

*swamp other states.*

---

one of the toughest standards in the country for drinking water supplied by commercial and public water companies.

Three years ago I signed legislation, sponsored by Assemblymen Jimmy Zangari, John Bennett and Byron Baer, and Senator Dan Dalton, requiring businesses which store hazardous material in under-

ground tanks to register with the State, test the tanks on a regular basis for leaks, and repair them immediately.

Last year we signed a new law that provides for even tougher standards, while the DEP adopted new regulations to establish the maximum levels of contaminants for 16 organic substances in the drinking water.

I also signed legislation to create a \$60 million Water Supply Replacement Trust Fund. This law will provide low-cost loans to help towns replace contaminated wells with new, safe, public waterlines. The first loans were made to Manchester Township and will be used to replace threatened wells in Pine Lake Park.

Clean water isn't our only concern. We also took steps to make sure that drought would never hurt us again as it did in 1985. Even though rainfall was off last year, no one suffered the sort of restrictions and regulations we imposed in 1985. This was due in part to the great seven-billion-gallon Wanaque South-Monksville Reservoir project we completed in 1987. The project was able to provide an extra 179 million gallons a day when we needed them. And in the future, we will be able to tap the four-billion-gallon Manasquan Reservoir, which is now under construction.

### **Future Shock**

For seven years as governor, ten years as a State legislator and a lifetime as a conservationist, I have watched New Jersey respond to environmental challenges that would swamp other states.

JANUARY 10, 1989

72

We have responded well, and today in virtually every area we stand as the nation's leader and as a model for the federal government. A decade from now, when other states are just beginning to uncover new toxic waste sites, we will be pointing to cleaned old ones.

Still, our challenges mount and I believe it is time to re-enlist an ally in our fight for a clean New Jersey.

Many towns and cities across New Jersey have established environmental commissions to ensure that environmental concerns get adequate consideration in planning, zoning and other local decisions. This year those commissions will be especially important as towns begin to participate in the State Planning Process. Unfortunately, not all the commissions are as active as they could be.

So this year I support Acting Commissioner Chris Daggett's effort to revitalize these commissions and provide training and guidance to them. The funding should come from increases in the fines garnered from our stiff enforcement.

We have come a long way in the past seven years. No other state can come close to either the quantity or quality of our environmental programs. Yet despite our progress, I believe it is time we begin to entertain new ways of approaching old environmental problems as well as the new ones that are likely to emerge.

It is no secret that in some areas DEP has become about as popular as Morton Downey would be in the reading room of a public library. People complain that you can't make a decision to sell a business or build a

barn without having to get approval from a DEP official in Trenton.

The complaints come from business, but also from municipal officials. More and more the cost of enforcing our environmental laws falls on local towns and cities already straining under the burden of skyrocketing property taxes.

Whose fault is it? I admit that DEP has made its share of mistakes. Yet I believe that the department has been guided by some of the most able administrators in New Jersey, people like Richard Sullivan, Bob Hughey, Dick Dewling and now Chris Daggett. But these leaders have faced management responsibilities greater than those faced by some leaders of New Jersey's largest multi-national corporations.

In the past seven years, DEP has added more than 1,600 employees, every one mandated by the Legislature in response to an environmental challenge. ECRA, Right to Know, garbage recycling - each one of these programs was the first of its kind in the country and DEP was charged with making them work. We have piled responsibility upon responsibility. Now it is time to take stock of what we have done.

We need to ask other questions. Have our environmental programs kept pace with advances in science? We have pioneered risk assessment, using scientific evidence to begin to rank the risk posed by environmental hazards. These scientific findings give rise to important questions. Which is a better environmental investment, for example, radon protection or toxic waste cleanup? We don't like to ask these questions, but they have to be asked if we are to serve the public well in the face of tighter budgets.

In short, it is time we took a deep breath and examined our vast, byzantine complex of environmental laws to determine whether they are coherent, whether they can be more easily and cheaply enforced, and whether they are scientifically defensible. It is time to take stock of the environment in New Jersey.

Acting Commissioner Daggett and his staff at DEP have already started the efforts internally. It is now time to broaden their work.

Accordingly, this year I will call together a commission of New Jersey business, labor, government, scientific and environmental leaders to examine these questions. I will ask this commission to provide their answers to me by November 1989, so that I may make these recommendations available to my successor.

Whether the next governor is Republican or Democrat, life-long conservationist or recent convert to the cause, they will need this information as they form a plan to meet the environmental challenges of the next decade.

Leadership is never easy, but in this area we have never shied away from challenges. In the 1980's we have turned the stumbling block of our environment into a stepping stone for our people.

If in the year ahead we can pass the Open Space Bond Issue and approve a Coastal Commission we can finish our quiet revolution in the environment and give our children a future filled not just with good jobs, but with clean water to drink, parks in which to play and a shore to frolic on during the summer.

## GOVERNOR'S ANNUAL MESSAGE

---



*"After federal leadership  
waned, New Jersey has  
become the environmental  
protection pioneer"*

*- The Wall Street Journal -*

---

---

---

---



From top to bottom,  
Every day, Anchor  
Glass Company  
in Salem takes  
thousands of soda,  
wine and beer  
bottles and turns  
them into 414 tons  
of recycled glass.  
The Garden State  
Paper Company in  
Garfield recycles  
260,000 tons of  
newspaper a year.  
New Jersey today  
recycles 19 percent of  
its garbage, better  
than any other state.



Governor Kean helps  
environmental  
officials keep track  
of one on the 250  
black bears living in  
New Jersey.

Our 14-point  
shore protection  
plan is now  
considered a model  
for the nation.



GOVERNOR'S ANNUAL MESSAGE

77

## HEALTH & HUMAN SERVICES

**O**n the afternoon of January 19, 1982, the day I took office, few people had heard of Ollie North, *perestroika*, compact disc players or Robin Givens, yet each would rise to prominence in the decade ahead. Then again, few were aware of AIDS, asbesto-

s, Alzheimer's disease, child abuse, child care, crack or radon, either. Yet these latter changes revolutionized our lives and tested our ingenuity, asking us to solve problems that had simply been unknown only years before.

During the past seven years New Jersey has responded, and responded well. We created the most ambitious welfare reform program in the nation, and crafted a hospital system that will never turn away a sick man or woman simply because he or she is poor. We altered our approach to funding community mental health and put in place a system that has held the increase in medical costs below the increases other states have seen. We expanded the care and protection we offer to the elderly, yet also took new steps to help young families raise their children. We comforted those af-

flicted with AIDS, and tried to find a way to staunch the spread of this disease.

Most important, we began a quiet revolution in the way the State approaches health and human services problems. We decided we literally could not afford to wait until each new crisis erupted. We agreed to make investments in people today so we could spare them a lifetime of suffering and spare the New Jersey taxpayer a lifetime of evermore spending. We said it made far greater sense to spend a dollar today to prevent a tragedy than to spend three, five or even ten times that amount to handle tragedy's aftermath.

Nowhere can this be better seen than in our welfare program. Contrary to what some assume, our welfare rolls are not filled with laggards trying to get rich off the State or Cadillac-driving welfare queens. Two-thirds of New Jersey's welfare recipients are little children. Most of the rest are their very young and almost always single mothers.

This is a far different constituency from the one President Franklin Roosevelt intended to help in 1935,

JANUARY 10, 1989

78

when he signed into law the first welfare program. Federal aid then was primarily intended to allow widows of veterans to stay home and raise their children, or to provide families who had been temporarily ruined a breather while they got back on their feet. But the demographics and politics of the past 40 years have changed the program and its consequences.

The most startling change was the surge in the number of young mothers and children. Between 1960 and 1985, even though the total number of American children shrank by 1.1 million, the number of children living with a never-married parent grew by 3.5 million. More than 75 percent of these children are poor, and most have become welfare beneficiaries. Here in New Jersey, 40 percent of the unmarried teenage mothers who turned to welfare stayed on it for 10 years or more. It was these long-term recipients who collected more than 60 percent of the benefits.

At the same time, the old system simply was not serving as that bridge between hard times and self-sufficiency. Rather than provide short-term help, welfare was producing dependency and sapping the will and strength of families to make the climb back to work. It quickly became obvious that there were built-in disincentives to leaving welfare. Many welfare recipients realized that staying on welfare was in some ways more attractive than working. Many of the jobs they might have taken, for example, usually carried no health insurance. Welfare brought Medicaid,

which gave parents a way to pay for the doctor when their children got sick.

So not only were more people going on welfare, they were staying on welfare longer. And that meant higher costs to the taxpayer.

As government budgets grew tighter, and taxpayer impatience grew greater, presidents, governors and

---

*...we began a quiet*

---

*revolution in the way the*

---

*State approaches health*

---

*and human services*

---

*problems. We decided we*

---

*literally could not afford*

---

*to wait until each new*

---

*crisis erupted.*

---

legislators alike were forced to think again about the welfare system that we had created. We knew we simply could not afford to watch the number of recipients increase while our resources dwindled. We also knew that any new system should work to prevent people from ever reaching dire straits, and pluck those with the greatest chance of leaving welfare from its morass.

Three years ago I asked Human Services Commissioner Drew Altman to create a new system. His answer

was REACH – Realizing Economic Achievement. REACH's premise was simple. We said to every able-bodied man or woman who received welfare in New Jersey that it was time you got a job. If you could not find a job because you were not educated well enough, you had to go back to school or enter job training.

We were realistic. We knew that many of the people on welfare would need a hand to get off it. So while we told them to get a job, we told them that we would help them find one. And we said we would go beyond even that.

We knew that one of the reasons people did not leave welfare was because finding a job meant losing Medicaid. Others stayed because they could not find child care for their children while they went to work. Still others simply could not afford to pay to take the bus to work every day. We understood all of this, and so the program we developed not only required work but recognized the need for government to do more. As a result, REACH provides extended health coverage, child care and transportation subsidies for recipients.

Once we had a plan, we had to put it into effect. We treated REACH the way a producer would treat a new play, introducing it first off-Broadway before offering it to the more demanding audiences on the "Great White Way." We began modestly at first, starting REACH in only three counties. No program of any merit or size works perfectly from the start, and REACH was no exception.

So we fiddled with the parts and the lines, and when we expanded

# GOVERNOR'S ANNUAL MESSAGE

79

REACH during its second year to another seven counties, we knew we had a hit on our hands. We earned rave reviews from the critics, but most important, from the participants themselves. Consider Patty Malejko, for example.

Patty never wanted to go on welfare, but at 24 she found herself struggling to raise two small children and keep her head above water. The water was winning. Out of work and almost out hope, Patty was on the fast track to nowhere. "I just couldn't do it," she told me. "I just felt defeated. I thought I would be on welfare until I'm 82."

She wasn't. Last year, at age 27, Patty Malejko stopped cashing welfare checks and started cashing paychecks because of REACH. We enrolled Patty in a computer-training course and taught her a skill. She found a job as a computer operator at the Middlesex County Clerk's Office. We paid for her extended health care until her job benefits kicked in. Now Patty says, "I can't go wrong."

Patty isn't the only success we can boast. Lu Ray Minor was the first REACH participant from Cumberland County. The mother of three sons, Lu Ray was also on welfare for 15 years before REACH reached her. Today she works for the Trump Plaza Casino Hotel.

Then there is Gerald Sileo. Gerald and his family of four were on welfare for nine months last year. The family was homeless. Then we were able to enroll Gerald in REACH. Now he has a new job as a truck driver.

I could give you a hundred more names and stories, but let me give you a statistic instead: more than

2,100 welfare recipients are in training or school right now thanks to REACH, while another 3,600 have found work thanks to the benefits REACH provides.

REACH still has not yet spread statewide; you can find it in Atlantic, Bergen, Burlington, Cumberland, Mercer, Middlesex, Monmouth, Ocean, Passaic and Union counties. This is the year we expand it to three of the toughest welfare nuts to crack, Essex, Camden and Hudson counties. These three counties account for more than half of all the welfare cases in our state. I expect to tell you next year about the stars of this performance, and I also expect to begin to answer the one major unanswered question about REACH: will recipients continue at work once State-supported benefits are ended?

It is no accident that REACH is succeeding. The Legislature has been extremely supportive, particularly Senators Jim Hurley, Richard Van Wagner and Catherine Costa, and Assemblymen Harold Colburn, Tom Deverin and Gary Stuhltrager. They had the wisdom to see that money we spent today to lift people from the morass of welfare was less money we would have to spend later. I thank them for their support.

I also thank Senator Bill Gormley for his support of another welfare reform project, the Atlantic City Casino Employment Initiative. Similar in philosophy to REACH, the Atlantic City program last year trained 545 men and women for productive lives in the casino industry. These men and women are now taxpayers rather than tax-drainers.

One more reform project should be mentioned. A couple of years ago, the federal government, which last year modeled its welfare reform on New Jersey's program, decided to ask

New Jersey to serve as a laboratory of welfare reform. They gave us grants and we created Teen Progress, a program that concentrated on teenage mothers.

In REACH, a mother with a child under the age of two is exempt from the work or school requirement. But in Teen Progress, every mother must go to school, go to job training or get a job. And at the same time, every girl – these recipients are sadly almost all under 18 – must learn how to become a good parent.

We take that skill for granted, but many of these very young mothers know nothing about what to do with a child after it is born. We actually must teach these girls the basic skills of child rearing, from feeding the children wholesome food to making sure they see the doctor.

Just as with REACH and the Atlantic City programs, we are notching our successes in Teen Progress. Cassandra Black, pregnant at 16, a high school drop out at 17, is now earning her General Educational Development (GED) diploma. "In high school," she said, "I never expected to be on welfare. A lot of girls are stuck. But they have to give this program a chance." The same can be said of the State. If we are patient and continue to work hard at making REACH work, we will have saved our children and grandchildren vast sums of money on future welfare bills, and saved productive lives for the children and grandchildren of today's welfare recipients – tomorrow's employees.

JANUARY 10, 1989

80

## Heart and Soul

We have built no sports arenas or stadiums during the past seven years, but I prefer to believe we have built something far more lasting, and something that touches even more lives than the Giants, Jets, Devils and Nets combined. During the past seven years we have created a superior yet compassionate system of care for the body, while reforming our mental health system.

Adequate medical care is a necessity, not a luxury. Yet only the most affluent can open a doctor's bill without blanching. Middle-class families fear catastrophic illness that will wipe out a lifetime of hard work and savings, while also worrying about where they will find the extra cash to pay their rising health insurance premiums. Poorer families worry about just getting sick, knowing that there is no insurance and very little money around to pay the bills.

Roughly one in ten New Jerseyans does not have health insurance. That's 843,000 people, more than the population of Bergen County. In other states that would mean grave hardship for these families, but two years ago we made a moral commitment in New Jersey that said no one would ever be turned away from a hospital because he or she could not afford to pay the bill. No other state can make that promise.

We can do this because we created the Uncompensated Care Fund in 1987. The fund guarantees patients will find a hospital bed because it guarantees our hospitals that they will be compensated for the

care they provide. We levy a small surcharge on everyone's health insurance and use this money to cover the costs these hospitals incur. As a result of this compassionate system, three-fourths of the uninsured patients in New Jersey saw a doctor last year, a mark almost 50 percent higher than the national average.

---

*During the past seven  
years we have created a  
superior yet compassionate  
system of care for the  
body, while reforming our  
mental health system*

---

As I write this Annual Message, the Legislature has just approved legislation to continue this extremely important program. I thank Senator Richard Codey and Assemblyman Harold Colburn for working to win approval of this bill so that we do not break our commitment to the unfortunate among us.

Several years ago, one of my sons became seriously ill. Fortunately he recovered and we had the money to pay the doctor's bills. Perhaps the only thing sadder than a sick child is a family whose fight to cure their son's or daughter's illness has wiped them out financially. The Department of Health believes 1,500 to 2,500 children each year have catastrophic illnesses in which the out-of-pocket

medical bills swallow more than 30 percent of their families' incomes. Last year I signed legislation, sponsored by Senator Donald DiFrancesco and Assemblyman Bob Singer, that creates a Children's Relief Fund and Commission to reimburse the costs of treating children suffering from catastrophic illnesses. The Departments of Health, Labor, Insurance and Treasury are working out the details of the program, and we hope to help our first family by July 1.

But the high cost of getting sick is not something only the parents of sick children have experienced. Since we took office, the cost of going to the hospital has risen more than 108 percent nationwide. People are worried about it; last year complaints to the Department of Health jumped 20 percent. People want high-quality care, but they do not want to go bankrupt or pay for their doctors' greens fees.

Four years ago, based on the groundwork laid by Governor Brendan Byrne, we switched to a new system to control hospital costs that eventually became a model for the federal government. We told hospitals that we would pay only a certain price for a certain procedure.

We began taking a much closer look at requests for hospital rate increases, demanding more justification for them. We also began taking a closer look at which hospitals were planning to build, and whether those plans were really necessary. And we began looking for the most efficient ways to use existing beds, centers and doctors.

# GOVERNOR'S ANNUAL MESSAGE

81

Hospitals became more efficient, and while the rest of the country watched its medical bills rise 9 percent a year, New Jersey's increased less than 6 percent. We intend to continue to encourage even greater efficiency by rewarding those who keep costs down and exhorting those who need to do better.

But other government programs can directly reduce future bills. A great number of illnesses, for example, could be prevented or made less onerous if the patients had only seen a doctor early on.

Children born to welfare and other poor young mothers provide a good example. Last year more than 10,000 women under 19 gave birth to babies, and we know that pregnant teenagers are twice as likely to give birth to sickly babies. The medical term is "low-birthweight babies," but to the layman it means infants who are far more likely to die during their first year or develop chronic physical and mental illnesses, illnesses that will cost a huge amount of money to care for later.

During the first half of this decade, New Jersey's cities, shamefully, had one of the highest infant mortality rates in the nation. In fact, children born in Newark or Camden had as good a chance of dying in their first year as babies born in Lima, Peru, or Seoul, Korea. We were embarrassed and upset by this. We knew we had to do better.

I asked Health Commissioner Dr. Molly Coye to devise a program that would reduce the infant mortality rate and the suffering these poor children experienced. Building on the

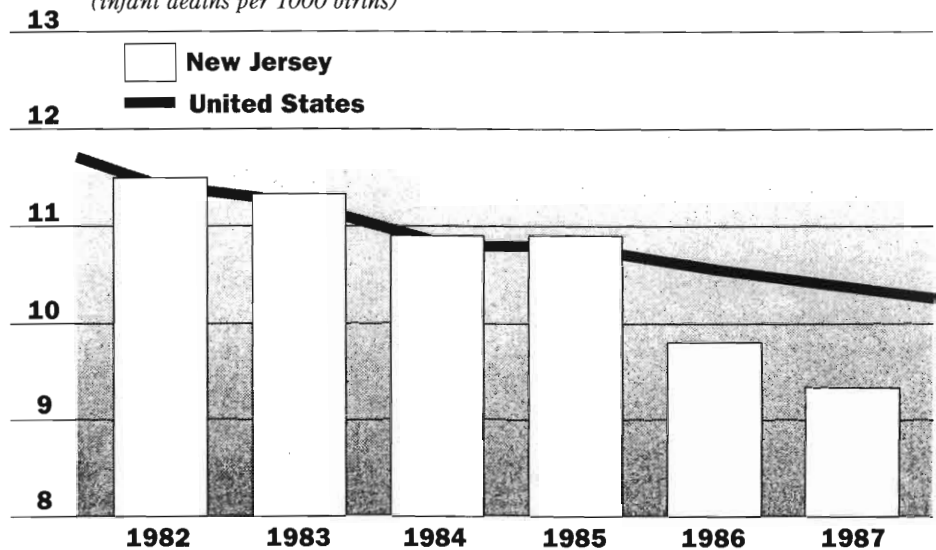
Healthy Mothers/Healthy Babies program that began in 1986, Commissioner Coye created the HealthStart program to reach pregnant women and infants statewide. Thanks to the good work of two sponsors, Senator Richard Van Wagner and former Assemblyman "Doc" Villane, HealthStart was by last year caring for more than 8,000 poor pregnant women and

spend in this program saves us three dollars down the road.

But giving birth to a healthy baby is only the beginning of a mother's fight to raise healthy children. New Jersey runs the Supplemental Food Program for Women, Infants and Children (WIC) to make sure that our young get enough of the right foods they need

## New Jersey & United States Infant Mortality Rates

(infant deaths per 1000 births)



their children.

Investing in healthier mothers and babies has worked. Before we began our preventive efforts in the 10 cities with the worst problems, their infant mortality rates stood at 17.8 deaths per thousand live births, while the state rate was a vastly lower 10.4 deaths per thousand live births. After only two years, we were able to reduce the cities' rate to 14.8 deaths per thousand and drive the state's overall rate down to 9.4 deaths per thousand. We expect this trend to continue to save not only lives but money as well. Every one dollar we

to grow up healthy. Last year, WIC served more than 70,000 women, infants and small children each month.

To care for young children and mothers and then to ignore the rest of the family would be to do only half the job. Last year, under the direction of Commissioner Altman and the Department of Human Services (DHS), we created the Garden State Health Plan (GSHP). Poor young mothers are not the only poor people

JANUARY 10, 1989

82

who do not see a doctor regularly. Other poor families get most of their medical care from hospital emergency rooms.

This has two effects. Emergency room care inflates the cost of treatment by as much as 10 times above an ordinary visit to the doctor. It also means that doctors treat illnesses only after they have become fairly advanced, requiring far greater care and costing far more to treat.

Once again, we believed that a program that would encourage health and check sickness early was worth the money, so we invested in the GSHP. The GSHP is expected to provide that kind of care for 50,000 Medicaid patients over the next three years, heralding the start of a major Medicaid reform. In the beginning, the GSHP will operate in 10 counties, but will eventually expand statewide. We expect GSHP to give us healthier New Jerseyans and reduce unneeded emergency room use, which in turn will mean a healthier State treasury.

At the same time, we increased the amount of money we pay care providers to encourage doctors and dentists to treat the poor, and expanded Medicaid eligibility to elderly, blind and disabled New Jerseyans who make less than 100 percent of the federal poverty level and have few assets.

Preparation and prevention are the watchwords of our health care policy, but we still must respond to the accident or unexpected illness. More than 400,000 New Jerseyans needed emergency treatment last year, and most of these emergencies were handled by local volunteer ambulance squads.

Countless lives have been saved thanks to these heroic men and women. Nevertheless, we are finding that treatments have become more advanced. A few years ago, the mobile intensive care units that are commonplace today would have been laughed off as science fiction. Last year, 15 to 20 percent of the emergency calls demanded the sort of

---

*...New Jerseyans will no*

---

*longer have to fumble for*

---

*the phone book while a*

---

*loved one is in danger.*

---

treatment they provided.

We were worried because it was apparent that not every squad was as well trained as it might be. So we created a Council on Emergency Medical Services in 1986, and it recommended one standard of training for all volunteer and proprietary squads. At the same time, the State First Aid Council assumed responsibility for training emergency medical technicians, and has since certified 6,700 of them.

Several years ago, prime-time television boasted a show called *Emergency* – a show about daring paramedics who would roar up in trucks or swoop down in helicopters to save lives. Last year New Jersey began its own program of swooping helicopters. Thanks to legislation sponsored by Senator Walter Rand and Assemblyman John Rocco, the State Police and the Department of Health began the New Jersey Heli-

copter Response program providing instant aid from 22 paramedics and flight nurses. Last year the program, operating out of our two level-1 trauma centers at the University of Medicine and Dentistry of New Jersey (UMDNJ) and Cooper Medical Center, averaged three missions a day, and this year we expect that to double.

We are also adding one more means to save time so we can save lives. This year will see the beginning of a statewide emergency phone number, 911. The system, created under legislation sponsored by Senator Dan Dalton and Assemblyman John Bennett, will ensure that New Jerseyans will no longer have to fumble for the phone book while a loved one is in danger. By simply dialing three digits, we will be able to speed help to the sick and injured in minutes.

We will be able to get the ambulances to New Jerseyans faster, but the question is, where will the ambulances take the sick or injured? Last January, Fred Wiehl, a rescue squad captain in Westfield, was on duty when he learned that Overlook Hospital in Summit was not accepting any more patients. That meant Wiehl's squad was going to have to head for Union Hospital, Muhlenberg or Beth Israel. But all of these hospitals, his backups to Overlook, were sending out the same message. Fred, who has spent 35 years serving on rescue squads, said, "I have never seen anything like this."

Why did Overlook, Muhlenberg, Union and Beth Israel advise against bringing in new patients?

## GOVERNOR'S ANNUAL MESSAGE

83

Because on that day they did not have enough nurses to care for them. In 1987 we learned that New Jersey – and the nation – faced a shortage of trained nurses. Last year New Jersey hospitals reported about 17 percent of the nursing jobs available went unfilled. Two years ago I formed the Nursing Shortage Study Commission to find out why we in New Jersey, the home state of Cornelia Hancock, Clara Barton and Clara Maas, no longer had enough nurses.

Part of the problem is money. While doctors watched their salaries increase by 10 percent a year, nurses saw theirs go up by less than half of that. Last year we began to do something about it. The Hospital Rate Setting Commission allowed \$168 million in rate increases, primarily to raise nursing salaries.

But as Commissioner Coye reported in September, money alone is not enough. Dr. Coye argued that what we need is “nothing less than a permanent revolution in hospital care as it is delivered at the bedside.” That means freeing nurses from the paperwork and non-nursing duties they now must do. That means rewarding the best nurses to keep them in their jobs. It means giving nurses more autonomy and responsibility for their patients.

When we succeed in convincing all of our hospitals to make these changes, we will have made a big stride in attracting and keeping more nurses. When that happens, Fred Wiehl should not have to worry about what hospital is receiving patients that day.

Unfortunately, the news on another medical front is less optimistic. If in 1982 most of us knew little about AIDS, we now know all too well the tragic toll it has taken on lives and families in New Jersey. As *Newsweek* reported this June, “More Facts, Less Hope.” The grimmest fact of all is that by year’s end, more than 5,500 New Jerseyans suffered from the dreaded

---

*...what we need is*

---

*“nothing less than a*

---

*permanent revolution in*

---

*hospital care as it is*

---

*delivered at the bedside.”*

---

disease, more people than in any other state except New York, California and Florida. This tragedy has not only the obvious emotional dimension, but a financial dimension as well. It costs \$11,616 a year for hospital care to treat the average AIDS patient. The fiscal implications of a growing number of AIDS patients are obvious.

Commissioner Coye traveled to an international conference on AIDS in Stockholm, Sweden, last year and came back with troubling news. After 7,500 delegates exchanged information and listened to 3,200 presentations, one conclusion was evident: there is no cure in sight.

That knowledge has determined our public policy. We have committed ourselves to promoting prevention.

Earlier this year, East Rutherford hosted the National Conference

on Pediatric AIDS, chaired by New Jersey’s nationally-recognized pediatric AIDS expert, Dr. James Oleske. During the conference, another expert, Dr. Norman Fost, the head of the Pediatrics Department at the University of Wisconsin, said, “AIDS is not like other plagues. It is probably most similar to tobacco. It kills through behavior.”

The converse of this, of course, is that lives can be saved if we can convince people to give up behavior that is likely to mean contracting the disease. In New Jersey, most of the AIDS cases come from intravenous drug users. If we can get these men and women to stop using drugs, or failing that, to stop sharing dirty needles and to become more discreet in their sexual practices, we can slow the spread of AIDS.

Similarly, if we can alert the population to the dangers posed by AIDS, we believe we can convince people to protect themselves. Something as simple as abstinence will save lives, and something as simple as using a condom greatly decreases the chance of contracting the disease.

Last year we dramatically increased our efforts to beat the drum for prevention, beginning with the creation of the new Division of AIDS Prevention and Control. We hired a top-flight assistant commissioner, Robert Hummel, who had been the deputy director of New York State’s AIDS institute, to run our program. We expanded counseling and testing for AIDS at centers which test for

JANUARY 10, 1989

84

other high-risk diseases, such as tuberculosis, and started a program to notify the partners of people who tested positive for the AIDS virus.

In the past two years, we have staged public relations campaigns aimed at reaching the inner-city residents at greatest risk, while also taking greater steps to protect the blood supply from inadvertent infection. Perhaps most important for long-term implications, we developed a curriculum for our state's children warning them of the dangers of AIDS.

Our fight against AIDS must be a fight against a disease and not against its victims. It is a test not only of our medical resourcefulness, but of our compassion as well. That is one of the reasons we fought so hard to make sure we obtained a Medicaid AIDS waiver, and then revised the waiver to include children under the care of the Division of Youth and Family Services. It is also the reason UMDNJ sought and was picked to be one of a handful of sites being used by the federal government to test treatments against AIDS.

Every life lost is sad, but perhaps the most difficult AIDS cases to face are the children, the only AIDS victims who had no choice and were given no chance to protect themselves against the disease. They deserve our special compassion. Two years ago we opened the State's first home for babies with AIDS at St. Clare's Home for children in Elizabeth. In October we dedicated the first day care center in the nation for children with AIDS, and planted a Robusta Juniper as a symbol of hope that these young ones would live to see the day that AIDS is conquered.

## Shelter From the Storm

Dorothea Dix had been a Boston school teacher leading a quiet and uneventful life until she took her Sunday school class to visit a Massachusetts jail. Shocked by the filthy and miserable conditions in which the insane and mentally retarded inmates were living, Dix

---

*Our fight against AIDS...*

---

*is a test not only of our*

---

*medical resourcefulness,*

---

*but of our compassion*

---

*as well.*

---

devoted the rest of her life to changing the way America treated its mentally ill.

Four years after her epiphany, Dix brought her fight to New Jersey, where she spent the next four years urging the Legislature to establish a state-supported asylum. The result was the Trenton State Hospital for the Insane, which opened its doors in 1848 as the nation's leading institution in humane care of the mentally ill. It was a moment of which New Jersey could justly be proud.

Today our system is not what it was or should be. Miss Dix sought to provide an asylum for the mentally ill. She understood the word "asylum" in its original medieval French meaning, a place of inviolable refuge, a sanctuary. Too often our mental health facilities are anything but asylums because of an obsolete and decrepit physical infrastructure.

For example, until we took emergency steps recently, we faced the prospect of some fire departments refusing to answer calls at some of our facilities because the roadways were so poor. Fortunately, we rectified those problems.

But look at the Forensic Unit at Trenton Psychiatric Hospital, built when Grover Cleveland was still president. This is the building where we incarcerate people adjudged not guilty by reason of insanity. The building is ancient, tired and run-down. Far worse, it borders on being unsecured. This building, home to some very dangerous and violent people, has problems with its locks.

Yet the problems at the Forensic Unit are not unique. Greystone Park Psychiatric Hospital received re-accreditation from the Joint Commission for the Accreditation of Hospitals based on a promise to close inadequate dormitories and renovate the Abell Building. Plans were drawn, but subsequent planning revealed that Human Services just did not have the money to do the job. Ancora must improve its infections isolation area, Brisbane needs two new cottages, Hagedorn's back-up water supply is insufficient and Marlboro has a host of problems.

I think long and hard before I ask the taxpayers to borrow money, and then I think long and hard again before I call for a bond issue. But we need money to fix our mental health facilities as well as supply more prison beds, a need I will discuss later. Therefore, I urge the Legislature to put a prison and state facility bond issue before the voters this year.

But gleaming buildings are only irrelevant monuments to our con-

## GOVERNOR'S ANNUAL MESSAGE

85

struction skills if we do not fill them with the kinds of care that ennoble the provider and serve the sufferer. Two years ago we began to remake our system, to make sure we do provide the sort of care the mentally ill and emotionally disturbed need most. We began moving away from a prejudice in favor of institutionalizing the mentally ill, and toward a system that emphasizes community care.

We have made progress. Last year the Public Citizen Health Research Group and the National Alliance for the Mentally Ill ranked New Jersey's mental health programs 14th best – up from 27th two years ago – among the 50 states and the District of Columbia.

We earned this ranking by completing the phase-out of Trenton Psychiatric Hospital's Adolescent Unit and making solid progress on the phase-down of the Greystone Park Psychiatric Hospital. Shrinking these institutions allowed us to devote more money to community programs, about \$19 million per year in all. We restructured the Division of Mental Health and Hospitals so we could bring community services and State hospital operations together under one administrative roof.

We finished a survey of what mental health services are needed in each county, and ranked by necessity the needs we found. We budgeted extra money so we could pay more to retain our registered nurses, and used a \$326,000 grant from the Robert Wood Johnson Foundation to develop a special residential program for younger mental health patients at Lincoln Rest Center in Jamesburg. We used State and federal funds to develop community services for

mentally ill homeless men and women.

We must do a better job at providing these services because mental illness is a much more prevalent condition than we previously recognized.

*American Demographics Magazine* published a story a short time ago that cited a National Institute of

---

*...we need money to fix our*

---

*mental health facilities as*

---

*well as supply more*

---

*prison beds, a need I will*

---

*discuss later. Therefore,*

---

*I urge the Legislature to*

---

*put a prison and state*

---

*facility bond issue before*

---

*the voters this year.*

---

Mental Health survey from the early 1980's. The survey found that 29 to 40 percent of the respondents said they had suffered mental health disorders. Eleven to 16 percent said they had alcohol problems, 6 percent said they suffered drug problems, and 6 percent said they suffered emotional disorders.

The survey found that these problems afflicted people regardless of race, creed or income. This

reminds us that mental health is as important, and as potentially fragile, as our physical health.

The Department of Health has greatly expanded its support for community programs to treat alcoholics and drug addicts. Since 1987, we were able to spend nearly \$8.4 million more to expand our funding of these programs. That means we were able to treat nearly 2,000 more adult and child addicts. At the same time, the counties have begun to expand their juvenile drug counseling programs.

### **Sixteen Candles**

Concern for the young is ageless, but that concern has taken on a new immediacy because of the age in which we live. Forty years ago, when the very word "teenage" was first being used to describe the newly-developed separate adolescent culture, problems were simpler. A survey taken then of the problems teachers and principals faced in school revealed difficulties that look wistfully quaint today. The top problems, the educators concluded, were students running in the halls, chewing gum, talking in class, wearing improper clothes and getting out of line.

In the 1980's, the same survey looks a bit different. Today educators must contend with student pregnancy, venereal diseases, drug and alcohol abuse, suicide, unemployment, child abuse, rape, assault and gang warfare. Today the problem student of the 1940's would probably be considered a candidate for a community citizenship award, if not a National Merit Scholarship.

JANUARY 10, 1989

86

Nationally, teenage pregnancy accounts for almost 13 percent of all births. In New Jersey that number is slightly better, 9 percent, but it is still way too high. Over one-fourth of all students who enter high school do not finish. Accidents, many involving drugs and alcohol, account for more than half of the deaths of teenagers; adolescent suicide is the second leading cause of death. It has been said, "Youth is the season of hope." That may have been true when many of us were growing up in the years following World War II, but for many young people today, youth is a season of despair, disillusionment and alienation.

What has changed? Well, for one thing, many parents are often not available for their children. It is estimated now that 60 percent of our young people will spend at least some of their childhood with a single parent.

Child psychologist Urie Bronfenbrenner once observed that "every child deserves to have at least one adult who is crazy about them." Too often, today's teenagers don't have that one adult when drugs get in the way, or when they have to deal with broken homes, or when their parents are too involved with their own lives to find time for their children.

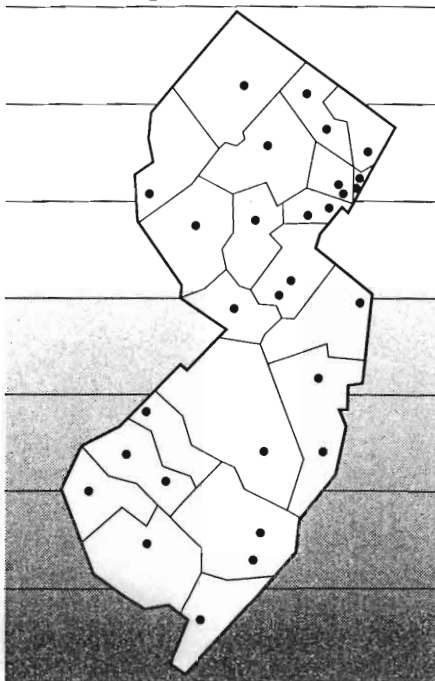
Plainly, too few children are making it through their adolescence easily; indeed, too few are making it through their adolescence at all. Three years ago, I decided that we must make a dramatic attempt to help these children.

I asked Human Services Commissioner Drew Altman to design an innovative solution, and he succeeded. Last year we created a new program, the New Jersey School-

Based Youth Services Program, whose task is to go beyond the old ways of solving these daunting problems. Then we made sure to provide the necessary funding to make the program work. In just its first year, I was asked to present this program to the National Governors' Association as a model of how to reach troubled youth.

#### **School-Based Youth Services Program**

*29 High Schools Statewide*



The School-Based Youth Services Program operates from a basic premise: we must cherish and preserve our children. It is a \$6 million statewide effort that for the first time brings comprehensive services to teenagers in the one place where you can reach the majority of them – the public schools. This is the only program of its kind in the country.

It is a commitment intended to withstand public vicissitudes. While the collective attention darts from

AIDS to child abuse to drugs, this is a permanent program, paid for not with a one-time budget allocation, but with money each year.

We have committed such substantial resources to this program because I believe strongly that neither the Education Department nor the Human Services Department can do their jobs unless they work together. Our schools cannot easily teach children who are emotionally distraught, pregnant or hooked on drugs – children who see no hope for a rewarding career. Nor can the human services system help children who simply have not been taught the skills they need. Neither sector can do the job alone; our educators and our human services professionals must work together to get results.

One of the problems of any program is how to make sure the teenagers we want to help actually get the help we offer. We knew we had to make it as easy as possible for teenagers to get the services they need. Borrowing a technique from the supermarket world, we decided we had to offer "one-stop shopping."

We created 29 of these one-stop shopping sites across the state – located at 24 high schools, 10 of which serve junior high schools as well, and five vocational schools. We made sure that there was at least one site in every county. The sites are in rural, urban and suburban areas. The locations of the sites guarantee a mix of students from varying economic circumstances, living conditions and racial backgrounds. Each center provides mental health and family counseling, health and substance abuse services, employment counsel-

# GOVERNOR'S ANNUAL MESSAGE

87

ing and training services, information and referral services, and recreation. Many provide day care, transportation and hotlines teenagers can call if they are in trouble.

Already 17,000 young people have been served, and when this program is in full operation, we expect to reach some 38,000 students per year. Already we have been told by many program sites of young lives that have been salvaged or saved.

The strength of our nation depends upon our ability to rear well-educated, responsible and well-adjusted children who will step forward when our generation passes on to retirement. Franklin Roosevelt said, "We cannot always build the future for our youth, but we can build our youth for the future." Our continued existence as a world leader depends on our ability to assure that our youth are prepared to fill the boardrooms, courtrooms and caucus rooms of tomorrow.

## Riddle of the Ages

New Jersey has experienced a demographic revolution during the 1980's. Our state's population has grown progressively older, until it is now the second oldest in the nation, behind only Florida. More than 12 percent of New Jersey's population is elderly and by 1990 that will grow to 15 percent, or 1.1 million elderly people. By 2020, one in five New Jerseyans will be over 65.

The elderly pose special challenges to a state government because their needs are different. A 1987 study, for example, showed that 180,000 New Jerseyans who live alone have difficulties doing daily chores. We have designed our programs to

allow our seniors to live lives of relative comfort and vitality, and to free them of aching fears that one day they will be lonely and vulnerable.

We have striven to make sure that the basic needs of our elderly, one in ten of whom live below the poverty line, are met. Since 1982, the Pharmaceuticals for the Aged and Disabled (PAAD) program has

---

*As our state ages, our*

---

*ingenuity will be tested*

---

*again and again.*

---

tripled, providing \$700 million to defray the costs of buying medicine for 2.1 million elderly and disabled people.

Last year we expanded our Meals on Wheels program so that our homebound elderly can eat seven days a week and on the holidays. We served nearly 2.2 million meals. Realizing that the elderly are worried about their safety, we created a program that makes sure the locks on doors are secure, that doors and windows are strong and that vestibules are well-lit.

We were one of six states chosen by the Robert Wood Johnson Foundation to receive a grant to develop a long-term insurance demonstration project. The project will look for ways to pay for the mounting medical and nursing home costs that many of our aged face. Commissioner Altman and the Department of Human Services, working with the Departments of Insurance, Health and Community Affairs, will map this demonstration project.

While these departments examine this facet of insurance, our extremely successful Senior Health Insurance Program of trained volunteers visits the elderly and explains to them precisely what their Medicare benefits are, how to file for their reimbursement and how to compare available commercial health coverages. To date, 550 volunteers have helped nearly 5,000 elderly.

But the most basic need worried about by the elderly is summed up in the simple question, "Where will I live?" Given the choice, men and women who have lived independently all their lives overwhelmingly wish to continue doing so. It has been my policy to do whatever we can to make that possible.

There are many, many elderly New Jerseyans who own and live in their own homes. They do not want to leave them. Yet their independence is threatened by rising property taxes and fixed or diminishing incomes. In fact, we believe that as many as 50,000 of the 922,000 elderly homeowners in New Jersey live on incomes of less than \$5,000 a year.

These men and women have two choices. They can continue to live in their homes and struggle to pay for food, clothing and medicine. Or they can sell their homes and face an uncertain future. Two years ago, I asked the Task Force on Housing Options for Seniors to examine this problem. I asked for creative solutions that would allow these men and women to preserve their independence without preserving the poverty it sometimes costs.

I believe we have found the proper answer, a solution that would make the lives of these house-rich but

JANUARY 10, 1989

88

cash-poor men and women infinitely more comfortable. I propose that we enact a new approach that would allow the elderly to defer most of their property tax payments. I believe we should make it possible for the elderly to borrow money against the equity in their homes that in turn would be used to pay their property taxes.

Under this new program, the State would use \$3 million in Casino Revenue Fund monies to create a pool from which these loans would be drawn. Elderly New Jerseyans who live in Urban Aid cities and earn less than \$20,000 annually or who qualify for the Senior Citizen Homestead deduction program would be eligible to borrow from this fund and defer repayment of the loan until they have sold their homes or their estate is settled. Then, when they or their estates have more cash, the loans would be paid back, replenishing the pool for their fellow elderly.

At the same time, we would seek to enlist the private banks in this program so that we can expand it to help even more seniors. As our state ages, our ingenuity will be tested again and again. I am proud to offer this new program as an example of our creativity and as testimony to our commitment to the elderly.

Not everyone, unfortunately, will be able to remain at home. Nursing homes are where many New Jerseyans decide to live out their final days. But there are many homes available, and most elderly and their families don't know where to look to find a good one. Realizing this, the Department of Health began publishing a consumer guide to nursing homes. Now a family can easily

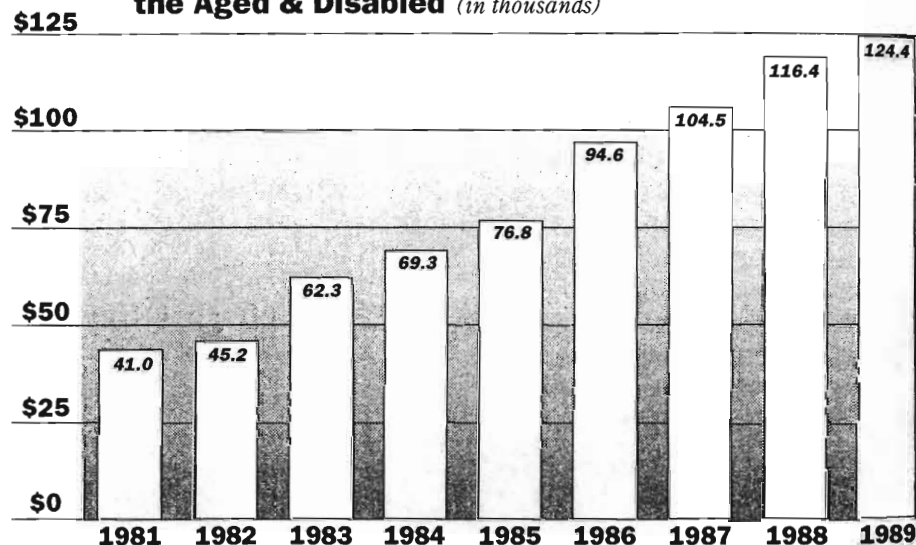
consult an informative guide to find what services are offered.

An elderly New Jerseyan has the right to expect that the State will license only clean, healthy and well-run nursing homes. We wrote new licensing standards last year that do not measure success by looking at paperwork but by happy and healthy patients.

obstacles of life in subsidized homes shared by the especially frail or at-risk elderly. Last year we more than doubled our appropriation for the program and were able to offer this service to more than 2,000 people.

But there are others who prefer to remain in their homes, or with their families. This decision can have profound emotional and physical

### Pharmaceutical Assistance to the Aged & Disabled *(in thousands)*



One of our goals is to professionalize the care found in nursing homes. As a result, we have begun to require that the nursing aides who provide much of the direct care be properly trained and certified by the State. During the past year we certified 2,200 aides. This year we intend to expand these license requirements to the home health aides who work for licensed home health agencies.

Many New Jerseyans neither can afford nor desire to move to a nursing home. Many of these men and women have benefited from our congregate housing programs. We started these programs in 1981, providing meals and help with the daily

implications that parents and children alike rarely realize at the start. Within a short while it becomes apparent that caring for an elderly relative at home is physically and emotionally taxing. Inevitably, these loving sons, daughters, nephews, nieces or cousins will need a break.

We created a Statewide Respite Care program to provide that break. The program is designed to serve 1,200 to 1,500 families with a companion, a health aide or adult day care - someone else who can watch over the

## GOVERNOR'S ANNUAL MESSAGE

89

elderly loved one while the care giver gets a chance to catch his or her breath and recoup his or her strength for the continuing care of Grandmother, Grandfather or Aunt June.

This is not the only program we have developed so New Jerseyans can help other New Jerseyans during their old age. On January 1, we began the Service Credit Exchange Project, which allows the elderly and other New Jerseyans to volunteer to help each other. One person helps others and in turn qualifies for others to help him. I like to think what we have done is simply to formalize the great American tradition of neighbors helping neighbors.

There is an extremely innovative program we would like to try this year which we call ELDERTECH. Technology has brought us startling new advances that can mean the difference between being able to live independently or having to go to an institution. We would like to bring this technology to elderly New Jerseyans.

Consider an elderly woman who has lost the use of one arm because of a stroke. As a result, she must depend on a daily service to prepare her meals. ELDERTECH would visit the woman and then provide her with a series of simple devices that would allow her to prepare her own meals one-handed.

Or consider another older person, a man suffering from debilitating arthritis that has forced him to a wheelchair. But as the arthritis continues, the man can no longer push his wheelchair. The answer to his problem is a motorized chair, but he doesn't know how to choose the right one. If he were to visit an ELDERTECH center he would be

able to borrow a chair for a week and find out what chair is right for him. When he has the right chair he buys it, and then donates his old wheelchair so someone else can use it.

While our population of older New Jerseyans has grown, another population has also increased, the number of mothers who work. Back in the days of *The Donna Reed Show*

---

*Even in homes where two*

---

*parents are raising the*

---

*children, it now takes two*

---

*incomes to do what Ward*

---

*Cleaver's single income*

---

*used to do for June, Wally*

---

*and the Beaver.*

---

and *Father Knows Best*, mothers stayed at home. In fact, in the 1950's, only 13 percent of the nation's mothers with children under six were working.

But in the 1980's, 57 percent of America's mothers with children under six are working, and by 1995, we expect that number to grow to 75 percent. Here in New Jersey, slightly fewer mothers are working; nevertheless, four out of ten women with children under six are taking home a paycheck as are 60 percent of the mothers with children between 6 and 13.

More and more women work because they must – many because

they are raising their children on their own. In 1985, for example, one-fourth of all working mothers were unmarried.

Even in homes where two parents are raising the children, it now takes two incomes to do what Ward Cleaver's single income used to do for June, Wally and the Beaver. It now costs 200 percent more than it did in 1948 to afford a house. Real wages have fallen 12 percent since 1973. If a young couple wants to raise their children the way they themselves were raised, either one parent had better be a Wall Street investment banker or both parents must work.

That means someone must keep an eye on the children. We have spent the past seven years encouraging private employers to create child care centers for their employees. To set an example, the State runs three child care centers for State employees. Savvy and enlightened businesses realize the merits of providing child care, and as I said earlier, the number of employer-supported child care centers has increased by more than 1,000 percent.

For all this, though, demand for child care still outstrips supply. We must recognize the evolution in the New Jersey family and accommodate those families who believe that both parents must work if their children are to get the opportunities that they themselves experienced.

But that does not mean the State is going to get into the business of building sprawling centers with armies of small children dropped off at dawn and picked up at sunset. Only a small portion of the nation's child

JANUARY 10, 1989

90

care, less than one-fourth, is provided in these settings. Parents prefer to use much smaller and more intimate settings for child care, such as a neighbor's house or a relative's home.

I would like to see the State work to create more of this smaller, preferred child care. This year we hope to encourage the start of "mini-child care" centers. We propose to help create up to 60 centers in churches, public housing projects and private homes serving 6 to 26 children in these smaller settings.

There are some people who would brush this off as simply a "women's issue." But child care is a family issue and an economic development issue. If we can help New Jersey families create the lives they seek through this, we will have executed the primary duty of government: to help its citizenry. This program will be an extremely important step to fulfilling the dreams of thousands of young New Jersey families.

But while we do this, we must be mindful that a mindless explosion in child care can pose more danger than good. Last year we wrote rules that let parents know the child care center they use is safe. Any company or person who runs a child care center is required to register with the State and comply with regulations governing these centers.

Child care is not a passing fad. It is not going to go the way of the Charleston or bell-bottom jeans. It is a

reality that the State must recognize and in doing so foster the safe growth of our younger generation.

Last year the State was also able to expand its programs for the physically and mentally disabled. We want as many people as possible to live as normal lives as possible, regardless of their handicaps. Several years ago, we were able to create the Personal Attendant Services program. This sends aides to disabled people's homes to help them do the basic things we take for granted.

Alice Merryfield taught school until she was stricken with a muscle disease. Now she is confined to a wheelchair, but able to live at home because of a personal aide who comes in and helps her with basic needs like dressing, bathing and shopping. Alice said she was worried that I didn't know how important this program was. Well, Alice, I certainly did; that is why we expanded this program statewide last year, so more people can live at home, and so you would not have to stop the part-time tutoring that livens your day and brings your talents to those who need them.

And that was not the only program we were able to expand. We created a Supported Employment program for those whose vision is too poor typically to be considered for a job at a competitive wage. In a similar vein, we were able to expand Project H.I.R.E., which now finds competitive jobs for more than 230 developmentally disabled people.

Finally, one more group deserves and receives special attention: the 900,000 New Jerseyans who served our country in times of war.

Last summer we had a mix-up in State government that reminded me of why we owe our veterans such a

debt of gratitude. I sent a letter out to young New Jersey men encouraging them to volunteer for the National Guard. Inadvertently, the letter was mailed to thousands of older veterans as well, some as old as 75.

In response, I received some wonderful letters. One retired man said he would love to sign up, as long as the marches were limited to the length of a par 5 golf hole, all meals were salt- and fat-free, and the sharp shooting contests were replaced by "dozing off" contests.

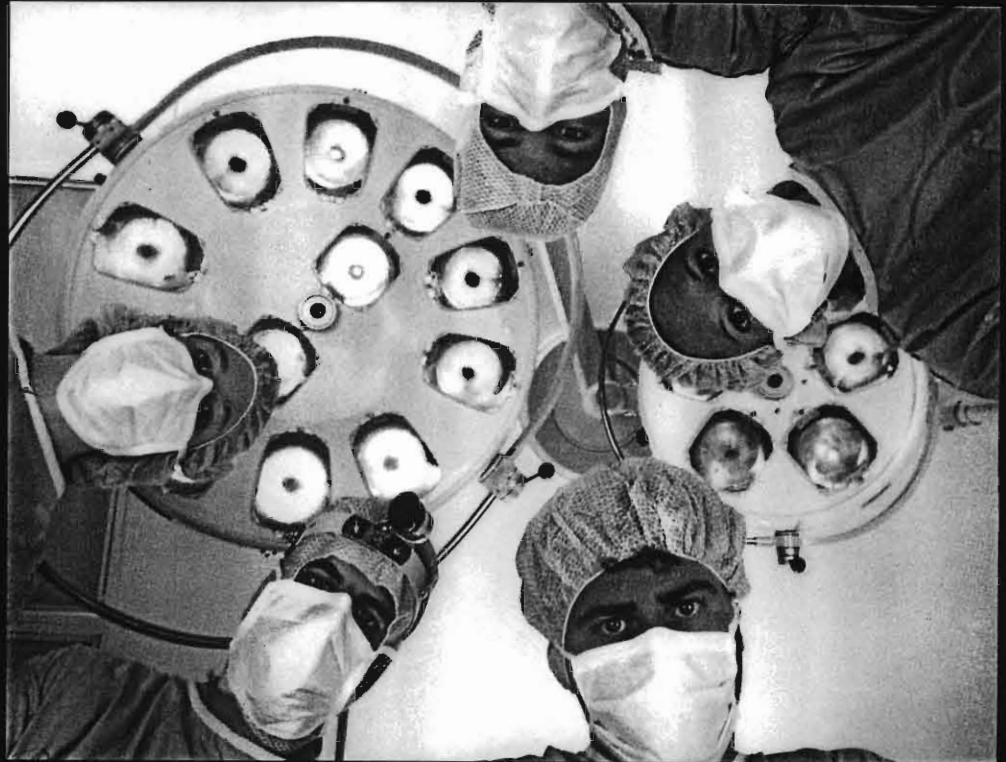
Veterans have always responded to the call with patriotism and good humor. Last year we paid proper tribute to them by merging the Division of Veterans Affairs with the Department of Defense. The new State Department of Military and Veterans' Affairs, created by legislation sponsored by Assemblyman Peter Genova and Senator Frank McManimon, provides veterans with a single voice in Trenton while keeping our promise to the taxpayers not to create new bureaucracies.

When history measures the Kean Administration, it will not look just at the concrete we've poured, but at the quiet but concrete changes we have made in people's lives. In 1980, Ronald Reagan asked Americans whether they were better off than they had been four years ago. We know from Patty Majelko, Cassandra Black and Alice Merryfield that their lives are better off. They are our monuments to a revolution successfully carried out.

---

GOVERNOR'S ANNUAL MESSAGE

---



*History will look not only*

---

*at the concrete we have*

---

*poured, but the concrete*

---

*changes we have made in*

---

*people's lives*

---

Today Gerald Sileo is a truck driver but not long ago he was unemployed and worried about his family. Our REACH program gave Gerald training and his family hope for the future.

Opposite page, a doctor at Saint Elizabeth's in Elizabeth prepares to use new technology that monitors arteries and prevents unnecessary heart surgery.





At right, the  
handicapped, senior  
citizens and veterans,  
three proud and  
important parts of  
New Jersey's family.

Bottom photos,  
from first-rate pre-  
natal care at the  
Saint Barnabas  
Medical Center, to  
quality day care  
at the Harmony Early  
Learning Center in  
Secaucus, New  
Jersey takes good  
care of its children.



## HOUSING & COMMUNITY DEVELOPMENT

Quiet revolutions rarely capture banner headlines; often the profound changes are incremental instead of dramatic. *The London Times*, for example, stopped no presses when James Watt invented his steam engine in 1765, although it would later be identified with the start of the Industrial Revolution.

So too people may one day point to a recent report by my Economic Policy Council. The council found that for the first time in 16 years New Jersey's largest cities have shown gains in total employment and no net loss of population.

To a few cynics, this report is only proof that urban New Jersey has hit bottom. But to most observers, it is a sign that, after two decades of struggle, progress is finally being made. What we have been doing, day by day, to turn our cities around is starting to work. We have made the effort, and we are beginning to see the return on our investment.

How did we do it? It is not easy to describe the Kean Administration's urban program. From our REACH welfare reform program to our infant nutrition program to our tough drug

laws, virtually every reform described in this Annual Message is directed at the problems of our inner cities. We respond to urban challenges in two ways: with the short-term approach and the long-term solution.

The most dramatic of the short-term approaches was prompted by Washington's decision during the mid-1980's to end federal revenue-sharing to cities.

This decision was like taking a life preserver off a man struggling to stay above water. Virtually overnight, New Jersey cities and counties lost \$137 million, funds they had to replace.

They turned to the State House for help and we responded. Our Distressed Cities Program, operated by the Department of Community Affairs, allocated \$70 million dollars to more than 50 municipalities in fiscal year 1988, and \$120 million in fiscal 1989.

We attached conditions to the help we offered. First, in cities where cutbacks were necessary even after State help, we insisted that those cutbacks not jeopardize the health and safety of our citizens; not a single

JANUARY 10, 1989

96

police officer or firefighter has been fired as a result of budgetary belt-tightening.

Second, each city receiving aid had to agree to a thorough financial and management audit.

Attaching this condition was actually a boon for most cities. With our help Camden improved its tax collection rate and collected an extra \$2.5 million for 1988. Trenton is now collecting thousands more in water and sewer fees thanks to our recommendations.

Our experts have done more than just find lost money, too. They helped Pemberton complete the computerization of its financial recordkeeping and Plainfield reorganize its Division of Personnel and Human Services.

These savings will continue year after year, continually taking pressure off local property taxes. But one thing that is not guaranteed to continue is our Distressed Cities Program. Distressed Cities money was made possible by our strong economy, coupled with such one-time measures as tax amnesty. When our economy slows the money will no longer be available. That is why we need long-term solutions to urban renewal, solutions that attract private enterprise and broaden urban tax bases so that urban centers can flourish on their own, even in years when State money is not available.

Attracting private development requires one essential ingredient: capital. And when urban developers want capital, they look to our Economic Development Agency (EDA), our Local Development Finance Fund (LDFF) and our Urban Development Corporation (UDC).

Since its creation in 1974, the EDA has arranged for more than \$7 billion in financing assistance to over 4,200 businesses throughout the state. More than 30 percent of that financing – \$2.19 billion – has gone to Urban Aid cities like Newark. And EDA's investments have helped draw another \$9 billion in private investment into those communities.

---

*From our REACH*

---

*welfare reform program*

---

*to our infant nutrition*

---

*program to our tough*

---

*drug laws, virtually*

---

*every reform described in*

---

*this Annual Message is*

---

*directed at the problems*

---

*of our inner cities.*

---

One of the more powerful financial tools the State uses to help urban areas is our LDFF loan guarantee program. When small urban businesses cannot convince a bank to lend them the money they need to expand, they are not out of luck. A loan from the LDFF can provide the additional security that makes the business a good risk for a bank.

The LDFF program has been very successful, having loaned more

than \$43 million to 94 projects in 59 urban communities. That money has helped leverage another \$232 million in investment from the private sector.

The new kid on the block is the Urban Development Corporation, which has just completed its first full year of serving urban businesses and developers. Whereas urban areas are important customers of the EDA, they are the exclusive clientele of the UDC.

Besides funding large projects, the UDC has developed programs that encourage small, grass-roots development. The UDC is marketing its services directly to community groups so that a large portion of its future funds will go to neighborhood-based development projects.

Three of the UDC's programs are aimed specifically at small urban entrepreneurs. Working closely with the Small Business Development Center, the UDC is creating several for-profit Neighborhood Development Corporations, as well as small business incubators where new businesses can be nurtured. It has also created a directory of debt and equity sources available.

The premise of Neighborhood Development Corporations is that a symbiotic relationship exists between the residents of a neighborhood and local businesses. If residents incorporate and own portions of shops and services in their area, they are much more likely to care about those businesses.

We created a financial directory because the owners of small businesses often look to family members or local banks for additional funding,

# GOVERNOR'S ANNUAL MESSAGE

97

unaware of other, better sources. This directory provides a quick, cheap way for these urban entrepreneurs to find financial advice and opportunities.

Attracting private development is also the strategy behind our Urban Enterprise Zones (UEZ). We designated ten depressed urban neighborhoods around the state and created tax incentives to attract businesses to

such a magnet for development that I extended the reach of the zone last year to include Harsimus Cove, parts of Newport City, Journal Square and other areas which are ripe for development.

New ratables are not the only benefit these zones provide. Our UEZ sales tax program allows certain businesses to charge customers half

strengths of each city with a targeted strategy of development.

Trenton, our state capital, provides a perfect example. Until recently, the State did not use its leasing and building power as a tool to attract private industry. Now we

*...we need long-term*

*solutions to urban renewal,*

*solutions that attract*

*private enterprise and*

*broaden urban tax bases*

*so that urban centers can*

*flourish on their own, even*

*in years when State money*

*is not available.*

them. By the time I leave office, we expect our ten zones to have generated more than 23,000 full-time jobs and 4,300 part-time jobs, and to have attracted more than \$1.8 billion dollars in private investment. This is the most successful program of its kind in the country.

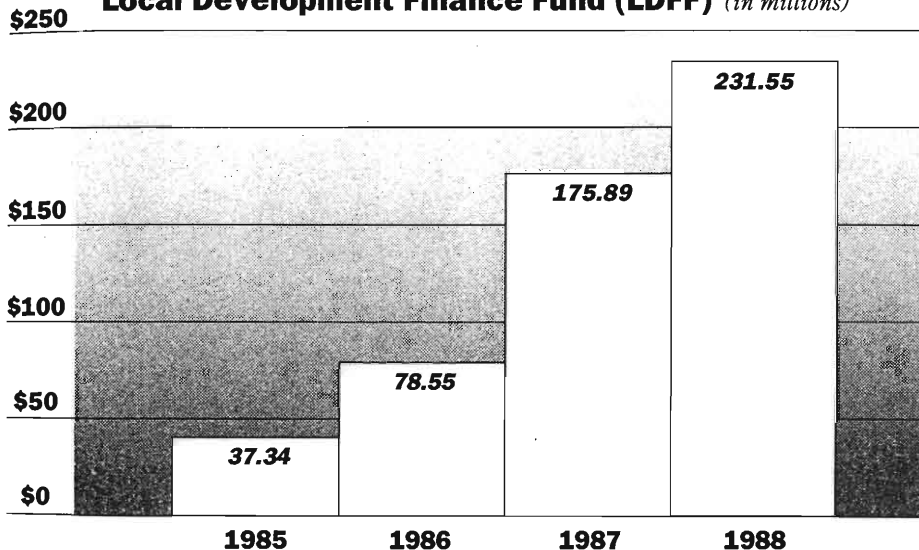
From the new high-rise offices in Jersey City to the Trenton lumberyard whose sales have jumped 75 percent and whose payroll has nearly doubled, Urban Enterprise Zones are bringing business back to New Jersey's cities. Jersey City's zone is

the State sales tax. Half the sales tax that is collected goes into a special fund for projects that will further improve the zones. This fund has already collected and returned almost \$8 million.

In Newark, this has meant 28 more police officers and a new police kiosk to improve safety and increase shopper confidence. And in Bridgeton, it meant a feasibility study for a new regional performing arts center to encourage people to come back into the area after working hours.

Enterprise zones are revitalizing some of our worst neighborhoods up and down the state. But our urban strategy relies on more than tax incentives; we try to build upon the

**Total Private Investment Generated Through Local Development Finance Fund (LDFF) (in millions)**



are, and the results will be apparent this year.

Construction is underway at two projects, Capital Center and State Street Square, located just a few blocks from the State House. The State will rent offices in these two buildings, but tenants will also include Dunham's department store,

JANUARY 10, 1989

98

banks, a book store, a flower shop, lawyers, stock brokers, restaurants and a food court.

This will do more than give State employees a greater choice of food at lunch hour. It will give people a reason to return to Trenton after dark and on weekends.

These are not the only projects underway. Last month I announced plans for a \$110 million complex to house new headquarters for both the Division of Motor Vehicle Services and New Jersey Network News along with a new parking garage, federal post office and retail stores. This project will bring over half a million square feet of new development to the downtown district.

There is more to Trenton's renewal than new buildings. We took over the Trenton War Memorial, once the pride of the city, county and state, but decaying in recent years as a result of perpetually deferred maintenance.

Plans are being drawn that will enable the War Memorial to surpass its former splendor. In the meantime, renovation crews have been busy replastering, painting and preparing for the installation of new heating, ventilation and air conditioning. They have already installed an elevator, which makes the War Memorial accessible to the handicapped for the first time in its history.

The War Memorial's newly reopened board room recently hosted a series of public planning sessions, sponsored by the Capital City Redevelopment Corporation (CCRC). The goal of the CCRC is to develop a

master plan for downtown Trenton. It is off to a strong start, having landed the man behind Boston's Faneuil Hall and New York's Roosevelt Island, Robert Litke, as its executive director.

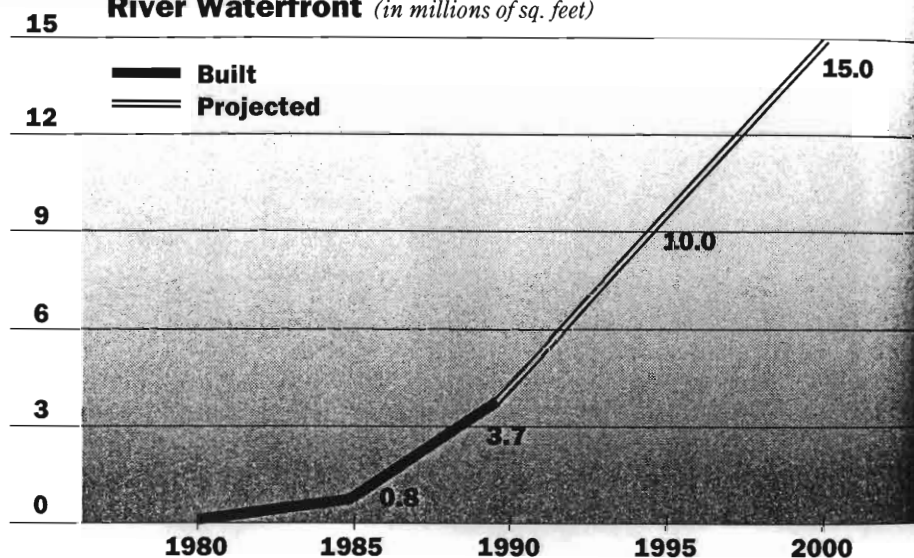
But if you really want to talk development, just take a look at the Hudson River Waterfront area - New Jersey's Gold Coast. Along what used to be a run-down eyesore, a rotting

a waterfront permit for Harborside in Jersey City. Plans for this development include 650 residential units, over four million square feet of office space and 165,000 square feet of retail space, a hotel, marina, and a 2.5-acre waterfront park and walkway.

Close by Harborside is Newport Center, which includes 1500 apartments, a 443-unit condominium, a 1.2

### Office Space Along Hudson

River Waterfront (in millions of sq. feet)



testament to urban America's faded glory days, you can set your watch - well, at least your calendar - by the timetable of new business openings.

Take Jersey City. In March, the 620,000 square-foot International Financial Tower is scheduled to open its doors; the 1,000 workers of the Pershing Division of Donaldson, Lufkin and Jenrette are anxious to move in. In April, Recruit U.S.A. plans to begin operations at its 455,000 square foot Newport Center I office, providing as many as 1,000 new jobs.

In June, the Bank of Tokyo will move its computer and operations center to new Harborside offices, bringing 400 employees from Manhattan. And the Department of Environmental Protection has issued

million square foot mall, a food shopping plaza, and a 180-slip marina. And Paine-Webber has moved 2,400 employees to a neighboring development, Lincoln Harbor, this year. Next year they plan to bring in another 600.

This spring Port Liberté expects to have completed its first phase, more than 360 residential units and a 740-slip marina. Soon after, the first occupants of Independence Harbor, Hartz Mountain's redevelopment of the old Ford Motor Company factory in Edgewater, will move into what will

GOVERNOR'S ANNUAL MESSAGE

99

eventually include 550 homes and 240 boat slips.

To help pay for the transportation, sewage treatment and affordable housing that the Gold Coast needs to keep growing, we will assess impact fees on developers. These fees will ensure that infrastructure costs are shared fairly, without overburdening the waterfront residents with increased property taxes.

We also want to make sure that all this new development doesn't block public access to the waterfront. Our Division of Coastal Resources has required that a riverfront walkway is a part of each development. When these walks are completed and connected with Liberty Walk in Liberty State Park, anyone in the Garden State will be able to stroll in view of the Manhattan skyline from the George Washington Bridge all the way to Bayonne.

Of course, walking along the Hudson is one thing; getting across it is another. But in the spring, the Port Authority of New York and New Jersey's ferry service to Manhattan will begin, adding another 5,000 passengers each hour to the 4,500 daily passengers now using the Port Imperial ferry service.

The Gold Coast's attraction is simple: lots of cheap office space with the World Trade Center rising right outside your window. But it does not take a Manhattan skyline to excite developers about New Jersey cities. Newark is one place where the excitement comes from the people, with assistance from State government.

No supermarket has stood in the Central Ward of Newark for 20 years, but thanks to our Urban

Development Corporation (UDC), that is about to change. Soon this neighborhood will boast a 60,000 square foot "superstore," complete with deli counter, salad bar and bakery.

A second supermarket that will come back to Newark is a project of the New Community Corporation, a

---

*New Jersey deserves a  
world-class arts center  
of its own, and this state's  
largest city is the place  
it should be.*

---

community group run by Father Bill Linder. Using money from the Local Development Financing Fund and the Housing and Mortgage Finance Agency, the new supermarket will stand next to the new Hovnanian housing soon to be completed in the Central Ward. The new University Heights shopping plaza, also financed by the UDC, will complete a 12-acre neighborhood redevelopment that shows just how effective public/private partnerships can be.

Only one thing remains to insure Newark's resurgence. New Jersey deserves a world-class arts center of its own, and this state's largest city is the place it should be.

Other major urban cities – Cleveland and Pittsburgh, for example – have discovered the economic benefits of urban renewal that

follow the development of an arts center in their midsts. Certainly this is a fringe benefit we welcome. But it is not the primary reason for selecting Newark for our site. We have chosen Newark for its strengths.

Newark has the perfect location. More than half our population lives within a 25-mile radius of the city. Newark has nearly ideal transportation facilities, with its proximity to major roads, public transit lines and Newark International Airport – not only a major consideration for the audience but of primary importance for potential performers.

Newark also has unmatched infrastructure, of both physical and cultural dimensions: it has not only the street and water systems in place, but the artistic atmosphere that its four colleges and its museum provide as well. Arts feed off each other, inspiring even higher creativity in such an environment.

We are a great state. We are also the only state whose symphony orchestra has no permanent home, whose orchestra was once rained out – of an indoor concert. Having conducted here once years ago, Eugene Ormandy vowed never to set foot in New Jersey again. The Bolshoi Ballet comes to New York – and then continues its American tour out of our area because we have no suitable venue for them.

We must not wait any longer. Without a first-class performing arts center we are selling ourselves short, depriving our children of an important part of their heritage.

JANUARY 10, 1989

100

The private sector is already involved in this project; it stands ready to match our proposed public investment with private financing. Mayor Sharpe James and Ray Chambers of Wesray have worked hard to arrange site acquisitions and community support, and Assembly Speaker Chuck Hardwick and Assemblyman Willie Brown have led the way in the Legislature.

By the time I deliver this Annual Message we will have a precise plan to make this worthy addition to Newark and all of New Jersey. I call on the Legislature to do their part by passing the necessary legislation to get this project under way.

Atlantic City is another place in which yesterday's nightmares are fast being replaced by tomorrow's dreams. When gambling was approved by my predecessor 12 years ago, it was supposed to be a cure for all that ailed the "Queen of Resorts". It wasn't. Instead, the glitter of its boardwalk stood in sharp contrast to the poverty only blocks away.

Five years ago, however, we created a new treatment, the Casino Reinvestment Development Authority (CRDA), which funnelled casino profits back into the city. The treatment is working, and healthy signs will soon be apparent.

Just this fall, for example, local officials gave their approval to the infrastructure improvement plan that is needed to begin Phase I of the Northeast Inlet, or Harrah's Project. Phase I will include 395 housing units, 130 of which will be low- and moderate-income townhouses. In all, the Inlet redevelopment plan will put

about 3,500 housing units on the market over the next decade, along with 500,000 square feet of retail/commercial space, and a major new park. If built as planned, the Northeast Inlet plan would total \$600 million in public and private investment.

But CRDA funds don't just benefit Atlantic City. The agency has committed over \$3 million to a supermarket in the Roebling Complex in Trenton, \$3 million to rehabilitate an office building in Camden, and \$1.2 million for a mixed retail housing plan on Monticello Avenue in Jersey City. There are also two CRDA-funded day care centers on the drawing board in Millville and Lakewood.

Atlantic City has started the long road back. But two projects are needed to accelerate the revival. One is a new convention center, the other a new airport. We are working with Senator Bill Gormley and the Legislature to make both projects a reality.

Sixty miles across the state from Atlantic City, Camden, once the Jewel of the Delaware River, enters the new year with a commodity it has not enjoyed in years: hope.

The source of that hope is the new Camden Aquarium. Long the dream of Senator Walter Rand and Assemblymen Tom Shusted, John Rocco and Wayne Bryant, as well as Mayor Randy Primas, the aquarium legislation was finally approved last year and ground was broken on the project in December. This \$42 million centerpiece of the revitalized Camden waterfront will rival the world class aquariums in Boston, Baltimore and California.

When it is completed, the new aquarium area will do for Camden what Michael De Bakey did for heart patients: give it new life. A major new facility for RCA and Campbell Soups'

proposed world headquarters, the new trade center of the Delaware River Port Authority and the aquarium will comprise a mile stretch of the waterfront that will attract \$350 million in private investment and create 8,000 jobs.

The other important contribution the State is making to Camden's redevelopment is our plan to create a government center for South Jersey. This 100,000 square-foot, five-story building will house branch offices of the Departments of Community Affairs, Human Services, Law and Public Safety, Personnel and Higher Education. By locating the center, not on the waterfront, but at the other end of Camden's business district, this center will be a second anchor to what is destined to become a completely renovated area.

## Home Sweet Home

Our cities cannot fully recover, however, if we ignore the housing needs of the people who live there. Until just a few years ago, Washington was in charge of meeting most of that need. Not any longer.

Ten years ago one dollar of every 12 in the federal budget was allocated to the Department of Housing and Urban Development (HUD); today less than one dollar in every 100 goes to housing. In the early 1980's, the federal government was the primary provider of subsidies for the construction of low-income housing. It was spending \$300 million each year in New Jersey alone; now that money has disappeared.

Unfortunately, the need for housing has not disappeared: the number of low-income rental units in

GOVERNOR'S ANNUAL MESSAGE

101

America will actually shrink from 13 million to 9 million over the next 15 years, even as the number of families who will need them rises to more than 17 million. The outlook for New Jersey is similar; our Council on Affordable Housing has estimated that our state will need over 145,000 units by 1993.

That means that New Jersey has been forced to enter the housing business; we are now in the top five in the nation in state spending on housing. Of course, being in the housing business does not mean that State employees have to learn about power tools. The high cost of land and labor these days means that the average cost of an affordable housing unit in New Jersey is about \$65,000. For the State to build those 145,000 units would cost taxpayers nearly \$10 billion, almost the entire State budget just three years ago.

What's more, such an idea runs counter to our philosophy of efficient government. We have proven that government works best when it encourages the private sector to solve problems.

The private sector has a stake in our housing shortage. Businesses eager to set up shop in our state want to know that there will be housing for their employees; parents want to know that their children will be able to have that cornerstone of the American Dream, their own home. But skyrocketing prices to buy and rent a home threaten that dream.

We must prevent this problem from happening by opening up the housing market. We need to increase the number of affordable housing units, increase the help that we give to non-profit builders, and make it

possible for more people to own their own homes.

This three-point strategy is the basis for an ambitious new Comprehensive Housing Program that we will start this year.

The first prong of the program is to create more affordable housing. In a state where over 450,000 new homes have been built since 1975, the

---

*We need to increase the*

---

*number of affordable*

---

*housing units, increase the*

---

*help that we give to non-*

---

*profit builders, and make it*

---

*possible for more people to*

---

*own their own homes.*

---

State has created only 3,500 new affordable housing units in that same period. We must build these desperately needed apartments and houses more quickly.

Part of the problem is made by government. A commission on government regulations, which I will discuss later, found that redundant and unnecessarily complex regulations drive up the cost of housing by 30 percent.

Developers are forced to get approval of various permits from the State health, community affairs and environment departments. Then they have to get local approval. If the locals

make modifications, the developer has to go through the entire State permitting process again. The process of winning approval for new housing construction, which took only a few months ten years ago, now takes an average of three years.

This is silly and costly. I am asking Community Affairs Commissioner "Doc" Villane to recommend ways to eliminate redundant State housing regulations, improve coordination between the State and local governments, and streamline the byzantine regulations that hamper developers and add considerably to the price of a new home.

We also need a Uniform Subdivision and Site Improvement Act. It will provide one uniform set of rules for site construction work to replace the hodgepodge of local rules that now exist. This act will cover everything from street width and construction to drainage, storm sewers and utilities. It will also provide for the training and certification of qualified local inspectors and eliminate the local politicking that can surround the planning of a particular site. Giving the Department of Community Affairs (DCA) the power to implement the necessary changes will both strengthen and streamline building standards; I urge the Legislature to approve such legislation immediately.

To further speed the building process, Community Affairs Commissioner "Doc" Villane last August created the Housing Policy Council. This council brings together the major players of the affordable housing game: DCA, the Housing and Mortgage Finance Agency (HMFA) and the Council on Affordable Housing (COAH).

JANUARY 10, 1989

102

The council cuts down on inefficient use of money and staff and guarantees that all State agencies work together. One immediate result of this streamlining is a new application and review process for all State housing subsidy applications.

Imagine being hurt in an accident and having to guess which specialists might be able to help you. That's no way to get better. Instead, you want to go to a hospital and let the doctors examine you and decide who could best attend to your injuries.

Before the council consolidated its application process, people who wanted financial assistance for affordable housing were like injured drivers faced with an array of competing doctors. They had to take their best guess at where to apply for help and fill out a program's application, only to be told that their project was not covered under that particular program.

But with the council's consolidated application program, applicants simply provide the State with a description of their needs. That single application is then forwarded to the agency or agencies best able to help with the project. This cuts down on wasted time evaluating inappropriate applications and increases the chances of successful funding.

In the midst of our housing crunch, many cities are sitting on large amounts of tax-foreclosed vacant land. What's worse, those cities have no plans for developing that land. At the same time, neighborhoods that cities want to redevelop often remain untouched because

cities fail to provide the information that attracts developers. DCA and the Housing Policy Council want to change that by taking inventory of these vacant lots and publicizing the inventories.

These changes speed the building process. But the most significant way in which our Comprehensive Housing Program will increase affordable housing in New Jersey is by increasing the subsidies we offer builders.

Some of our proposals will require legislative action. For example, I will ask the Legislature to amend the Fair Housing Act to allow the State to pool Regional Contribution Agreement (RCA) monies under DCA and the HFMA.

Regional Contribution Agreements offer a solution to suburban towns that must build affordable housing but can't support the added development.

These communities have the option of "sending" a certain portion of their affordable housing commitment to another community in the same geographic region, usually a city. The suburbs agree to pay for part of the construction or rehabilitation of affordable units. The suburban community protects open space while the urban community gets affordable housing.

Right now, two communities who want to participate in this swap have to seek each other out, not unlike two single yuppies in a fern bar. But the technicalities of the transfer are complicated enough to discourage many communities from participating in RCA's. This means badly needed urban housing does not get built.

Amending the Fair Housing Act would allow the HMFA and DCA to work with urban areas to develop housing projects using the pooled

RCA dollars. This way Princeton could finance affordable housing "credits" without going through protracted negotiations, and New Brunswick could apply for exactly the number of units it wanted, knowing the per-unit subsidy in advance. The result will be more affordable housing – housing that otherwise might never be built.

Another important piece of legislation, which Assemblyman John Bennett has proposed, would give municipalities the power to impose municipal impact fees on new development. This legislation will allow municipalities to ask both residential and commercial developers for cash payments to subsidize affordable housing.

It would also allow municipalities to levy fees for local transportation and schools improvement, open space preservation, recreational and other public facilities which will benefit the new development. Linkage fees are the only reasonable alternative to increasing property taxes when it comes to providing the infrastructure new development requires. I strongly urge the Legislature to adopt RCA pooling and municipal impact fees.

Our Comprehensive Housing Program will also build on some of our most successful programs to create more affordable housing through increased subsidies.

For example, our Neighborhood Preservation Balanced Housing programs have committed over \$48 million to projects that will create

## GOVERNOR'S ANNUAL MESSAGE

103

more than 4,400 units, including 3,400 low- and moderate-income families. Those funds have generated \$313 million from the private sector to build those units. What's more, \$200 million more in applications are in the pipeline.

Best of all, the program is funded by a realty transfer tax, not general revenues. This means our healthy market-rate housing economy helps pay for the affordable housing rentals we need so badly.

Last year we announced a new \$10 million affordable rental program. We called it JUMPP – short for the New Jersey Urban Multi-family Production Program – and developers across the state are doing exactly that.

While the old federal tax incentives encouraged private investment in affordable rental construction, they also encouraged poor property management practices once the apartments were built. Accelerated depreciation allowed investors to make their money during the first years, even while the complex had a negative cash flow. This left developers with no incentive to maintain or improve the units.

JUMPP turns all that around. To attract developers in the first place, JUMPP offers mortgage buydown arrangements that guarantee developers an 8 percent profit during the early years of a project. Then, to keep their interest and to encourage them to maintain their apartments in good condition, JUMPP allows certain owners of well-managed properties to pocket any profits the units generate up to an additional 4 percent. The developer sees a profit and a city

gains well-maintained rental housing at both low-income and market rates.

The first-year applications for JUMPP are in and awards will be made soon, and as many as 800 apartments – including at least 200 low-income housing units – will soon be under construction.

Competition for awards was

---

*Linkage fees are the only*

---

*reasonable alternative to*

---

*increasing property taxes*

---

*when it comes to providing*

---

*the infrastructure new*

---

*development requires.*

---

intense. JUMPP received requests for seven times as much financing as it had on hand. To meet this increased demand, the budget I put before the Legislature next month will expand JUMPP to create another 800 new rental units.

JUMPP encourages the revitalization of our urban areas block by block, but the Department of Community Affairs has found a way of thinking big when it comes to small, isolated parcels of urban land. Single lots are the target of a new pilot program we call Two-Family Production. This “turn-key” program hires a contractor to build for profit a two family dwelling on a vacant or abandoned lot donated by the city.

Camden has already identified 24 scattered lots and is looking for

developers. In a good example of public and private cooperation, Camden will donate the land; DCA will help make the housing affordable; a non-profit corporation will build it; the Urban Housing Partners will loan construction money; and a qualified moderate income family will buy the property at a subsidized rate to live in and agree to rent the other half to a low-income renter.

DCA will eventually recoup its investment when the original owner sells the property; meanwhile, the Two-Family Production unit puts the lot back on the property tax rolls, improves the neighborhood, and provides two families with affordable housing where once there was just a weed-strewn lot. I will ask the Legislature to appropriate sufficient funds for this worthy program in fiscal 1990.

Finding private funds for urban renewal projects should not be a treasure hunt, complete with pirates and secret maps. Our Urban Housing Partnership brings banks and the State together to make the money available. We agree with John Donne's dictum that “no man is an island” when it comes to the health of our cities.

Urban Housing Partnership loans will help build the affordable housing units we need. I want to extend this program to help people buy those units as well. By expanding eligibility from construction to permanent loans, the partnership can help provide mortgages to the families and investors who will own these homes and apartment buildings.

JANUARY 10, 1989

104

The Battle of Britain during the second world war gave us a new piece of jargon: UXB. It stood for unexploded bomb, and it meant danger. Forty years later, we have our own UXB's in our urban areas. They are the vacant lots that once held factories, apartments, or office buildings.

When the Hovnanian Company agreed to build a new affordable housing complex in Newark just recently, it made its proposal based on the costs of developing an apparently vacant piece of ground.

As it began digging the foundations for the first units, however, it found out the truth. Years ago a building that had stood on the site had been demolished the cheapest way possible: it had been imploded so that much of its rubble had fallen into its basement and foundation. That meant less to cart away, while a shallow coat of dirt hid the remains.

This was more than a footnote to city history; it was a headache for Hovnanian, who now had the added expense of excavating and carting all the old rubble. Such unexpected expense threatens future housing development by increasing both the cost and the effort involved in such projects.

In Newark, for example, the cost of land acquisition, preparation and relocation is estimated at \$500,000 per acre.

To head off such headaches, our Comprehensive Housing Program is investigating ways of acquiring and preparing urban housing sites ahead of time. The State would then sell or lease the land to developers under attractive terms, with repayment

scheduled over a period of 30 to 50 years.

There is one other aspect of affordable housing availability that must be dealt with. Since 1979, 70,000 rental apartments have converted to condominiums across New Jersey. The typical conversion leads to a \$250 monthly increase of housing costs for tenants who choose – and can afford – to buy their units.

The elderly and handicapped whose annual income is less than \$50,000 are protected from eviction, as they should be. Unfortunately, the same cannot be said for low- to moderate-income tenants, many of whom are families.

I have asked DCA to develop legislation that would bring fairness to this condo-conversion problem for both the apartment owners and their low-income tenants.

That's the first part of our affordable housing program. We are streamlining regulations and making them more consistent across the state. We want to increase money available for affordable housing construction and finds ways to make urban lots more attractive to developers. The focus of all these programs is the same: to make it easier for private developers to solve our housing crisis.

The second part of our Comprehensive Housing Program is aimed at a different group. We want to help the growing number of non-profit builders who have entered the field. We plan to do this by increasing both their expertise and the resources available to them.

Many of the non-profit housing agencies in New Jersey are grass-roots organizations that have sprung up in response to the needs of a specific neighborhood or community. This local involvement is certainly a strength; unfortunately, it can also be

a weakness. These small groups often lack technical expertise in architecture, engineering, finance and law. And they can't afford to pay the going rate for this needed expertise.

One of our solutions to this problem is the DCA-sponsored Non-profit Institute at Rutgers. So far the response to courses offered through the Institute has been overwhelmingly positive; we plan to expand this program in the coming year.

This year, in cooperation with the New Jersey Institute of Technology, we will also begin our DCA Fellows Program. The program will link non-profit organizations with graduate students in fields related to the organizations' activities. Ten Fellows will begin this summer by learning how to develop non-profit housing from one of the acknowledged experts in the field, Father Bill Linder's New Community Corporation in Newark. Once school resumes in the fall, the Fellows will work part-time on non-profit projects. We hope that the Fellows will receive academic credit for their contributions in addition to their DCA stipends.

Another way we can lend a helping hand to non-profit builders is to lend them lots of hands. DCA plans to expand its Youth Corps program to include vocational training in housing rehabilitation. Teams of Youth Corps youngsters will work with a skilled tradesman rehabilitating homes in non-profit projects. These young people will be helping themselves learn a trade while helping someone else get a decent home.

To round out the instruction and manpower we are providing to the non-profits, we will distribute \$1

## GOVERNOR'S ANNUAL MESSAGE

105

million in administrative grants to these organizations. They can use the money to raise salaries to help attract and retain talented workers, and as seed money for other resources.

Once we have helped private and non-profit developers increase the number of affordable housing units available on the market, we must make it more possible for New Jerseyans to purchase their homes.

This is the objective of the third part of our Comprehensive Housing Program. We will reach our goal with programs like our Housing and Mortgage Finance Agency (HMFA), which has been offering below-market rate mortgages to urban developers and home buyers for over two decades. In fact, more than 100,000 New Jerseyans live in HMFA-financed projects around the state.

Last year alone HMFA financing helped over 2,200 first-time and urban home buyers acquire their piece of the American Dream. In addition, 431 low- and moderate-income families were able to buy new homes thanks to HMFA's Special Projects program.

HMFA is also helping low- and moderate-income families afford houses through its No Downpayment/No Closing Costs Mortgage program. Even when a family has the income to afford a monthly mortgage, the associated costs can be a financial moat that separates a man from his castle. Our program allows low- and moderate-income home buyers to roll closing costs into their permanent mortgages while requiring no down payment.

HMFA also takes care of another of the costs that make

owning a home prohibitively expensive for many families – the cost of mortgage insurance. This one expense can be daunting even on modest mortgages – \$750 up front and \$20 a month on a \$50,000 mortgage. Our answer is to offer qualified buyers “no insurance” mortgages.

We have many other programs that are giving families the chance to

---

*Even when a family has the  
income to afford a monthly  
mortgage, the associated  
costs can be a financial  
moat that separates a man  
from his castle.*

---

own a home. For example, HMFA created the Buy-and-Fix-It program. Too often new home buyers cannot qualify for separate loans to buy and fix a home; the monthly payments on one loan often disqualify them from receiving the other. Our Buy-and-Fix-It program is the country's only state-run purchase/rehabilitation program that combines both costs into a single loan.

HMFA is one of the best deals we have going. It raises its funds through the sale of tax-exempt bonds to private investors, so New Jersey taxpayers do not pay a single dollar for its operation.

Affordable housing isn't very affordable if taxes on it are a king's ransom. Our housing programs require developers to put the same

quality workmanship into the low-income set-aside units as they put into their market-rate neighbors. Unfortunately, some local tax assessors have decided to rate low-income housing at market values. This is cruel and unusual punishment for low-income families; I hope the Legislature will pass a law prohibiting this.

There is no way the State can immediately shoulder the burden of providing affordable housing that was once shouldered by Washington. But the three-part program I have outlined here is a start, and a good one. With it, we can make the dream of home ownership come true for thousands of New Jersey families.

### **There's No Place Like Home**

Nowhere is the housing dilemma more apparent than on the ventilation grills of our city sidewalks and in the waiting areas of our bus stations and airports. Homelessness is a problem that cries out for our attention.

December's early cold snaps signalled New York City officials to begin keeping track of that most grisly of seasonal statistics: the number of people who freeze to death out on the streets. The television networks have produced specials on the plight of the homeless; experts have written books; celebrities have held benefit concerts. Homelessness has received public attention on a scale equalled perhaps only by drugs and the AIDS epidemic.

Like any complex problem, homelessness defies easy solutions.

JANUARY 10, 1989

106

Some are hobos and street people. Other homeless are working families who could no longer afford their rents or mortgages.

It is a sad fact that half the states in this country have no emergency assistance programs for the homeless; of those that do, many limit their assistance to 30 days. Two years ago we were one of the latter. I am glad to say we have come a long way since then.

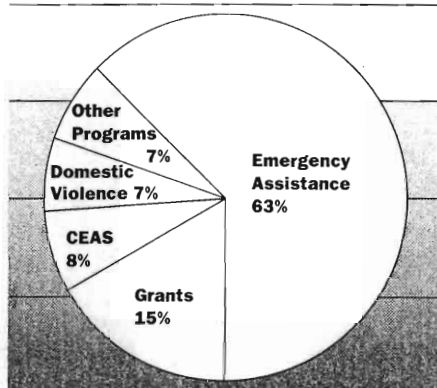
Our emergency assistance program now ranks fourth in the nation. Last year we increased spending for the Department of Human Services' emergency assistance program from \$9 million to \$36 million. More important, we fundamentally changed emergency assistance with two new programs that are truly part of a quiet revolution.

Faced with the need of immediate housing – not next month or next week but tonight – New Jersey and many other states have previously turned to so-called “welfare hotels.” Forty-three hundred New Jersey families called these desperate places home last year, even though we have always considered these hotels shelters of last resort.

Welfare hotels are bad for the families who have to live in them; even the best among them lack proper cooking and laundry facilities and adequate room for children to play and make noise. What's worse, they are expensive. Lodging the 27 percent of homeless families that require emergency placement in such hotels uses up two-thirds of our emergency assistance funds. We think there is a better way to use tax dollars than to line the pockets of a few fortunate hotel owners.

That is why I asked Human Services Commissioner Drew Altman to make the phase-out of welfare hotels one of his top priorities. He responded immediately with our Emergency Assistance Reform Initiative. This three-year program will phase out welfare hotels as quickly as possible and replace them

### Commitment to the Homeless (in percent)



with various forms of transitional housing and family shelter. Because welfare benefits are supported by the State but administered by the counties, our initiative sets goals for each of the counties to reach in cutting back the use of welfare hotels.

As an incentive for counties, the State will assume their share of emergency shelter costs when they meet their welfare hotel reduction targets. Welfare hotels can cost as much as \$2,300 per room each month, so the savings to the State when these targets are met will cover the expense of this incentive.

Welfare hotels are a “sexy” subject for Geraldo Rivera and others. But they steal the limelight from the real progress we have made on the most efficient program there is for assisting the homeless – keeping

them from taking to the streets in the first place. Our Homeless Prevention Program, run by the Department of Community Affairs, has helped almost 15,000 New Jerseyans remain in their homes and apartments over the past three years. The program comes through with rent, mortgage, security and utility deposits when tough luck has put people in a bind.

We don't do this because it is good public relations. We do it because it is the right thing to do for families in need.

It is also the right thing to do for the New Jersey taxpayer: helping families keep their homes through hard times is much cheaper than helping them after they become homeless. In fact, our prevention program is a model for a proposed federal assistance program.

Robert Frost once wrote that home is “the place where, when you go there, they have to take you in.” Frost, however, lived in a time when no one needed to modify “family” with words like “extended,” “nuclear,” or “single-parent.” Today we live in a world where too much mail comes addressed to “Occupant,” and too many people are unable to tell you their neighbor's name.

Too many homeless people have no one who “has to take them in,” except the State or a charitable group. Studies have shown that the homeless are unlike other poor people in one essential respect: they are profoundly alone and in need of support. Our Departments of Community Affairs and Human Services recognize that homelessness reflects a broad range of problems, from unemployment to mental illness –

## GOVERNOR'S ANNUAL MESSAGE

107

problems that shelter alone cannot solve. In response, they have joined forces in a program called the Family Shelter Strategy.

The goal of this two-year, \$22-million program is to create more transitional housing and family shelters statewide. We will add 782 family shelter beds and 180 transitional housing units. In addition, we will renovate 150 vacant apartments, lease 108 transitional apartments and provide vouchers for 220 more.

At the same time, we will provide job and family counselling, relocation assistance on a case-management basis and the necessary health services homeless people so often need. This program recognizes that beds and roofs are not enough; we need to provide a family with the support it needs to get back into a place it can call its own.

Comprehensive care is certainly not a monopoly of the State. In fact, State government works best when it serves as a catalyst rather than a major provider. The Harmony House Project in Newark shows how the State can help a private corporation such as Hartz Mountain join hands with a non-profit organization, such as Father Linder's New Community Program, to help the homeless.

One million dollars in seed money from the Department of Community Affairs helped Hartz Mountain build the \$4 million complex, which includes 108 transitional housing units as well as a day care and social services center. The New Community Corporation will staff the social programs, thanks to \$1.1 million in operating funds provided by the Department of Human Services.

The New Community Corpora-

tion is an inspiring success story, a story of men and women from Newark who want to rebuild their city. They have built 2,600 units of affordable rental housing for more than 5,000 people, creating 700 jobs for their neighbors, and training the homeless for work. The corporation publishes a newspaper, runs two neighborhood restaurants, a family



violence center and a health spa.

Projects like Harmony House provide safe, healthy and inexpensive housing that people in trouble need in order to catch their financial breath and find suitable places to live. Funding from DCA and DHS helped make Harmony House possible; public and private cooperation made it a reality.

Robert Frost had another way of defining home, as "something you somehow hadn't to deserve." Every child has the right to have a roof over his or her head, a place to call home. Whether public or private, federal, state or local, we must all pull together to honor this most basic of rights.

## New Jersey Pride

Of all the manifestations of our quiet revolution – the growth in our economy, the turnaround in our schools and in our cities, the leadership the nation has come to expect from us – the most important is the pride that we have come to see in the faces and actions of the people of New Jersey.

Here in New Jersey we have plenty to smile about. Think of all our natural beauty, from Cape May to the Delaware Water Gap, from Washington's Crossing to Long Beach Island. We are, as our tourism ads say, "America the Beautiful – only smaller."

From our beaches to the Meadowlands, there's always something happening in New Jersey. Increasingly, what is happening involves drama, music, dance and sculpture.

We can be proud of the state of the arts here in New Jersey. From the Garden State Arts Center to the Trenton War Memorial and the much-anticipated Newark Arts Center, we have the fine art facilities. We have an active Arts Council, whose budget I have been proud to increase from \$3 million to \$23 million during my administration. We have more than 130 Art-in-Public-Places projects, adorning State buildings in every county. We have Waterloo Village, where thousands flock every year to enjoy programs like "Met in the Park" and the Dodge Poetry Festival.

JANUARY 10, 1989

108

New Jersey has even taken the lead in foreign relations: last year we sent pizza, baseball and American theatre to the Soviet Union, and played host to the Moscow Ballet and one of China's premiere dance troupes.

Our pride in the Garden State shows in our New Jersey Literary Hall of Fame, our Garden State Music Awards, our annual State Fair, our Jersey Jubilee and in the many ethnic festivals that we hold throughout the year.

This kind of pride cannot be bought; it must be earned. That is why we began the Pride of New Jersey project in 120 schools across the state. Children in grades 4-12 compete for awards by discovering the beauty and uniqueness of our state. They design projects like Eastside High School's "Ode to Paterson," or the Clayton Middle School's "And You Thought New Jersey was Just Tomatoes."

Our state offers plenty for people to be proud of; what makes me proudest as Governor, though, are all the ways in which the people of New Jersey offer of themselves. Each year our Governor's Awards honor 12 men and women for their efforts in making life better for the people of New Jersey. They are people who probably do not think they do anything special; they work hard at their jobs and raise their children with loving care. But they give to their communities in a hundred different ways, and our lives are enriched by their efforts.

They are not the only ones who give their time and energies. We can be proud of the hundreds of tutors who work to alleviate the curse of illiteracy among us; we can be proud

of the thousands of volunteers and coaches who make gold medal winners out of our Special Olympics athletes. We can be proud of the senior citizen volunteers who daily prove that Longfellow was right when he wrote, "Age is opportunity no less/ Than youth itself."

All these generous New Jerseyans give me the confidence to pro-

---

*Of all the manifestations of  
our quiet revolution...the*

---

*most important is the pride*

---

*that we have come to see in*

---

*the faces and actions of the*

---

*people of New Jersey.*

---

pose an ambitious new program to help rejuvenate our cities. This New Jersey Service Corps will allow the economically and socially distressed neighborhoods of our cities to take the lead in their own renewal.

Service Corps volunteers are already active in many urban neighborhoods. However, their activities are not on a large enough scale or coordinated well enough to revitalize these neighborhoods.

Our plan is to create a cadre of full- and part-time volunteers to help local leaders and residents develop the skills and services that will enable them to join in the renewal of their own communities. Volunteers will assist in such areas as housing rehabilitation, literacy and other basic

skills, social and health services, neighborhood beautification and recreation, and management and financial expertise.

There is no room for bureaucracy and red tape in local self-help initiatives. State government cannot and should not try to impose solutions to neighborhood problems. Instead, by matching volunteers with particular community development projects, the Service Corps can channel one of our most precious resources – the volunteer impulse of our people.

I foresee a New Jersey version of the Peace Corps: New Jerseyans helping New Jerseyans develop our state. We will use the talents available in our older teens, college students, mid-career people and retirees from throughout New Jersey.

This spirit of volunteerism would extend to the Corps' funding as well. The cost of running the Service Corps office and of recruiting volunteers will be born by the State. The stipends, food, shelter and health insurance for full-time Corps members will be financed with contributions from businesses, unions and other private organizations. This financial partnership will reinforce the program's fundamental message: everybody has a part to play in creating livable communities throughout New Jersey.

Of all the changes that have taken place during the past seven years, turning our state's reputation from the joke to the jewel of the nation and fostering a new sense of pride among our citizens are the most significant. When New Jerseyans feel good about themselves, we can do wonders.

## GOVERNOR'S ANNUAL MESSAGE

---



*A rich melting pot,  
New Jersey has almost as  
many ethnic groups as  
there are countries in the  
United Nations*

---

---

---

---

Top left. Camden Mayor Randy Primas, Governor Kean, Senator Walter Rand and Assemblyman John Rocco are all smiles as they look at a model of the new Camden Aquarium.

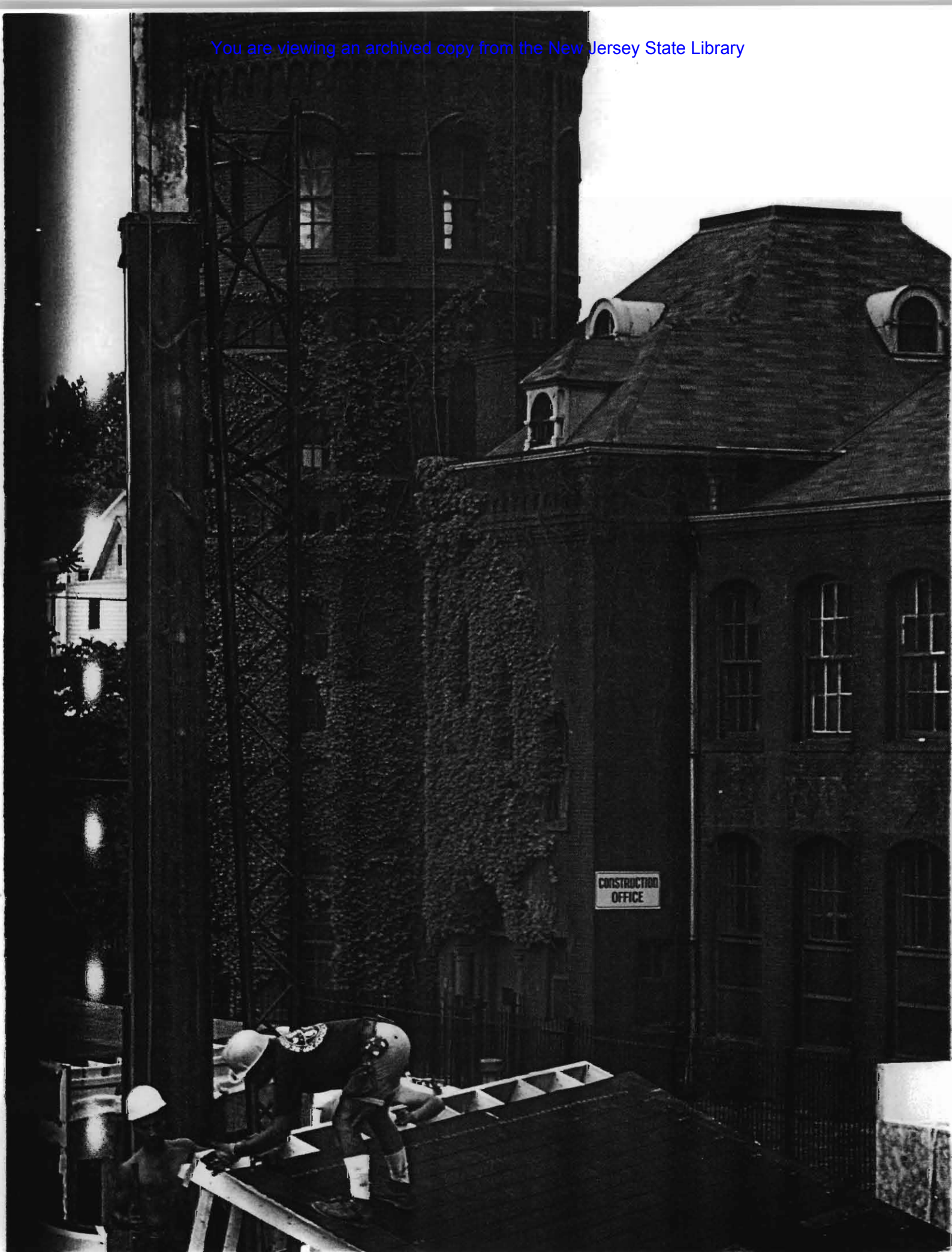


Top right, groundbreakings and new construction are transforming Trenton's skyline.



Housing and new construction in Washington Township, Port Liberte in Jersey City and, opposite page, Newark's North Ward.





From the New Hope Baptist Church in Newark to a neighborhood cleanup project in Atlantic City, New Jersey's cities are alive with new hope and energy.

A Puerto Rican Parade in Newark.  
A Chinese dancer performs at China Expo '88 at Morris County College.



GOVERNOR'S ANNUAL MESSAGE

113

# TRANSPORTATION

**P**atricia Williams of Saugerties, New York, wrote me last summer. She and her husband had just returned from a trip to New Jersey.

"It was a pleasant ride," Mrs. Williams wrote, "but its full impact did not reach me until our return trip the following day. We left behind in the Garden State smooth pave-

ments, well-tended medians and shoulders, and beautifully planted areas. We saw workmen working and no litter! As we passed over the state line to our 'home,'... the contrast was notable, unfortunately."

Mrs. Williams was pleased "to see tax dollars spent effectively on roads and personnel."

It is easy to take for granted just how much better New Jersey's roads and highways are today, and even easier to forget just how bad they were ten years ago.

Think back to the 1970's. Needed projects remained on the drawing boards. Roads were riddled with potholes. Bridges were deteriorating at an alarming rate. New Jerseyans wasted countless hours in traffic, trying to navigate an antiquated system of traffic circles, narrow roads and frustratingly indirect highways. Six years ago, in my Annual Message,

I had to say forthrightly that New Jersey was "faced with the threat of the imminent collapse of parts of our bridge and highway system."

We were simply failing to maintain our roads, bridges and highways, not because we didn't care, but because we didn't have the money. And our public transit system was not much better. We were the poor cousin among states in transportation. For years we ranked near the bottom of the list in federal matching grants for transportation projects.

We were reeling under a severe case of rickets. Our transportation infrastructure, like undernourished bones, was rotting away and our economy was sickly as a result. Businesses fled to other states, where they could be guaranteed that their workers and their goods could move with ease. And tourists preferred the thrills of carnival rides in other states to being jolted by wild rides over washboard roads on the way to the shore.

We knew what our sick economy needed. Just as someone with rickets requires a steady and nourishing diet to restore their weakened

JANUARY 10, 1989

114

bones, we needed a stable, predictable source of funding for highway and public transit improvements. When we put in place the first Transportation Trust Fund in 1984, we gave our ailing economy the prescription it needed.

## The Long and Winding Road

Since the Transportation Trust Fund was approved in 1984, and because it was renewed by the Legislature in 1988, we have been able to spend more than \$4 billion to build new roads, resurface existing ones, build and repair bridges, and strengthen our public transit system.

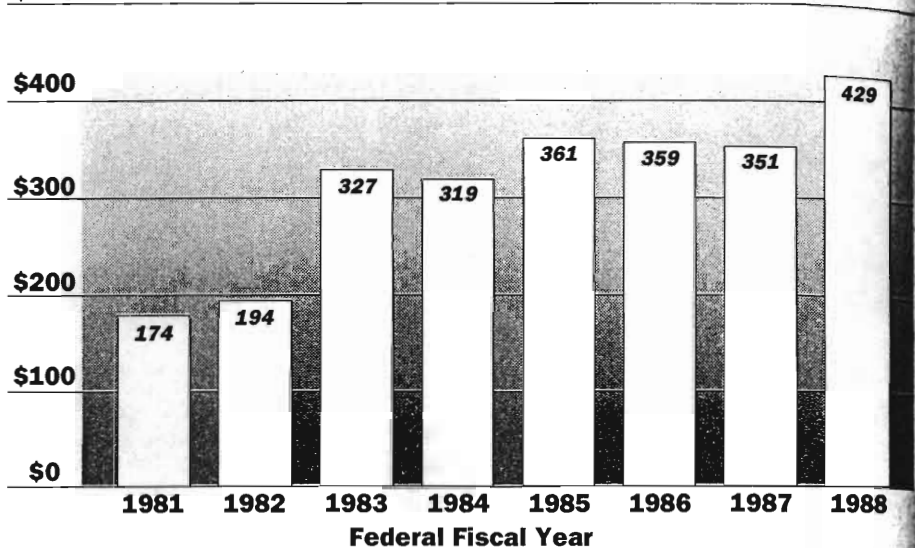
All this money has not come just from New Jersey. The Trust Fund has allowed us to pull down all available funds from the federal government.

Take highway funds, for example. In 1981, we received \$174 million in federal aid. In 1988, we reached a high of \$429 million. Only huge, highway-rich states like California, Pennsylvania, New York and Texas received more money for their roads from the federal government last year. This, despite the fact that geographically we are the fifth-smallest state.

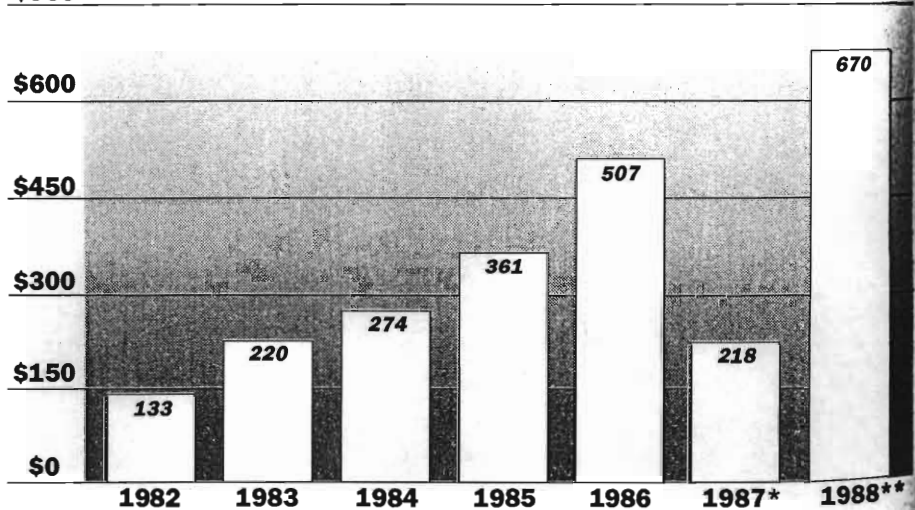
New Jersey Department of Transportation (DOT) construction contract awards tell a similar tale. In 1982, we awarded contracts worth \$133 million. Last year, we awarded \$670 million in contracts, a 400 percent increase in just six years.

We have much to show for our efforts and for our taxpayers' investment. We improved Route 23 in Wayne and are about to complete Route 55 in Gloucester County. We

**Federal Funds Obligated for New Jersey Highway Construction** (in millions of dollars)



**New Jersey Construction Contract Awards** (in millions of dollars)



\* between Transportation Trust Funds I and II

\*\* Projected

eliminated antiquated traffic circles in Elizabeth and Woodbridge as well as in Brick Township, Eatontown, Lodi and Linden. We rehabilitated the Somers Point-Longport Bridge in Atlantic County and the bridge over the Passaic River on Route 80 in Bergen County.

Our projects – complete or under way – read like a Christmas wish list for New Jersey motorists. We linked Interstate 195 to Interstate

# GOVERNOR'S ANNUAL MESSAGE

115

295 in the Trenton Complex. We are filling in the missing links in Interstate 287 in Morris, Passaic and Bergen Counties, and have completed Interstate 78 through Union County. And we have resurfaced roads from one corner of the state to the other, from Cape May to Sussex County.

Nineteen eighty-eight was perhaps our most productive year yet. We filled in still another link of Route 18, coming a step closer to completing the route between New Brunswick and Wall Township. We opened a bypass on Route 33 in Monmouth, added two new lanes to two sections of Route 38 in Burlington and opened Route 90 in Camden, which proved invaluable when the Tacony-Palmyra Bridge had to be closed in December.

These new and better roads have not just meant that people can drive 50 miles an hour where once they could only drive 30. For many parts of the state, these projects have opened the door to markets and people that were simply inaccessible before.

On occasion, it has been inconvenient to deal with the slow-downs and the bottlenecks caused by all this maintenance and construction work. It may seem at times that our state mascot has become a waving flagman and our state emblem the fluorescent orange pylon. But New Jerseyans know that today's inconveniences will mean tomorrow's mobility and greater prosperity.

One enduring result of the Trust

they are in complete agreement. Business knows that trying to create jobs without sound roads and adequate public transit is like trying to bake bread without yeast. The recipe falls flat.

Labor knows that the long-term investment in infrastructure means secure jobs for the men and women who run jackhammers, pour concrete and drive bulldozers. The Trust

*It may seem at times that*

*our state mascot has*

*become a waving flagman*

*and our state emblem the*

*fluorescent orange pylon.*

*But New Jerseyans*

*know that today's*

*inconveniences will mean*

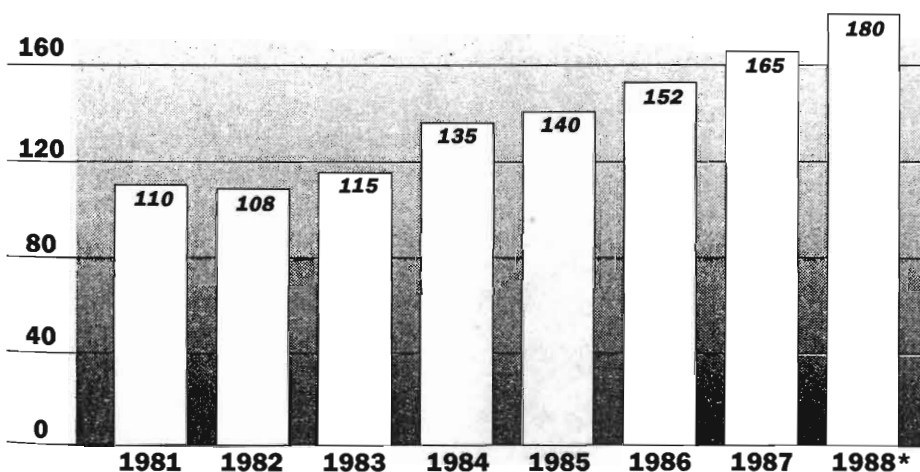
*tomorrow's mobility and*

*greater prosperity.*

## Construction Industry Employment

(in thousands)

200



\* 1988, 10-Month Average.

And in July we began work on the Route 24 Freeway in Morris County, a project that has long been pushed by Congressman Dean Gallo and Senator Leanna Brown.

Fund has been to glue together an unlikely coalition. In a triumph of mutual interest, New Jersey's business and labor leaders have been the staunchest supporters of Trust Fund I.

Wing-tips and workboots may at times clash at the negotiating table, but when it comes to transportation

Funds have meant tens of thousands of new jobs in construction and related industries.

JANUARY 10, 1989

116

Ray Pocino knows what a difference the Trust Funds have made. He is the president and business manager of Heavy Construction Laborers Local 172 in Trenton. "By 1983," he says, "we had hit the bottom of the barrel. We had lost more than half our members since the mid-70's, and most of those who were still with us were unemployed. Today, our people are working, making a decent living, paying their mortgages, setting some money aside for their pensions. That's what this country is all about."

We are trying to make sure that this public bounty is spread fairly, especially to women, who sometimes encounter difficulties breaking into this traditionally male-dominated field. Under Commissioner Hazel Gluck's leadership, the Department of Transportation's Women in Construction Task Force, working with contractors, unions and other cabinet officers, is aggressively recruiting women to work in highway construction.

For New Jersey motorists, businesses and construction workers, the future looks just as bright as the recent past. When we renewed the Transportation Trust Fund last year, we guaranteed \$5.7 billion in state and federal funds for transportation through 1995.

Scores of major projects are slated for the years ahead. We will fill in critical missing links in Interstates 287 and 295, and we will link Routes 29 and 129 into the Trenton Complex. We will finally be able to begin long-delayed projects on the Route 19 Freeway in Passaic and Route 70 in Ocean and Camden counties. And we

will find ways to alleviate congestion along the most heavily traveled roads in our state, including Routes 1, 9, 31, 206, 4 and 17.

### **The Little Train That Could**

"Everything in life is somewhere else," wrote essayist E.B. White, "and

---

*Business knows that trying*

---

*to create jobs without*

---

*sound roads and adequate*

---

*public transit is like trying*

---

*to bake bread without yeast.*

---

*The recipe falls flat.*

---

you get there in a car." White penned these words more than 40 years ago, at the dawn of the automobile age in this country. Today, with more and more cars in our state, it could be the epitaph for our overworked roads and highways.

In the 1980's, car and truck registration in our state has shot up from 3.4 million to 4.5 million, an increase of nearly one-half. To many New Jersey motorists, it seems as if those million new cars and trucks are always trying to get to the same place at the same time.

We welcome the new residents and the new prosperity that have brought so many additional vehicles to New Jersey. The fact is, however,

that New Jersey is already the most densely populated state in the country.

That is why the Transportation Trust Fund has invested in more than resurfacing and overpasses. We have also put the Trust Fund to work supporting public transit, buying and renovating buses and rail cars, rehabilitating track, and restoring and expanding stations whose heydays stretch back into the 19th century.

Looking out over our public transit system when I first took office, I was reminded of a big Monopoly game. The State held good properties – the trains and buses, stations and tracks – but they were mortgaged. They were not doing anything to improve our standing in the game, and nothing had been invested in them for years. While our competitors were erecting little green houses and big red hotels on their properties, ours were entering an advanced state of decay.

That is why I point with such pride to the investment we have made in NJ TRANSIT during my administration, especially since passage of the first Trust Fund. In the past four years, we have injected nearly a billion dollars into NJ TRANSIT – money that has come from the State, the federal government and other sources like the Port Authority of New York and New Jersey. This past year, for example, we received \$33 million in federal funds to overhaul 230 11-year-old train cars on the Northeast Corridor line, as well as \$2.6 million to convert a former toy

## GOVERNOR'S ANNUAL MESSAGE

117

factory in Newark into a bus maintenance facility.

Last summer we marked the completion of a three-year, \$97 million project to extend electrified train service on the North Jersey Coast Line from Matawan to Long Branch. Al Delli Bovi, head of the federal Urban Mass Transportation Administration, was on hand for the

million a year on public transit through 1995.

New Jersey commuters have responded by leaving their cars at home and taking advantage of the services we offer. More New Jerseyans have been boarding NJ TRANSIT buses and trains in recent years than ever before. For 325,000 New Jerseyans, a ride on NJ TRANSIT is as

were pleased this past year to open the Meadowlands Maintenance Complex, a state-of-the-art rail maintenance facility and two major bus maintenance facilities – one in Orange and the other in Washington Township.

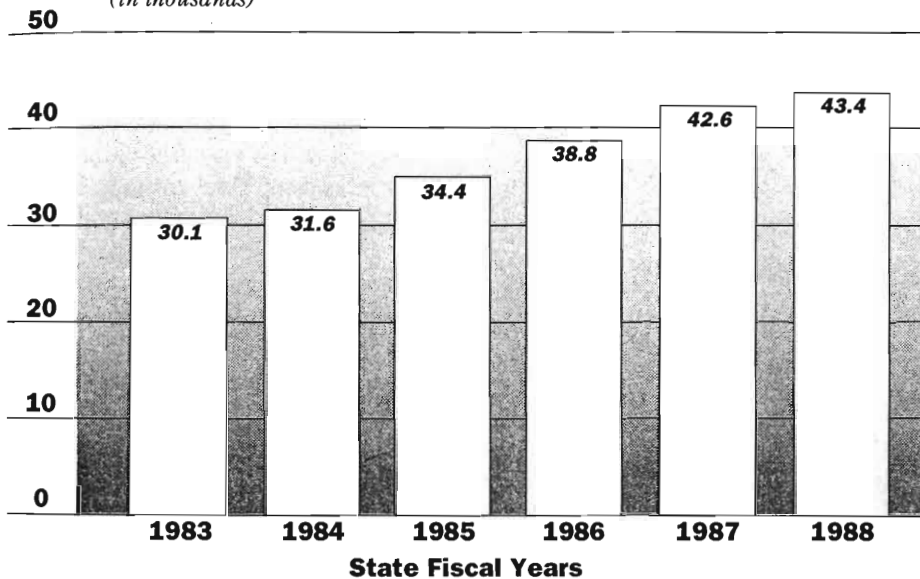
We have refurbished our bus fleet as well. Since 1984, we have added more than 1,600 new and renovated buses to our fleet, including scores of buses that bend in the middle and seat dozens of extra passengers. A thousand more buses are scheduled for delivery in the coming year.

We have also been sensitive to the fact that the “commuting experience” is more than time spent on trains and buses. Stations matter, too. In recent years, we have completely renovated the Broadway bus terminal in Paterson, given much needed facelifts to the New Brunswick and Princeton Junction train stations, and spent tens of millions of dollars modernizing Newark’s Penn Station. Just last November, we celebrated the completion of \$2.5 million in improvements at the Cranford train station and a \$4.4 million renovation of the Summit train station.

As New Jersey grows and prospers, we will need to do more than maintain our transportation system. We will have to accommodate our state’s ever-increasing need for mobility and access, not to mention the necessity of relieving our clogged highways. We cannot do this so long as our rail system consists of 11 separate, largely unintegrated lines.

### New Jersey Transit Rail Trips

(in thousands)



dedication and used the opportunity to compliment NJ TRANSIT. “This project is on time and on budget,” he said, “and as I travel around the country I don’t see that happen very often.” The new line experienced some operating difficulties in the first few months, but we are working to correct them. It will eventually make commuting a breeze for over 10,000 New Jerseyans.

Trust Fund II allows us to keep up this pace. It will let us spend \$200

much a part of their day as brushing their teeth.

Though our growth in ridership has slowed considerably, the number of people riding our trains has jumped nearly 40 percent between 1983 and 1988. And ridership on NJ TRANSIT buses grew by 6 percent over the same period.

There are thousands of good reasons for New Jerseyans to have made NJ TRANSIT their transport of choice. Twelve thousand of these “good reasons” are the new seats we have added to our rail lines in the past two years. Maintaining our new rolling stock is not an easy job, so we

JANUARY 10, 1989

118

"E Pluribus Unum" is not simply a good motto for nation-building; it should be the defining principle of modern transportation.

We all lose out when New Jerseyans cannot travel easily within our state and to destinations outside our borders. Our response, as the Supreme Court once said under rather different circumstances, will be to integrate our rail lines "with all deliberate speed."

Our plans include building new connections, especially in the overburdened Northeast Corridor. Connecting points at Secaucus, Kearny, Montclair and the Hudson River Waterfront will make travel easier for all New Jerseyans, for the Irvington resident trying to get to that new job in Hackensack as well as the little boy from New Brunswick going to his first Giants game.

This must be our overriding public transit priority. We must build for the day when our entire state is knit together by train lines. In the most densely populated state, public transit must become more accessible and more usable, more a part of everyday lives.

That also means taking a better look at the way our buses and trains serve the people of South Jersey. Later this year we expect to begin NJ TRANSIT rail service in South Jersey between Philadelphia and Atlantic City. Shortly thereafter, I expect a report from the transportation department on a long-range public transit plan to better serve South Jersey.

## Down By The Riverside

Each weekday morning a vast army of New Jersey commuters, nearly a quarter of a million strong, makes its way eastward across the Hudson River. Most come from Bergen County, some from as far away as Belmar and Princeton. As unlikely an army as these white-collar New

---

*"E Pluribus Unum" is not*

---

*simply a good motto for*

---

*nation-building; it should*

---

*be the defining principle of*

---

*modern transportation.*

---

Jerseyans may seem, they reach their objective – the glittering skyline of Manhattan – every morning without fail, only to retreat again when evening falls.

This army of commuters does not need help knowing where to go at the beginning and end of each day. Where they need assistance is in figuring out how to get there. Unfortunately, amphibious landings and parachute drops are not viable options.

Their battle plan dictates that they jam into the tunnels and onto the bridges that stretch across the Hudson. They pack the Lincoln Tunnel with 17,000 cars and 1,600 buses. Twenty-seven thousand of them crowd onto the PATH line between Newark and the World

Trade Center. And they overrun the George Washington Bridge. It is as if all of Akron, Ohio decided at once to invade New York City.

Their numbers grow with each passing year and are expected to swell by 50,000 by the year 2000. Accordingly, a standing priority for both the Department of Transportation and the Port Authority of New York and New Jersey is to speed the at-times glacial flow of commuters into and out of Manhattan.

That's why several projects are being undertaken as part of the Port Authority's recently announced \$5.8 billion capital improvement plan. Work began last year to expand the New Jersey entrance to the Holland Tunnel. Longer trains were added last year along PATH's most burdened routes, including the Newark-World Trade Center and Journal Square-33rd Street lines. And the Port Authority lengthened platforms at Exchange Place, the Hoboken terminal and 14th and 23rd Streets in Manhattan.

This spring, the long-awaited ferry service between Hoboken Terminal and Battery Park City will begin. With an ultimate capacity of 6,000 passengers an hour, the ferry will provide instant relief to PATH's crowded Hoboken-World Trade Center line. The ferry service is an example of the kind of public-private cooperation that our transportation problems demand. The operation will be run by Hartz Mountain and Arcorp, Inc., with the Port Authority providing permanent terminals.

GOVERNOR'S ANNUAL MESSAGE

119

In order to make public transit and ridesharing more attractive to New Jersey commuters, DOT and NJ TRANSIT are working to provide more park 'n' ride facilities along our growth corridors, including the waterfront. NJ TRANSIT is also designing a connection from Newark's Penn Station to the ferry docks in Hoboken.

Trans-Hudson issues are only half the story when it comes to the waterfront. Our own Gold Coast, the pride of New Jersey's economic renaissance, is already pressed to meet its transportation needs. The next decade promises to bring another 50,000 residents and 80,000 jobs to the area.

We are committed to meeting those needs, and I am proud to say that during the past six months the pace of these improvements, short- and long-term, has increased.

In August, NJ TRANSIT hired an experienced transportation planner, Martin Robins, to head its Waterfront Transportation Office. In December, NJ TRANSIT began new bus service from Central New Jersey to Journal Square and then on to Lincoln Harbor in Weehawken. This gives commuters from Monmouth, Middlesex and Hudson counties access to this booming office complex. Design work is underway for the NJ TRANSIT Waterfront Connection, which will link Newark's Penn Station and Hoboken Terminal, and service will begin operation next year. This will give commuters from central

New Jersey convenient access to the northern waterfront for the first time.

For the long-term investments, we are proud to report that the federal Urban Mass Transportation Administration (UMTA) has given the Waterfront Office permission to develop a final plan for a waterfront transportation system which would be eligible for federal funding.

The Waterfront Transportation Office will develop its final plan in consultation with local officials, citizens, developers and new corporate tenants. It will look closely at solutions such as a light-rail line or a people-mover distribution system, as well as busways extending toward the county's residential areas.

While the Waterfront Transportation Office designs its plan, Transportation Commissioner Hazel Gluck is negotiating with Conrail for needed rights-of-way. We would like to move Conrail's freight operations west of the Palisades and use the lines they give up to open a vital corridor across that natural barrier. I expect those negotiations to be successfully concluded shortly.

At the same time, the New Jersey Turnpike Authority and the Waterfront Transportation Office, spurred by creative suggestions from local developers, are examining alternatives for new west-east access to the Gold Coast. This study is expected to be completed by June, and will look at three proposals to separate the waterfront traffic from the traffic heading to New York. That trans-Hudson traffic is a significant source of added congestion on the few roads in and out of the Gold Coast.

People are not the only thing that we are concerned about moving on our waterfront. Over 13 million tons of cargo passed through the Port of New York-New Jersey in 1987,

making it the busiest port in the nation.

To insure that we keep our competitive edge, the Port Authority of New York-New Jersey has earmarked \$250 million for improvements at Port Newark and Port Elizabeth through 1992. These improvements will include deepening the channel, adding cargo distribution facilities and building two new processing plants.

While the Port of New York-New Jersey has grown recently, our port on the Delaware River has been shrinking. This is an impediment to the growth of South Jersey's economy.

Last November, Pennsylvania Governor Bill Casey and I agreed to remove that impediment. We announced that the Delaware River Port Authority (DRPA) will help pay to develop a premier shipping center on the Delaware River. Truckers and train operators will be able to pick up shipped deliveries at the center and transport them as far away as the interior of Pennsylvania, dramatically increasing the use of the Delaware ports.

The DRPA also agreed to build a 300,000 square foot international trade center near the planned Camden Aquarium. What's more, the DRPA will make available more than \$75 million for a Maritime Infrastructure Fund which the port facilities can use to improve.

I believe this agreement is the shot in the arm the Delaware ports need. The result will be increased growth on both sides of the Delaware River.

JANUARY 10, 1989

120

## Up, Up, and Away

Last August I was pleased to join actress Brooke Shields and top officials of Continental Airlines for ribbon-cutting ceremonies at Terminal C of Newark International Airport. In many respects, the new terminal symbolizes the reversal of fortune that Newark Airport has experienced over the past decade.

With 41 gates, Terminal C is one of the largest airline terminals in the nation. It equals in size the airport's other two terminals combined, and it features the latest technology, including a computerized baggage system, color information screens and moving walkways.

For years Newark was the Rodney Dangerfield of the regions three major airports, lagging behind LaGuardia and JFK. But, like so much in New Jersey, the 1980's have been banner years for the airport. From 10 million passengers in 1980, the airport has more than doubled its volume, serving 23 million passengers in 1987. By the year 2000, the airport is expected to serve 40 million passengers a year.

Terminal C guarantees that Newark International will be able to handle this vastly expanded passenger load. But we want to make sure that access to Newark becomes easier, too.

To do this, we are working on ways to make the airport more accessible and "user-friendly." The Port Authority's five-year capital program includes \$1.35 billion for Newark International, and most of

that money is earmarked to build more airport parking and roadways. We also plan to construct satellite "park 'n' fly" lots up to 60 miles from the airport. We opened the first one in 1988 in Bergen County. And we are assisting the private sector in planning a link between the airport and downtown Newark and downtown Elizabeth.

---

*Today it takes the average*

---

*New Jerseyan 52 minutes*

---

*to commute to work.*

---

*This is good news for*

---

*drive-time radio disc*

---

*jockeys and billboard*

---

*advertisers, but bad news*

---

*for everyone else.*

---

The presence of so many new passengers creates a new problem: getting around the airport, especially from terminal to terminal. We hope to solve this problem with a people mover linking the three terminals. With an "across-the-platform" transfer to our new rail link, the people mover will be the centerpiece of Newark Airport's fully integrated, 21st-century transportation system.

Newark Airport is integral to North Jersey's future growth. As South Jersey expands, that region will need better air facilities. For some time now elected officials in Atlantic City, including Mayor Jim Usry and Senator Bill Gormley, have discussed plans to modernize and improve Atlantic City Airport at Pomona.

I support the goals of an expanded South Jersey airport and I hope the negotiations can end in an agreement this year.

## Tomorrow, & Tomorrow, & Tomorrow

Today it takes the average New Jerseyan 52 minutes to commute to work. This is good news for drive-time radio disc jockeys and billboard advertisers, but bad news for everyone else. Time is a precious commodity and New Jerseyans will not long tolerate spending more than 18 days a year – that is, 450 hours – waiting at stop lights and tunnels, bus and train stations.

This is the dark side of our economic prosperity. It presents us with problems we must solve.

Today shopping malls and condominiums, office parks and apartment complexes sprout up like wildflowers along our most-traveled roads. Like so many drops of water from a leaky faucet, one small development after another can add up to a deluge of traffic and congestion.

## GOVERNOR'S ANNUAL MESSAGE

121

Expanding highways and transit facilities may give short-term relief to the problem. But what we really need is a way to take the consequences of development into account before they add to our transportation woes.

In 1986 Commissioner Gluck proposed a way to do just that. It is called "Transplan," and it consists of three separate pieces of legislation. Taken together, this package offers future relief from traffic jams.

These three bills, sponsored by Assemblymen Bob Franks, Robert Littell, Newt Miller, Bennet Mazur, George Spadoro and Robert Shinn, and Senators Walter Rand, Thomas Cowan and Francis McManimon, are a top priority for 1989.

The first bill in the package, which would give DOT more authority to limit access onto state highways, should reach my desk in the coming weeks and I intend to sign it immediately.

The second bill would allow counties to spread out the burden of paying for needed road improvements. It would require developers to contribute a fair share for road improvements that are needed to support their developments. This measure has already made encouraging progress in the Senate. The Assembly recently took up the bill and will, I hope, see clear to preserving it as it was originally introduced.

The third bill, which amends the County Planning Act, gives counties a greater say in development so that they might better manage

regional growth. This bill has been the most controversial and slowest-moving of the three because of its impact on home rule. I still believe that a slight loss in local autonomy is a good trade-off for more livable roads and communities. As with the second bill in the package, I urge you to pass this measure in its original form.

The halting progress of Trans-

---

*Like so many drops of*

---

*water from a leaky faucet,*

---

*one small development after*

---

*another can add up to a*

---

*deluge of traffic and*

---

*congestion.*

---

plan has at times been frustrating. But we did advance on another planning front last year.

By the time this message is delivered, I will have signed a measure, sponsored by Senator Rand and Assemblyman Miller, making the Commissioner of Transportation an ex officio member of the New Jersey Turnpike Authority, the New Jersey Highway Authority, and the New Jersey Expressway Authority.

This sensible law will give the commissioner long overdue access to some of our State's most important transportation decisions. Too often in the past, the authorities have acted

without regard for the will of the people. These authorities, with huge budgets supported by the traveling public, must become more responsive and accountable to the people.

That's why I created a separate Authorities Unit within the Governor's Office and why I will sign Senator Rand and Assemblyman Miller's legislation. The transportation commissioner's presence on authority boards will guarantee accountability, make easier the commissioner's task of preparing a master plan for transportation every five years and, we hope, prevent the recurrence of controversies like the one involving the Garden State Parkway Authority last year.

Planning and foresight are one sure way to deal with the transportation problems that naturally arise as we struggle to move in the most densely populated state in the Union. But we have a new and unexpected weapon in our arsenal as we fight the traffic jam: technology.

Commuters on the Atlantic City Expressway know they can turn on a radio station to get up-to-the-minute reports on road conditions, construction and traffic jams. This spring, the transportation department is going to experiment with a similar radio warning system while doing construction on Route 80. Electronic billboards are also being developed that can warn drivers about upcoming traffic jams and suggest exits and alternate routes they can use to get around the jam.

JANUARY 10, 1989

122

Eventually, we might be able to put computers in toll booths that can identify fleet vehicles that regularly use roads. These computers could measure the number of times vehicles pass through the booths and then charge them by the month. Under this system, fleet vehicles would not have to come to a stop at tolls, reducing the jams at toll entrances.

This new technology, combined with Transplan and the Trust Fund, will put us in a better position to deal with the transportation challenges

ahead. The 1990's will bring more people and more vehicles, continued struggles with the federal government for funding, questions of environmental sensitivity and other difficulties which we cannot begin to anticipate.

Cervantes's Don Quixote tells his sidekick Sancho Panza, "Forewarned, forearmed - to be prepared is half the battle." Quixote had the luxury of imaginary foes; we do not. We would be wise, however, to follow his advice as we grapple with our very real transportation problems.

We have laid a sturdy foundation for New Jersey's future by investing in our transportation infrastructure. But, as the last 20

years illustrate so well, New Jersey's transportation needs cannot be met in spurts only.

In the years to come, we will have to show that we have learned our lesson from recent history. Continuous planning and investment simply must continue if we want to maintain our transportation system. It is our only option. Doing anything less would be tilting at windmills.

## GOVERNOR'S ANNUAL MESSAGE

---



*Whether they use the  
George Washington Bridge  
or the Holland Tunnel,  
1/4 of a million commuters  
cross the Hudson River  
every day*

---

---

---

By the turn of the century, 40 million travelers are expected to use Newark Airport.

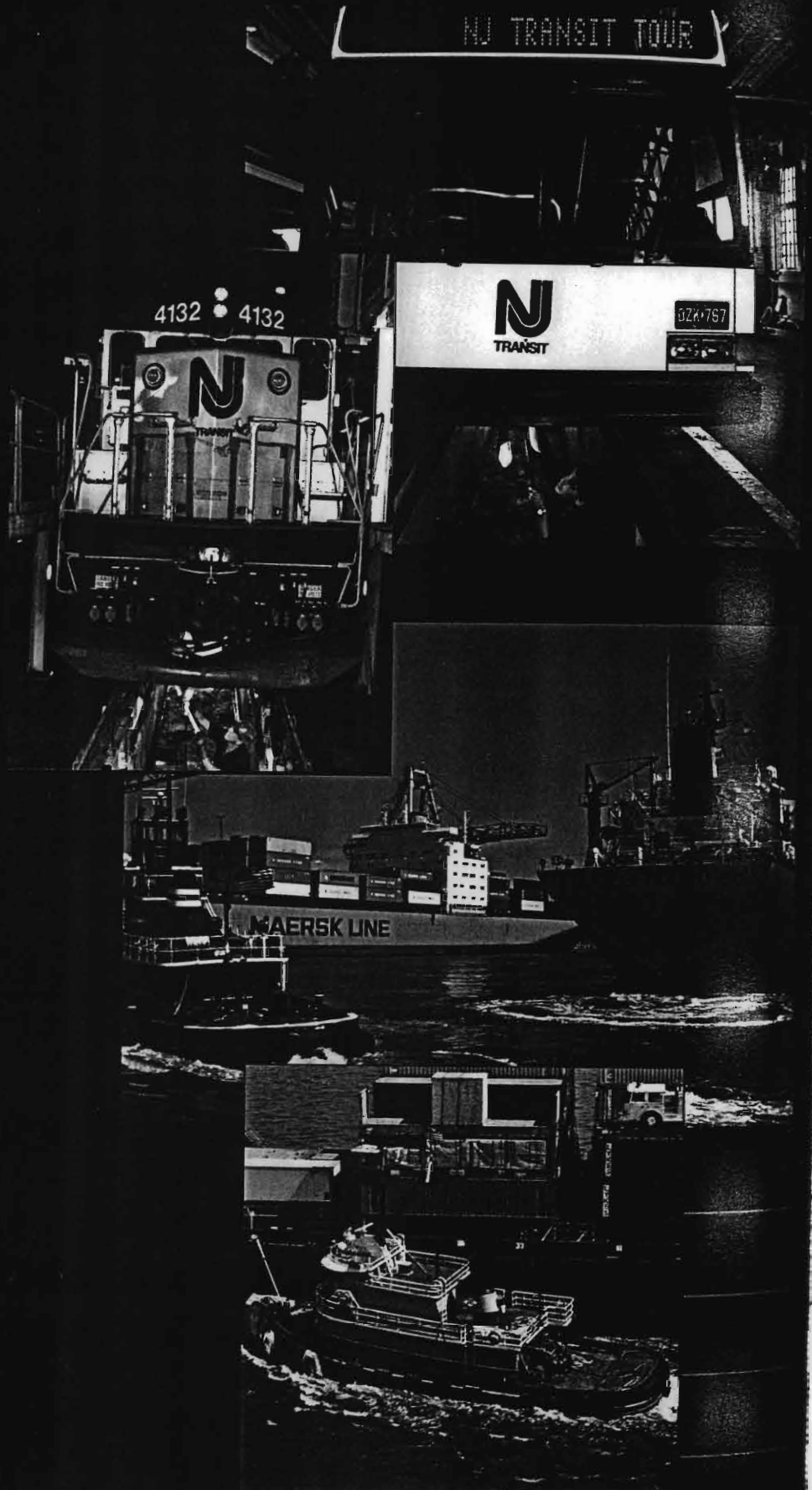
Governor Kean and actress Brooke Shields celebrate the opening of Newark International Airport's Terminal "C", the largest terminal in the New York metropolitan area.





New Jersey transit workers repair buses and trains. We have added more than 10,000 train seats and over 2,000 buses in the 1980's.

The Port of New York - New Jersey is the largest in the United States in terms of overall cargo tonnage.



---

## LAW & PUBLIC SAFETY

---

Seven years ago, people thought crack was something to be found in your sidewalk, and Medellin the name of something you might wear around your neck. But in 1989, we know all too well that crack has become a white plague that ravages families, neighborhoods and cities faster than a newspaper ignites, and that Medellin, Colombia, is the source of much of it.

And crack is a plague that counts its casualties in police blotters, courtroom dockets, hospital emergency room reports and ruined lives from Newark to Netcong and Bridgeton to Belleville. Every year the State Police tallies the crimes reported in New Jersey. For the first half of 1988, crime went up 2 percent, and the Attorney General's office says the reason is something we have all suspected: drugs.

Statistically speaking, a 2 percent increase is small, but *any* increase in our crime rate disturbs me greatly. It means that somewhere in New Jersey another family has had its home invaded by robbers or a loved one attacked by muggers.

In fact, more than half of all crimes committed in New Jersey are drug-related. Chances are that every

New Jerseyman will be the victim of a drug-related crime in his lifetime. That is intolerable.

What is most troubling is a 15 percent leap in aggravated assaults, which caused violent crime to increase 9 percent. Domestic violence was up 21 percent and auto theft was up 6 percent. For each increase, the culprit is drugs. Car thieves and muggers attack the wary and unwary alike for more funds to feed their deadly habits.

We have fought crime from the first days of the Kean Administration. Last year in a book called *In Pursuit of Happiness and Good Government*, sociologist Charles Murray argued that every one of us needs to find "enabling conditions" in our world if we are to enjoy fulfilled lives. One of these enabling conditions, he concluded, was safe and civil streets. From the day I took office, we have taken steps to provide that most important of enabling conditions, safe communities.

During my first term, we were blessed with falling crime rates, in

JANUARY 10, 1989

128

part because the criminals knew we were ardent enemies. They knew we would not tarry while public safety was threatened by lawlessness.

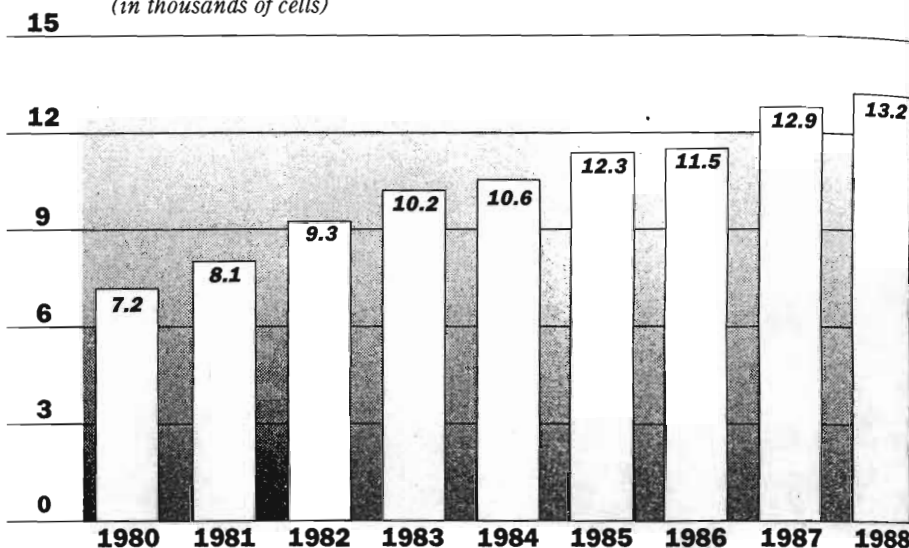
Our resolve was demonstrated very early on in my administration, in 1982, when I signed Senate President John Russo's bill reinstating the death penalty in New Jersey. Three years later, I signed another bill sponsored by Senator Russo that increased prison terms for people convicted of aggravated manslaughter and kidnapping.

That same year, I signed laws like the Graves Act, sponsored by Senator Frank Graves, which required mandatory sentencing for felons who committed their crimes while armed. One and a half years ago we once again showed our will by passing one of the toughest drug laws in the nation, The Comprehensive Drug Reform Act of 1987, sponsored by Senator Leanna Brown and Assemblyman Walter Kern.

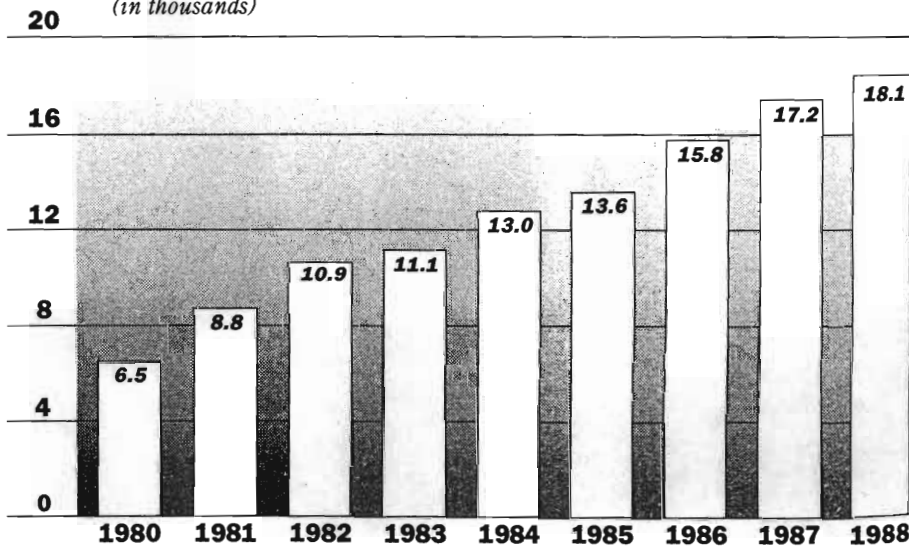
Our voters demonstrated their desire for safe streets by passing bond issues that allowed us to build prisons to jail the felons and thugs who prey on the honest working men and women of New Jersey. Three times more criminals are now behind bars than were there nine years ago. Back then, our jails held 5,635 people. Today that number exceeds 18,000.

We have added more than 6,000 new prison beds in the past seven years, and in November 1987, the voters approved a \$198 million bond issue, sponsored by Assembly Speaker Chuck Hardwick and Senator Frank Graves, that will provide another 2,800 beds at six State prisons and 500 State beds at

### Growth in Prison Capacity (in thousands of cells)



### New Jersey Prison Population (in thousands)



our county jails. By 1991, we expect that room for more than 9,700 new beds will have been built, including a new medium security prison. While other states have had federal judges

free prisoners for lack of space, New Jersey has never, and will not ever, countenance judges playing warden.

# GOVERNOR'S ANNUAL MESSAGE

129

Even this will not be enough. Thanks to our stiffer laws, each month leaves us with 90 more inmates than we had the month before. And the new inmates are sentenced to longer terms than the inmates we have released.

Last year we thought we had hit upon the ideal solution to add prison beds, yet save the taxpayers money. We envisioned transforming a mothballed Navy ship into a floating prison.

Unfortunately, the idea has proved unworkable, and we must find another way to provide additional prison space. As I said before, we are implacable enemies of crime and will not be deterred from meting out swift and sure punishment. We must have those additional beds.

Earlier I discussed a bond issue to repair mental health facilities. Part of that bond issue should also go for prison construction. We estimate we need at least \$30 million to provide another 500 beds. Passing this bill will be a sign of our resolution to stand fast against the malefactors and criminals who are the weeds in our Garden State.

This construction will still require us to find ways to make our dollars and law enforcement go farther than they do at present. We have been cautiously experimenting with alternatives to jail time for the convicts who pose the least threat to society. These include 51,000 convicts on probation, 19,000 in community service, 400 in the Intensive Supervision Program and 200 in the Intensive Surveillance and Supervision Program.

We are also beefing up our Juvenile Offender programs. Last year I asked the Legislature to increase funding for community-based juvenile corrections programs to provide vocational training, care for special groups of offenders and after-care so that those who are released stay out of trouble. By attacking the crime problem at the juvenile level, we intend to prevent having to deal with the ever-increasing number of adult offenders.

---

*...crack is a plague that*

---

*counts its casualties in*

---

*police blotters, courtroom*

---

*dockets, hospital emergency*

---

*room reports and ruined*

---

*lives from Newark to*

---

*Netcong and Bridgeton*

---

*to Belleville.*

---

Nevertheless, we are adamant about punishing the felonious and protecting our society. The men and women we send to prison learn that in New Jersey we are serious about making the criminal pay his or her debt to society. For an example, inmates pick up litter along more than 3,000 miles of State highway. Four hundred inmates work at a State farm

that produces food for 23 State institutions, saving the State \$1 million a year, and nearly 500 inmates work at work-release sites, saving the State another \$628,000 in annual maintenance fees.

To make sure we catch the criminals, we expanded the Safe and Clean Streets program to put 2,000 more police officers on our city streets. We also expanded the budget of the State Police so we could field 20 percent more troopers to guard our homes, streets and highways.

We showed our resolve by equipping our police with state-of-the-art equipment, like the Automatic Fingerprint Investigation System (AFIS) computer that allows us to use Buck Rogers technology to read the faintest fingerprints.

In the old days, many of the 1.1 million fingerprints in State Police files were almost worthless as clues because they were indistinct or incomplete. Those that could be read required experts to spend thousands of hours poring over each individual card, hoping to find a match. With AFIS, we will be able to read even a faint or partial print and make a match with the punch of a button.

Fingerprints themselves, once the cutting edge of forensics, are almost old hat. New sciences use DNA, the genetic signature unique to each of us, to identify perpetrators. We are sending a scientist from the State Police Forensic Science Bureau to the F.B.I. Scientist Training Program so he can learn to "read" the DNA present in blood, hair roots or semen.

JANUARY 10, 1989

130

We also gave our troopers a new \$15 million microwave radio network so a trooper on patrol on a lonely rural road in Salem can talk to any trooper in the state if the need arises. And we have given our troopers and local police NOMAD, a special computerized resource that allows them to punch up information on drug crimes and organized crime. NOMAD can identify criminal patterns and links between drug crimes that at first glance seem entirely unrelated.

In short, we have used tough laws and technology to thwart criminals in New Jersey. But we need to do more.

Assembly Speaker Chuck Hardwick has pushed for a constitutional amendment that will allow judges to deny bail to repeat offenders. I hope the Legislature approves this amendment this year, along with another amendment to change the exclusionary rule so that police officers who obtain evidence improperly but in good faith can have that evidence introduced in court.

## Crackdown

The odds of a criminal getting caught in New Jersey are a lot higher than winning the lottery or breaking the bank in Atlantic City. But drugs, particularly crack, rob people of their senses. These drug addicts – and their suppliers, the drug kingpins – still commit their evil crimes in the Garden State.

We understand this, and we have responded. Three years ago, I laid out my “Blueprint for a Drug-Free New Jersey.” The plan I drafted

with Attorney General Cary Edwards said that two things must happen if we are to conquer the drug menace. Obviously and unquestionably, we had to strengthen both our laws and our law enforcement. That’s why we passed the Comprehensive Drug Reform Act.

We also passed a companion piece of legislation, the Drug-Free School Zone Act, sponsored by Senator Graves and Assemblymen Nicholas Felice and John Girgenti,

---

*While other states have*

---

*had federal judges free*

---

*prisoners for lack of space,*

---

*New Jersey has never, and*

---

*will not ever, countenance*

---

*judges playing warden.*

---

that created 1,000-yard drug-free school zones around every elementary, middle and high school in the state. It carries harsh mandatory sentences for anyone caught and convicted of selling drugs there.

But every successful battle needs a plan. Washington had a plan for the Battle of Trenton, and Ike had a plan for D-Day. We had to have our own plan, and in October 1987, Attorney General Edwards presented our plan of battle in our Statewide Action Plan for Narcotics Enforcement. Filled with 105 directives, the plan provided direction for every

police department and officer in the state as they fought the spread of drugs.

As too many New Jerseyans can tell you, we have not yet won the fight. Just this past fall we received disturbing news from a drug-trafficker-turned-informant that several Colombian and Jamaican drug cartels were intent on using the Port of Newark to import drugs into the New York metropolitan area.

To those drug lords I say, we are going to stop you. To paraphrase Winston Churchill, we will fight you on the shore and in the cities and in the meadows. We will fight until we have exhausted ourselves, and defeated you.

And we are fighting back. In the first six months of 1988, drug arrests by all the police departments in New Jersey shot up 44 percent over the same period in 1987 and an even more impressive 63 percent over 1986, the year before the new drug laws took effect. And if you look just at the State Police drug arrests last year, the increase is a staggering 95 percent over 1987 and 185 percent over 1986.

One of the new weapons the 1987 reforms gave us was the power to go after drug kingpins. The new law allows the State to provide tougher sentences for these criminals. Putting away street dealers is as futile as trying to rid an old apartment building of cockroaches. You get rid of one and another takes its place. But if you can take out a kingpin, you weaken an entire distribution system.

## GOVERNOR'S ANNUAL MESSAGE

131

It was while working under this new law that New Jersey investigators began to make their case against kingpin Eucaris "Tulia" Ceballos. Eventually, New Jersey's efforts turned up enough evidence against Ceballos to help the federal government convict her in federal court and a judge to sentence her to life behind bars without parole. Thanks to the Task Force's efforts, less cocaine will flow into New Jersey and "Tulia" will have a long time to memorize the

a very successful weapon against organized crime. RICO—short for Racketeering, Investigating and Corrupt Organization Act—is aimed at conspiracies to run a "continuing criminal enterprise" and allows the State to seize the assets that criminal enterprises amass.

Last year the Statewide Narcotics Task Force used the RICO law to go after the ill-gotten gains of drug dealers. Attorney General Edwards formed a special unit under the Task

The Task Force's totals will go higher when New Jersey, New York and the federal government divide the spoils seized from "Tulia" and her associates. In this arrest alone, the State seized 12 kilograms of cocaine, 22 cars, \$110,000 in cash, \$500,000 in jewelry and \$13 million worth of real estate.

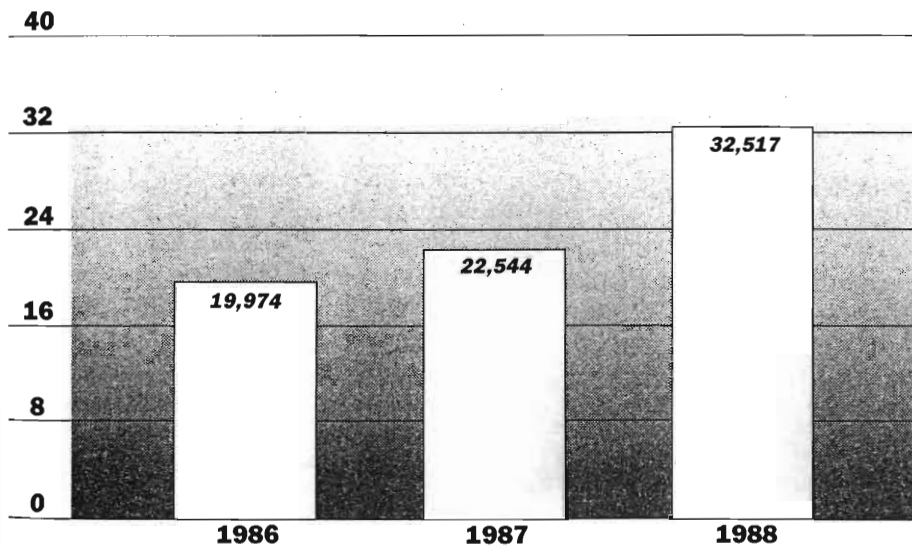
The Attorney General says this is just the tip of the proverbial iceberg. And every penny the State takes from the drug felons is turned back against them to pay for expanded anti-drug fights.

We had other successes, too. We created a special State Police unit trained to intercept drugs flowing into New Jersey, and it has already paid off. Last May two troopers patrolling Route 80 in Warren County noticed a pickup truck driving erratically. When the two troopers pulled the blue Chevy Silverado over, they noticed the driver was unusually nervous, and getting more so by the moment. A search of the car turned up 220 pounds of cocaine — \$5 million worth — hidden in a special smuggling compartment.

I said we must fight the flow of drugs as if we were fighting for our very lives. In fact, I believe we as a society are doing just that. But to merely hurl troops into the battle against drugs would be as futile as the French and Germans hurling troops at each other during the Battle of Verdun, a fight that has become a metaphor for unthinking waste.

For all our state troopers and police officers, we have limited resources. There are only so many cops we can put on the beat and so

### New Jersey Drug Arrests (in thousands)



eight numbers across her chest.

Unfortunately, the history of the narcotics war has shown that heavyweights like Ceballos can go to prison and still run a flourishing business. In the past few years, we have made a concerted effort to do more than arrest these pariahs or seize their drugs.

In the past a special sort of law, known to prosecutors by its acronym, RICO, provided law enforcement with

Force whose sole job was to seize these assets. In the two years since the Task Force was created, it has seized enough assets to burn out an accountant's calculator. All in all, the Task Force has seized \$41 million in illegal drugs and \$16.2 million in property and currency.

In one case developed by the Task Force last year, the State began proceedings to strip an alleged \$2 million-a-year cocaine and amphetamine ring of \$2.8 million in cash and property.

JANUARY 10, 1989

132

many prison cells we can build. We are wasting our time and threatening our society if we do not start a quiet revolution in the minds of the men and women and boys and girls of our state. We must convince them that drug use is dangerous and deadly. We must convince them not to use drugs, to say, "No."

About 145,000 people use drugs regularly; they represent one kind of problem. But sadly, and incredibly, about 735,000 New Jerseyans still get high for "fun." What is truly frightening is a report I read last October in *The Hudson Dispatch*. A Jersey City school official said, "We have drug-free school zones. Kids think that's where you go for free drugs."

The 735,000 people whose idea of recreation is to do a line of coke or light up a joint of marijuana must be persuaded to find relaxation elsewhere. And we must, more than anything else, save the children.

We know that there are a lot of young people who try drugs and a lot who use them. Surveys show that two-thirds of our high school students will have tried drugs before they graduate, almost a third before the tenth grade. A fifth say they used drugs or alcohol on a regular basis.

It is not a question of frightening these people, although the health effects of prolonged drug use are well-documented. It is not a question of showing kids the *Reefer Madness* movie their parents saw and hoping they will understand that they should abstain.

And it is not a question of merely repeating to adult and adolescent alike Columbia University professor Dr. Gabriel Nahas's argu-

ment that history shows widespread drug use has knocked nations to their knees. Telling people that widespread opium use consigned China to a century of backwardness will not have any effect.

What we must have and what we are creating is a thorough program that begins in kindergarten and continues throughout school to teach young people that drug use means not only overdoses and ruined lives, but also that your car radio will be

---

*We are wasting our time*

---

*and threatening our*

---

*society if we do not start a*

---

*quiet revolution in the*

---

*minds of the men and*

---

*women and boys and girls*

---

*of our state. We must*

---

*convince them that drug use*

---

*is dangerous and deadly.*

---

ripped off so someone can buy crack and that your mother will be mugged because some junkie needs the family grocery money to pay for his next fix.

Efforts like this work. Last year, the federal government reported that cocaine use among high school seniors fell 20 percent. U.S. Health

and Human Services Secretary Otis Bowen said younger people were saying no to cocaine because they were finally learning about the threat it posed. In fact, we have seen it work here in New Jersey with alcohol.

Make no mistake. Alcohol, though legal, is a drug – and an addictive drug at that. Yet because we passed some of the most rigorous anti-drunk driving laws in the country, and backed them up with a huge public education campaign, the number of auto deaths caused each year by alcohol has dropped by half during my two terms in office. If we can change attitudes about alcohol, a legal drug, then we can change them about far more dangerous illegal drugs.

The first shots in our quiet revolution against drugs did not come at Lexington or Concord, but in New Brunswick when I announced my Blueprint. I created a special Cabinet Working Group on Substance Abuse to review our efforts to curb the demand for drugs. In the two years since, more than 70 grants have been awarded to groups promoting a drug-free life.

I envisioned two different assaults on the attitudes about drugs. One was launched in the schools, where we began a special curriculum that teaches children from kindergarten through high school to avoid drug use.

The second is a way to bolster the lessons learned in school through community support. I anticipated in my plan that the Working Group would give way to another, single entity that would coordinate

## GOVERNOR'S ANNUAL MESSAGE

133

and organize all of our efforts to fight drugs. The Legislature is close to final action on such a proposal, sponsored by Senate President John Russo, Assemblyman Walter Kern and Assemblywoman Maureen Ogden.

This bill will, for the first time, require that we plan and coordinate our many drug and alcohol prevention efforts at State, county and local levels to ensure that important programs are not duplicated while other critical needs go unmet. What's more, it will provide grants to a series of local "alliances" within every community to teach New Jerseyans to avoid drugs. I asked for the alliances to be created two years ago when I laid out my Blueprint, and I hope to sign the Ogden-Russo legislation soon.

Our war is not over, not by a long shot. It will not be won cheaply, easily or quickly. As with every other war, our success depends on our ability to win the hearts and minds of the people. If enough good New Jerseyans teach their children how and why to say no to drugs; if enough community leaders refuse to cede an inch of their neighborhoods to the drug pushers; if our cops, prosecutors and judges all work together, this is a war we can win.

### **The Godfather**

Despite everything I have said about drugs, they are not the only source of crime. New Jersey continues to face an entrenched criminal element, reputed organized crime families named Genovese, Gambino, Scarfo-Bruno, Lucchese, DeCalvacante and Bonnano. Last summer, for example, one of these groups wanted to know

what the State knew about its operation in New Jersey. It especially wanted to destroy any evidence the State Organized Crime and Racketeering Task Force had on it.

The Organized Crime Task Force learned of the group's plans to break into and then burn down the Task Force's office in Fairfield. The Task Force struck first, only days before the break-in and arson were allegedly to occur, and about a week before the group had allegedly planned a multi-million dollar armored car company robbery. Instead of millions in hundreds, tens and twenties, the group got arrests, mug shots and fingerprints. A grand jury investigation is pending.

This wasn't the only successful investigation. In June Attorney General Edwards and U.S. Attorney Samuel Alito, Jr., announced federal indictments against 15 reputed Genovese mobsters for murder, conspiracy, bribery, gambling and racketeering. Included in the indictments was the reputed third-ranking member of the family, Louis Anthony "Bobby" Manna. Among the allegations contained in these indictments was a scheme to murder John Gotti, the head of the Gambino family.

Two years ago, the federal government asked New Jersey to work with it in its fight against organized crime. This case, the first joint investigation under this agreement between Washington and Trenton, showed just how good a job New Jersey can do. A month later, the Task Force joined forces with another arm of the federal government, the U.S. Department of Labor, to expose alleged organized crime involvement in the state's construction industry. Twenty people were charged by the State as a result of "Operation Stealth."

During the coming year, the Task Force will continue operations such as these and plans to turn its attention to the Hudson River waterfront.

### **From Sea to Sea**

For a rational creature thought to act in his own best interest, man has a maddening penchant for shooting himself in the foot. In a state where the danger of ocean pollution became self-evident last summer, men and women still illegally dump their trash. In a state pocked by polluted water and fields, a few people still bristle at environmental regulations. As a result, New Jersey is compelled to protect itself and the common wealth through legal measures.

Albert F. Ingram's name is not a household word, and probably will never be. But Albert F. Ingram is at least a footnote to New Jersey's environmental history. Last year Mr. Ingram received the most severe sentence ever imposed for an environmental crime in New Jersey. Mr. Ingram was sentenced to serve 10 years in prison for illegally disposing more than 200 drums of hazardous waste in Gloucester County.

Albert Ingram's conviction resulted from an investigation by another of the specialized units we have created in the Attorney General's office. In April, Attorney General Edwards reorganized our environmental enforcement efforts by creating the Environmental Prosecutions Task Force.

Within the Task Force, even more specialized units were formed to

JANUARY 10, 1989

134

handle the complex and unique environmental crimes New Jersey must combat. The Solid Waste Unit handles garbage crimes; the Toxic Unit, whose painstaking efforts led to Albert Ingram's conviction, handles toxic waste crimes; and the Marine Pollution Abatement Unit, bolstered by our dramatic increase in the Marine Police, goes after illicit ocean dumpers. Thanks to legislation included in our 14-point ocean protection plan, the Marine Police nearly doubled in size this past summer so we could protect our seas and beaches.

These units do good work. Thanks to the Solid Waste Unit, a State grand jury handed up an indictment last year against North Wildwood officials who permitted the illegal dumping of demolition debris on the beaches. The Task Force also provided evidence used to secure an indictment against a Perth Amboy laboratory accused of illegally dumping vials of infectious blood into the Hudson River. In a similar case, the Attorney General announced the indictment of a Brooklyn medical laboratory and its vice president on charges related to the dumping of contaminated blood vials into the Hudson River in Edgewater, New Jersey.

These cases pointed out something else about environmental crime. Circumstances have changed so rapidly that frequently our statutes become out-of-date. A grand jury two years ago reached the same conclusion: statutes have not kept pace with the volume of illegal dumping in New

Jersey. A few years ago we did not have the same problems with illegal dumping that we do today, because it was cheaper to dispose of garbage legally. But now it costs a lot more to dispose of medical wastes and the result is more illegal dumping.

The "Lab" cases bolstered an argument that the Attorney General and the grand jury made last year: the State needs a cradle-to-grave manifest system for tracking medical wastes, and stiff penalties for those who violate our disposal laws. Last August, New York's Governor Mario Cuomo and I signed emergency executive orders to create a manifest system, but we need these protections enacted into law. Assemblyman Frank LoBiondo has sponsored a bill that would create such a manifest system. I urge the Legislature to pass this bill quickly.

We are experienced protectors of the environment, so it is natural for other states and the federal government to look to New Jersey as a model. It is no surprise, then, that the proposed federal medical waste rules are being modeled after our program. We have expertise here that other states do not have.

That expertise gives us an advantage when we deal with one of New Jersey's worst polluters, the City of New York and its sanitation department. It was a Task Force investigation led by Attorney General Edwards that resulted in a consent decree in which New York was ordered to do a better job of preventing garbage from washing off the Fresh Kills landfill and onto New Jersey's beaches. And it was that continuing Task Force investigation which proved that New York's attempts were not good enough.

Based on that investigation, the Attorney General filed a motion in federal court in September demanding that New York contain all its garbage.

## Road Warriors

If you remember Patricia Burger of Wayne, you are someone with a very good memory and someone who reads my Annual Message very closely. Four years ago, Mrs. Burger urged me to blow up the Division of Motor Vehicles (DMV) because there was no way she could see to repair its problems. Of course I could not detonate the DMV, so I did the next best thing. I sent Attorney General Edwards to fix matters, and, with the cooperation of the Legislature, provided him with enough resources to make the DMV work.

The DMV story is a story of numbers and of people. Macy's advertises its products by saying that "we're a part of your life." Macy's is small potatoes compared to the DMV. The DMV directly touches the lives of every one of the state's 5.2 million drivers. No other State agency reaches so many New Jerseyans.

Keeping track of all those drivers' licenses, auto inspections, car and boat registrations and speeding tickets requires a lot of paperwork. The DMV receives 380,000 pieces of mail each year that require detailed and individual written responses. It answers as many as 17,000 phone calls a day.

Last year 5.2 million licenses were either issued, renewed or duplicated. More than 7 million

## GOVERNOR'S ANNUAL MESSAGE

135

registrations were renewed, while 26 million transactions were conducted on the division's computers.

As you might expect, if you process that much paper, you will make some mistakes. It was too many mistakes that proved to be the undoing of the old DMV. The problem came to a head in 1985 and 1986, when something as simple as renewing your registration caused angst and anger. The computer system was no good, the agencies too small, and the workforce undermanned, undertrained and handicapped by a flaw in its basic philosophy. We had to change things and we did.

We installed a new computer system and, as a result, have eliminated more than 1.2 million errors since 1986. The computers are better, but everything else is better at the DMV, too. We have opened 13 modern agencies that are bright, clean and comfortable. We have given all of our agencies additional powers to handle routine matters like changing a name on a license or a registration. In the old days a motorist from Alpha or Atlantic City had to drive all the way to Trenton. Now they can make simple changes locally.

We have also made customers' lives easier even when they have more complicated business with the DMV. Last year we opened three regional offices, in Deptford, Wayne and Trenton, that can handle more complex matters like hearings for motorists. Again, no longer must New Jerseyans make the great trek to Trenton. In its place is a far more convenient arrangement.

When Attorney General Edwards and I discussed the new DMV, we agreed that efficiency, convenience and service must be its underpinnings. We wanted any motorist who had to deal with the DMV to be treated just as well as he would when he entered Macy's or Bloomingdales.

That meant doing something as simple as making sure that phones were answered and providing a toll-free 800 number so motorists would not have to run up a hefty phone bill

---

*The average wait at a  
State inspection station is  
down to 11 minutes. In  
the old days water froze  
faster than you could get  
your car inspected.*

---

when they had a simple question. It meant making sure the wait for agency transactions stayed below 20 minutes, and that the agencies had ample parking.

It also meant making sure the wait on line at the inspection stations stayed short. The average wait at a State inspection station is down to 11 minutes. In the old days water froze faster than you could get your car inspected. But 11 minutes is faster than it would take Carl Lewis to run three miles. That's not bad at all.

How did we do it? We changed the inspection process so it was efficient and concentrated only on the most important safety questions. We returned to a split-month system to reduce the overcrowding that characteristically occurs early and late in the month. We added inspection lanes so that we now have inspectors at 83 lanes at 34 state facilities who looked at more than 7 million cars last year carefully, cheerfully and quickly.

Most of all, we made a major investment in the DMV's most precious resource: its people. Under the old DMV, the people trying to serve you were hamstrung by a terrible system. The 3,100 employees were crippled by a cumbersome bureaucracy and insufficient training. We changed all that. When we reorganized, we made sure the new division of labor made sense. We made sure that we increased training, management flexibility and career mobility. As a result, you the motorists are reporting a new level of satisfaction.

We know what customers are thinking because we ask them to fill out our "Customer Report Cards" each month. With all the changes we have made, I was not surprised to see 85 to 95 percent of the motorists tell us that overall service was good or excellent. I must commend the men and women on the front lines of the DMV for their good work, Director Glenn Paulsen for his excellent job reviving the morale at the agency, and Attorney General Edwards for his redesign of this crucial arm of State government.

JANUARY 10, 1989

136

## The Guardians

If to err is human, to admit your mistakes is not, at least for many governments. I am proud to say government in New Jersey does not suffer from this malady.

Three years ago we passed a lemon law to protect consumers who bought cars that did not work and never would. The law worked about as well as an Edsel.

Last year we went back to the drawing board and to the Legislature. The result was a major victory for the consumer. Senator Len Connors and Assemblyman Tom Shusted sponsored legislation that covers new cars and, for the first time, leased cars.

Most important, the new law squeezes the definition of a "lemon" tighter. If a car manufacturer cannot fix his car after three tries or 20 business days, the lemon law takes effect. Within 45 days of the filing of a written complaint, a final decision will be rendered by an administrative law judge, and the consumer will know whether he is entitled to a refund.

The lemon law reflects just one of the preventive functions the State has, trying to make sure matters never have to get to the State Police, the Attorney General's Office or a courtroom. Throughout State government are divisions, offices and bureaus who are regulators of the public interest and guardians of the commonwealth.

At the Division of Consumer Affairs, Director Jim Barry, the State Commission on Investigation, the Board of Medical Examiners and Senator Richard Codey spent part of last year working on ways to weed out

doctors who could no longer do the job because of alcohol, drug and emotional problems, or sheer incompetence. We expect their hard work to pay off in the form of new recommendations and legislation to help those with problems and to protect the public.

Protecting the public trust is particularly important in our casino industry. New Jersey is the gaming capital of the East, a blessing for the entertainment and income that it brings but a challenge for all the measures we must take to keep our state honest, clean and safe. Every year the Division of Gaming Enforcement does an excellent job regulating the casinos of Atlantic City.

Atlantic City's prominence as a gambling resort has made it equally prominent as a boxing resort. That puts the onus on the State Athletic Control Board to police a sport that has previously been known for unethical and occasionally illegal activities. Commissioner Larry Hazzard and the Board have proven as successful out of the ring as Mike Tyson, who won his world championship in Atlantic City, has been in the ring. Last year, for example, Hazzard overruled the decision of a referee in a bout after reviewing videotapes that showed a fight-ending punch was thrown after the bell had sounded.

Finally, a sobering note. Watch an old black and white movie from the 1930's, 1940's or 1950's and you cannot help but be struck by how much the characters drink. It seems not a moment goes by when someone is not hoisting a high ball or mixing a martini.

But times have changed and we realize that drinking is no laughing matter. We reorganized the Division of Alcoholic Beverage Control (ABC) last year. We appointed a new executive officer to work closely with

Director Jack Vassallo and even more closely with the licensees through a newly established Trade Relations Bureau. The ABC's role has become increasingly important in an era in which college students have died or become seriously ill because of drinking. As a result, the ABC is working with New Jersey colleges and the liquor industry to eliminate underage drinking.

This portion of the message has been about laws, but it has really been about the behavior of people. Laws define the outer limits of acceptable behavior. We enact them when we believe general agreement about right and wrong has become erased or obscured.

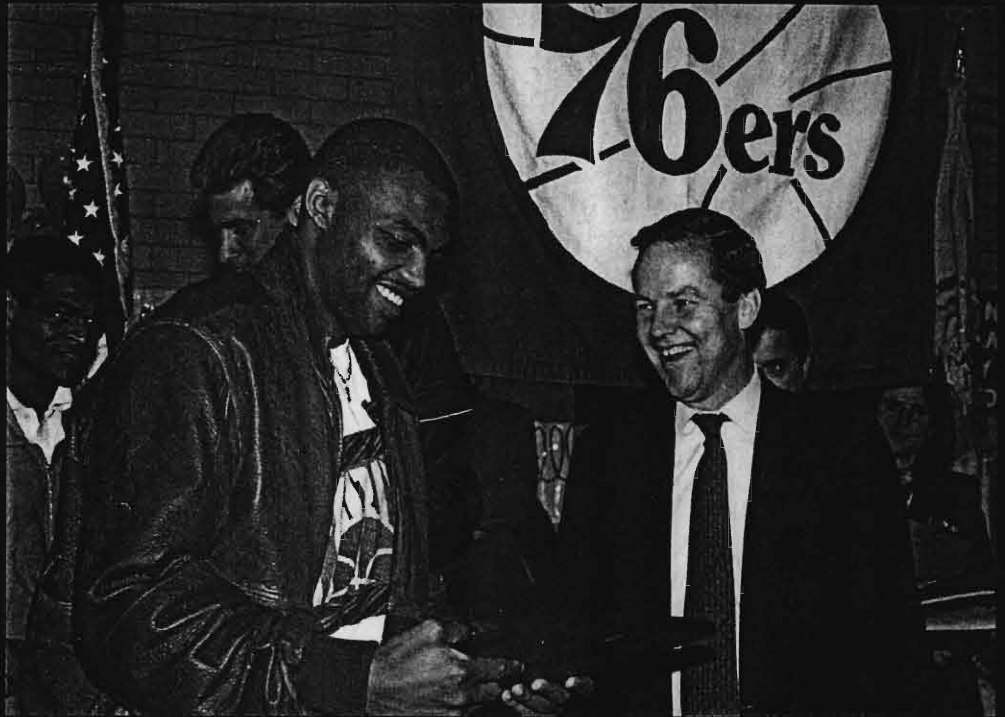
Laws work only as well as we make them. Eight years is a long time, and I have seen revolutionary changes in the way New Jerseyans look at their world. When it comes to drugs, New Jersey has moved from a cavalier attitude to one that recognizes drugs for the poison they are.

During my two terms, we have laid out programs to fight back. Some of the return on this intellectual, emotional and financial investment is obvious in the sharply rising arrest rate. But the more important changes will come only over time, as we educate a new generation of children from their earliest days, teaching them that drugs are dangerous and a threat. It is not just a case of creating "Drug-Free Schools," but creating "A Generation Free of Drugs." When this quiet revolution comes to pass, New Jersey will be a safer and better place to live.

---

GOVERNOR'S ANNUAL MESSAGE

---



*Governor Kean and*

*Charles Barkley of the*

*76ers agree:*

*'Just say no to drugs'*

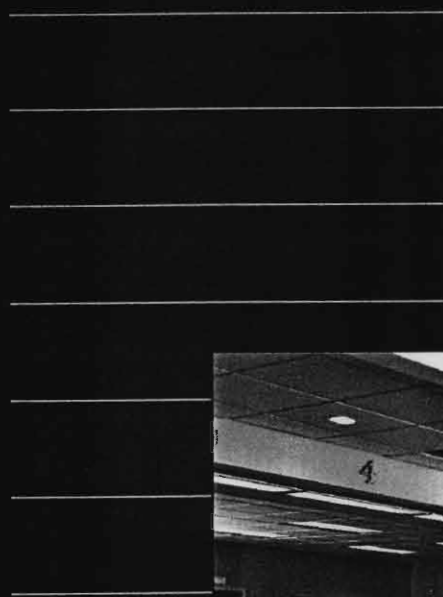
---

---

---

---

---



Operators handle 17,000 calls a day at the new DMV phone headquarters in Lawrenceville. The new DMV Regional Headquarters in Wayne (top) saves North Jerseyans the long drive to Trenton. A new DMV model agency in Camden, one of thirteen across the state, offers drivers short lines and courteous service.

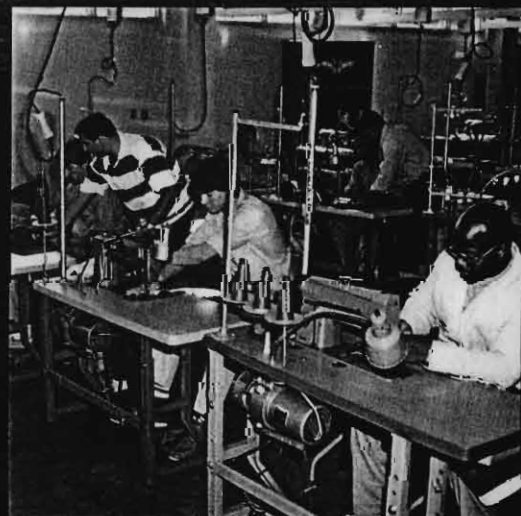
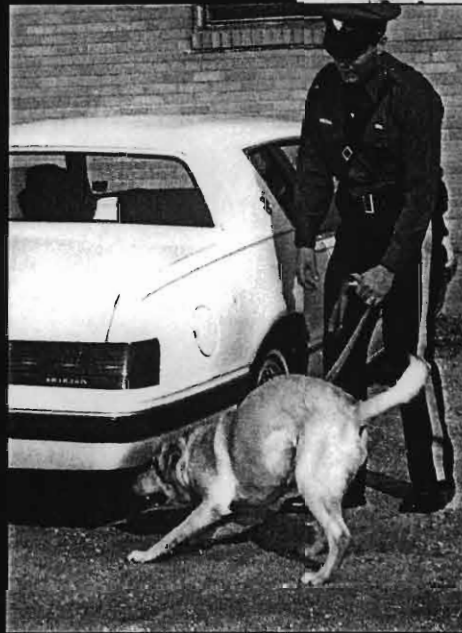
Opposite page, Captain Stefano Gelardi, Ali Ghanavati, and Bruce Lampa. Three employees of the Division of Gaming Enforcement keep a close eye on Atlantic City's casinos.



On land, State Trooper Timothy Grant and his dog "Buddy" check a suspect's car for drugs.

On water, the expanded State Police Marine Patrol joins with the Coast Guard to catch drug smugglers and polluters.

The view from above at Northern State Prison, while inside the prison inmates pick up employment skills. New Jersey's prison population has more than doubled in seven years because of our tough crime laws.



## INSURANCE & BANKING

One of the lawyers on my staff has a friend who was in a car accident. He reported it to his insurance agent, who asked him if he had been hurt. The friend said he wasn't sure, but that maybe he had hurt his neck because he had felt a jolt when the cars hit.

In that case, said the agent, maybe you ought to go see someone, and he gave the friend the card of a chiropractor who just happened to be in the same building. He also happened to be the agent's son.

The chiropractor took a look at the friend, and, sure enough, "found" soft tissue damage and prescribed heat therapy. And while the chiropractor examined the friend, he asked him if he had consulted a lawyer.

The friend had not, so the chiropractor also handed him a card. The lawyer also had an office in the same building. He was the chiropractor's brother, the agent's other son.

It all added up to a potentially huge claim, but the friend wasn't sure. He still wasn't convinced that he had suffered any serious injury. He wasn't sure he should sue, so he started polling colleagues at work.

The vote was unanimous: sue.

Everyone regaled the fellow with tales of insurance triumphs, fat settlements that made their day. In the end, the friend still wasn't sure that he was injured. Nevertheless, he intends to sue and expects to cash in with a handsome settlement.

This really happened. I left out the names to avoid a lawsuit. If a fraud like this is perpetrated, who gets hurt? The insurance agent still gets his commission. The chiropractor still gets his fat payments. And the lawyer, no doubt, will laugh all the way to the bank when he pockets a huge fee.

So who gets hurt? You and I and everyone who buys auto insurance in New Jersey.

As you and I painfully know, New Jersey has some of the highest auto insurance rates in the country. We have them for a number of reasons, but the foremost is that it is so easy to sue that our current laws are an almost irresistible invitation to anyone with anything more than a scratch on his fender to go to court.

We call our system no-fault insurance. When he signed it in 1972, Governor Cahill called it a "happy

JANUARY 10, 1989

142

compromise" that would save motorists 15 percent in their premiums, as much as \$90 million a year. We know now that those optimistic predictions have not panned out.

The idea behind no-fault insurance was to speed payment of doctor bills to men and women injured in auto accidents, rather than have the fault of the parties argued endlessly in court.

Costs were expected to fall because litigation would be reduced. According to Jeffrey O'Connell, the University of Virginia law professor considered to be the father of no-fault, the new system was considered to be more humane, just and cheaper than the old system. Those considerations, at least, are what motivated the Legislature to pass, and Governor Cahill to sign, the New Jersey no-fault law.

But the Legislature only gave Governor Cahill half a loaf. Or, more precisely, it gave him two loaves, never enacting a pure no-fault system because the no-fault law it enacted also retained the old tort system that represented the "you-smashed-my-car-and-now-I'm-going-to-sue-your-pants-off" school of thought.

The tort system turned on a question of fault: who caused the accident, whose fault was it? You jostled in the courts and many months and even years later you reached a settlement. The no-fault system was supposed to forget generally about fault, caring only when very serious accidents and injuries caused pain and suffering that cried out for compensation.

Our no-fault law never quite got that far. The law allowed motorists to recover their medical expenses very quickly. It also allowed the motorist

to sock it to the other guy's insurance company if the injuries suffered exceeded \$200. Two hundred dollars wasn't that much money back in 1972. It is even less now.

The \$200 bar was a chimera, a fraudulent concept. It didn't deter anyone who really wanted to use the system as an instant lottery ticket.

---

*...our current laws are*

---

*an almost irresistible*

---

*invitation to anyone with*

---

*anything more than a*

---

*scratch on his fender to go*

---

*to court.*

---

Because of our generous medical benefits, a plaintiff was paid from the first dollar he laid out for doctor bills. True, he was being quickly reimbursed for his expenses, as no-fault intended. But the \$200 threshold acted like a magnet, impelling the greedy to meet it with more and more medical bills that they didn't have to pay because the personal injury protection coverage they had was picking up the tab.

While the downside of fault was that suits could drag on forever, one salutary side effect was that this prospect encouraged people to settle claims quickly and reasonably. The new system not only encouraged people to find a way to reach the threshold and sue for the really big money, it removed the disincentives

that before had discouraged suits.

The result was countless stories like the one I told you just above, literally countless. In the end, it was like a game show. People recovered twice, first for their medical bills, and then went to the special bonus round for the big payday on alleged pain and suffering.

The insurance companies continued to make money. The insured saw a chance to get rich. Doctors and auto body shops did very well. The trial lawyers saw a chance to get even richer. Everyone was playing a new instant game called Insurance Lotto. You didn't have to match six numbers; you just had to agree on a number with six figures.

But while everyone was looking to hit the jackpot, the system kept coming up three lemons.

Practically from my first day in office I have tried to reform – and reduce – the cost of auto insurance. In 1983, we gave drivers choices they had not had before in order to reduce the cost of their personal injury protection and their comprehensive and collision coverage. We also gave drivers a choice to maintain the low \$200 threshold and pay higher premiums, or take a higher threshold for pain and suffering lawsuits and save money.

In retrospect, this was destined to meet with only partial success because we still had no disincentive to sue and still had a system with a built-in encouragement to go to court. Nevertheless, it was the best legislation we could come up with at the time, and I signed it, reluctantly, arguing that the job still remained to be completed.

We created a special Fraud Bureau at the Department of Insur-

## GOVERNOR'S ANNUAL MESSAGE

143

ance, licensed auto body shops and established arbitration for smaller claims, all to reduce costs. I signed an excess profits law that said insurance companies could not get rich off of your car insurance bills.

Two other notable changes occurred in 1983. It was the last year in which we granted the industry an across-the-board rate increase, and it was the year we created the Joint Underwriting Association (JUA), sponsored by Assemblymen Michael Adubato and Alan Karcher. The JUA was created to insure people who could no longer buy insurance on the open market. That usually meant high-risk drivers, people who the companies' actuarial tables predict will file more and more costly claims than others, and people who had racked up accidents and infractions on their records.

But the JUA never worked out the way it was envisioned. Almost from the start, the JUA came to the Legislature and me and demanded more money. We refused because the JUA had not proven its case. Two years ago, though, it became apparent that the JUA was running a significant deficit. We responded, but it again became apparent that our actions would not stem the deficit. We reluctantly authorized surcharges.

The question everyone wanted answered was why, if we created a specific organization to insure a specific group of drivers, were we all getting hit over the head with surcharges? Part of the answer was unique to the JUA and part lay in the problems our entire auto insurance system had.

The JUA was never intended to insure more than 20 percent of the

state's 4.4 million drivers. Yet today that number has soared to nearly 50 percent. Far too many drivers were in the pool, and this meant that good drivers were lumped in with the bad. At the same time, JUA rates were tied to those found in the voluntary market, thereby guaranteeing an insufficient amount of revenue to offset expected claims.

As these problems became apparent, we began to act. We modernized the insurance department and gave Commissioner Ken Merin the budget to hire more auditors and inspectors. We gave him the muscle to comb the books of the insurance companies. In the old days regulating the industry was, largely, guesswork. The new manpower and new computer systems we paid for gave the department the true ability to regulate.

The investment began to pay off last year. Without the extra capability, Commissioner Merin and the department never would have been able to investigate the \$13 million worth of 3,800 auto insurance fraud cases – eight out of ten involving the JUA – it handled last year, nor refer 202 cases of possible JUA fraud to a State grand jury. Without the extra investment, the State would not have been able last year to collect \$1 million in fines for fraud, nearly 60 times what it collected in 1987.

Without the extra resources we budgeted, the department would not have been able to launch the full-scale audit of the JUA it began last August, or allow Commissioner Merin to investigate the JUA's general manager.

Finally, without the wherewithal we provided, the department never could have put a new system in place at the JUA. In March, four computer companies and one auto insurance company will take over the running of

the JUA and work under tough new standards and strict monitoring to prevent fraud. We believe that this switch will save the JUA \$75 million to \$83 million in expenses a year.

But the JUA is only part of a larger problem: rates in general are too high. I was shopping in Crazy Eddie's on Christmas Eve when I was approached by a young man. He lived in East Orange and had been attending NJIT while working at Crazy Eddie's to pay for his tuition.

This fellow had never had an accident, but when he got his insurance bill it was \$1,800. He couldn't afford both his car, which he needed to go to work, and school. One had to go; it was school.

We should not be forcing young people to choose between their auto insurance or their educations. We should not be forcing elderly New Jerseyans to choose between owning a car they need to get around in and the necessities they must surrender to pay their insurance bills. We should not be forcing New Jersey families to choose between driving at tremendous cost and breaking the law by dropping their insurance.

As I have said for the past seven years, we must have a verbal threshold. A mandatory verbal threshold is nothing more than an agreement by all drivers to sue only when they have suffered very serious injuries. New York, Michigan and Florida all enacted no-fault insurance, and all enacted a verbal threshold. Last year New York's premiums were 14 percent less expensive than ours, Michigan's were 20 percent less and Florida's 36 percent less. A reporter asked a Michigan official about their rates and she said, "Whenever we get complaints about how expensive

JANUARY 10, 1989

144

insurance is or how tough it is for the companies to pay for high-risk drivers, we point out that it's nowhere near as expensive as New Jersey's."

We still do not have a mandatory verbal threshold. I still deeply believe we need one. We will never be able to lower rates under no-fault until we get the verbal threshold. I hope that legislation I signed last fall will give us the ability to hold down costs. The legislation, sponsored by Senator Ray Lesniak, Assembly Speaker Chuck Hardwick and Assemblyman Ralph Loveys, could slash rates by as much as \$200 per car.

As of January 1st, there are two basic policies in the state, known as the Zero Dollar Threshold and the Verbal Threshold. If a driver wants to retain his right to sue at will, he can choose the Zero Dollar Threshold. That artificial \$200 threshold no longer exists, but those higher insurance bills still do.

But if that driver takes the Verbal Threshold, he will get what advocates of no-fault thought they were getting in 1972, cheaper auto insurance in exchange for limiting a driver's right to sue only for serious injuries like a fracture, "death, disfigurement or serious impairment of bodily functions." If a driver does not indicate which option he prefers, the law says the companies must presume he wants the less expensive Verbal Threshold policy.

The new law also has another very important change. Under the new law, the JUA must start dropping drivers who should never have been dumped into the JUA in the first place. By the end of this year, 200,000 good drivers will be removed from the JUA. Each year until 1992, more good drivers will be removed until only truly bad insurance risks will

remain. Under the provisions of the law, those who deserve to pay higher bills will indeed finally have to pay them. The State will also relax its control over open market rates as an incentive for insurance companies voluntarily to write more policies.

That does not mean the companies will be given carte blanche. Last

---

*As long as we have a dual*

---

*system that encourages*

---

*drivers to sue at the drop of*

---

*a hat, we will have rates*

---

*that are too high. I hope this*

---

*works. If it does not, then*

---

*we must give serious*

---

*thought to a fundamental*

---

*restructuring of*

---

*automobile insurance in*

---

*New Jersey.*

---

year I signed a new and tougher excess profits law sponsored by Senate President John Russo. This law now gives Commissioner Merin the power to declare excess profits have occurred when the margin of un-

anticipated profits is 2.5 percent instead of 5 percent under the old law. It also allows the commissioner to review profit data based on an individual company's performance instead of allowing a parent company to submit all of its subsidiaries' data in aggregate. This will give the Department of Insurance a much more accurate picture of how much profit each company is actually earning. Most important, for the first time an insurance company's investment income, which is generally substantial, is subject to the excess profits law.

These changes are not panaceas. We are never going to have low rates. New Jersey has more people, more cars and more accidents than any other state.

Proponents of the new law believe that as many as 80 percent of New Jersey's drivers will take the verbal threshold. I am skeptical that this will happen. Special interests have worked long and hard to defeat the mandatory verbal threshold before, and I believe they will continue to urge the unwary to choose the Zero Threshold. Even though the Department of Insurance will promote the new choices and has prepared a buyers guide that every company must distribute, I believe we will not reach the 80 percent figure.

I cannot forget that when we offered the 1983 reforms, as few as one-third of the state's drivers selected them. As long as we have a dual system that encourages drivers to sue at the drop of a hat, we will have rates that are too high. I hope this works. If it does not, then we must give serious thought to a fundamental restructuring of automobile insurance in New Jersey.

## GOVERNOR'S ANNUAL MESSAGE

145

### A Real Liability

Lost amid the protests about auto insurance are other insurance issues. Last year reminded us that the department has responsibilities that stretch far beyond auto questions. The department had to liquidate a major national property/casualty insurer, Integrity Insurance Company; shut down a small health insurer, GHI; and take over the management of both Progressive, a small regional life insurance company, and Omnicare, a South Jersey HMO. This was the first time in 12 years any insurer in New Jersey collapsed.

Many of the troubles these companies suffered through were caused by a deliberate abuse of company funds by corporate officers. The department sent a strong message to the insurance community that fraud or theft will not be tolerated when it filed suit seeking triple damages against the officers of these companies.

In May, Commissioner Merin sued Integrity Insurance Co., of Paramus, seeking treble damages from the directors, officers and parent corporations for driving the company \$300 million into debt.

A month later, Commissioner Merin sued three former officers and directors of Progressive Life Insurance Co., of Red Bank, and an accountant, accusing them of diverting \$5 million in insurance company funds into an Ocean County printing business. Later in June, Commissioner Merin sued the former president of GHI, alleging that he stole \$181,000 of GHI money for personal use and defrauded the company of \$136,000 in commissions.

In November, Commissioner Merin was back in court, filing suit

against the managers of Omnicare, of Vineland. The suit, which seeks \$8 million from Omnicare's parent company, alleged negligence and mismanagement and charged the parent company with depleting and diverting corporate assets.

We sent another strong signal when Commissioner Merin and Attorney General Cary Edwards expanded the anti-fraud task force, bolstered by \$1.7 million raised in contributions from the industry. Last January, the Legislature passed a measure lifting the \$500,000 ceiling it had set on insurance industry contributions to the fraud prevention unit. That meant that Commissioner Merin and Attorney General Edwards could hire additional investigators to investigate statewide fraud in the insurance industry.

Liability insurance soared in 1985 when some municipalities faced five-fold increases and many commercial businesses could neither get nor afford liability insurance. The high rates drove municipalities and private citizens to run the risk of having no insurance. Some municipalities formed self-insurance pools, when the cost of buying insurance drove up property taxes.

I acted, issuing an emergency executive order to stem the wave of insurance cancellations that were wreaking havoc on our citizens. We issued new regulations that made insurers spell out why they were not renewing policies, and established the Market Assistance Plan under which insurers would write policies for child care centers, local governments and taverns, all of whom suffered some of the worst increases.

We amended the Tort Claims Act, eliminating the doctrine of joint and several liability for governments and taverns, and made more modest changes to the way the doctrine

affects private citizens. This limited the amount of damages a defendant could be liable for and reduced the size of awards insurers would have to pay. That in turn put less pressure on rates.

Despite all we did, the 1985 crisis did not end, it merely subsided. The crisis was driven by industry practices of offering cut-rate premiums when interest rates provided a 20 percent rate of return only to be caught with too many low-revenue policies when interest rates fell. Companies were then forced to jack up rates to cover their losses in investment income, and the result was the crisis we all experienced.

The insurance business cycle continues to this day and, like the iceberg waiting for the *Titanic*, it looms as future trouble. Many of the same foolish or irresponsible practices that sparked the last problems continue unabated. In some cases, commercial insurance prices have tumbled 75 percent. The stage is being set for another round of ruinous price hikes. Remembering that Noah did not wait for the first drop of rain to build the ark, we should act today.

Last year I asked the Legislature to pass a package of bills establishing controls on irresponsible commercial insurance practices. We need this legislation to prevent lax underwriting and price wars followed by panicked rate hikes. Commissioner Merin believes that without this legislation, New Jersey will experience problems in 1990 or 1991 as it did in 1985 and 1986. I will not be governor then, but I believe we should act now to spare my successor that trouble.

This possible future is why the failure of Integrity Insurance Com-

JANUARY 10, 1989

146

pany is so troubling. It is trauma enough for the men and women who were insured through Integrity. But the wide-angle-view implications are worse. That is why I ask you to pass the 20-bill package Commissioner Merin has assembled to increase regulation of the commercial insurance industry.

We believe that only a strong department can protect the general public. Insurance is even more arcane than the law, quantum physics or why teenagers listen to Bon Jovi. That is why we have invested nearly \$35 million since 1984 to modernize a department that once thought the ball point pen was the leading edge of modern technology and was so underfunded that when the commissioner called a department wide staff meeting he or she could hold it in a phone booth.

Since we began modernizing the department, we have allowed it to move into new areas, such as devising a system to monitor property/casualty companies in order to gauge overall profitability. The new muscle allowed Commissioner Merin to propose a regulation that would result in a 20 percent cut in credit life coverage premiums for people who are forced to buy coverage when they borrow money.

The department's new strength has also enabled it to prepare to regulate the insurance aspects of the state's 21 health maintenance organizations, all of which are losing money, and keep a careful eye on the fiscal health of Blue Cross and Blue Shield.

Last summer I signed legislation to remove statutory barriers that contributed to the technical insolvency of "The Blues". This legislation, sponsored by Senator Ray Lesniak and Assemblyman Ralph Loveys, now allows "The Blues" to recognize important factors when setting rates,

like the age and health history of their customers. Under the old law, "The Blues" were the only insurance carrier in the state which had to ignore these factors when setting fees. This law helped level out the playing field and gave "The Blues" a new chance to compete.

Still, "The Blues" need more help. They are the only companies in

---

*We believe that only*

---

*a strong department can*

---

*protect the general public.*

---

*Insurance is even more*

*arcane than the law,*

---

*quantum physics or why*

---

*teenagers listen to*

*Bon Jovi.*

---

the state which carry the full burden of insuring people with very poor health histories, people with chronic, incurable or fatal diseases. That puts a huge strain on the other policyholders "The Blues" insure. Commissioner Merin has formed a commission to search for a better way to finance this coverage.

The additional investment in the department has allowed us to make it work better and more efficiently. In the old days, every time an insurance broker's license came up for its two-year renewal, it took a small army of insurance department employees to

sift through hundreds of pieces of paper to find the right license. The backlog was big and the State had to pay workers overtime to reduce it.

We were able to computerize this licensing, and are now able to issue one, four-year license in a matter of seconds. We have cut the overtime and saved the taxpayers money.

This new efficiency let us do something else. It allowed us to give tougher exams to the men and women who want to be brokers. The old tests were easy; the new ones provide a much better means of making sure that only qualified men and women will serve as brokers and agents.

All of this regulatory reform is very important now, but will become even more important in the future. In Greek mythology, the Trojans refused to listen to Cassandra when she made her predictions of future woes, and all of Troy suffered for it. We would be remiss if we did not pay attention to our insurance commissioner, because it will cost us later.

### **You Can Bank On It**

"Quiet Revolution" is a good description for what has happened recently to banking in New Jersey. If in the 1970's no one could foresee that people would have VCRs at home or predict the day would come when people had phones in cars, then very few people could have anticipated the revolutionary changes that have taken place in the world of banking during the past seven years.

When I ran for my first term I could not have predicted the rise in interstate banking. But I am not surprised by the surge in prosperity our banks have recorded or the increased prominence and industry respect our banks have achieved. In

GOVERNOR'S ANNUAL MESSAGE

147

October, when the American Bankers Association met in Honolulu, the chairman of the Federal Deposit Insurance Corporation, L. William Seidman, said New Jersey's banks were second only to Maine's. We appreciated the kind words, but, like Avis, #2 is going to try harder.

I was not surprised by Mr. Seidman's praise. New Jersey's banking industry has always been a leader, from as far back as 1682 when Mark Newbie founded the Western Hemisphere's first bank of issue in Woodbine. Newbie convinced the colonial legislature to allow him to use souvenir coins bearing the likeness of Saint Patrick, worthless as currency back home in England, as legal tender here and used the coins to set up his bank on the current site of Woodbine's borough hall.

Thanks to the 1682 legislature's wisdom, banking and the colony's economy prospered. Slightly more than 300 years later, the Legislature once again demonstrated its wisdom when it passed a law clearing the way for interstate banking.

In 1986, I signed the Interstate Banking and Bank Oversight Control Acts that opened New Jersey's commercial banking borders to out-of-state banks. The law took effect in two parts, first allowing banks who joined New Jersey in a regional compact to do business here, and then, as of January 1, 1988, allowing banks from across the nation to do business in New Jersey. At the same time, New Jersey banks were allowed to seek out business across the country.

Last year we opened our borders again, allowing savings and loans from other states to do business in New Jersey, while allowing New Jersey savings and loans to do business in other states. As with the commercial banks, we began region-

ally before moving on to nationwide business for our savings and loans.

Fundamental to all of this was the outstanding financial health of our commercial banks and savings and loan associates. Earnings statistics for all State-chartered commercial banks, savings banks and savings and loan associations reflected New Jersey's robust economy. Figures released at

---

*New Jersey's banking*

---

*industry has always been a*

---

*leader, from as far back*

---

*as 1682 when Mark Newbie*

---

*founded the Western*

---

*Hemisphere's first bank of*

---

*issue in Woodbine.*

---

mid-year 1988 showed that assets held by New Jersey's banks climbed 13 percent over 1987 assets, up to \$80 billion. Net income for the 126 national and state commercial banks doing business here grew an extremely impressive 36 percent to \$431 million.

With performance like that, and with the State's steady growth in prosperity, it is no wonder that 15 new banks were chartered in 1987 or that 10 more had been newly chartered through October 1988. It is also no surprise that intrastate consolidations and interstate acquisitions, such as First Fidelity Bank's purchase of Fidelcor, of Philadelphia, to form a super-regional bank company,

continued last year. As opposed to thrifts in the Southwest and California, New Jersey's thrifts continued to grow strongly.

During all of this heady growth, the Department of Banking, led by Commissioner Mary Little Parell, continued to oversee and regulate the banking industry, making sure our institutions were financially sound and that our customers were being protected. When Public Advocate Al Slocum reported that some members of the check-cashing industry were overcharging their customers, and the State Commission of Investigation reported that organized crime has involved itself in the check-cashing industry in New Jersey, the Department of Banking acted.

The department rewrote its regulations to require that a check casher publicly post the fee he is legally allowed to charge, a notice that customers are entitled to a receipt, and a toll-free phone number to the department for complaints. The banking department also prepared legislation that I support to protect this industry from the sinister hand of organized crime. I call on the Legislature to pass this legislation, which would require that anyone who cashes checks for a fee be licensed, carefully regulated and face criminal sanctions if he or she violates this law.

Three years ago the mortgage market went crazy, and New Jerseyans flooded mortgage offices and banks seeking to take advantage of the lowest interest rates in a decade. Many people suffered through delays, frustrations mounted and angry accusations were exchanged between customers who wanted their mortgages approved and the people providing the loans. Since then, the banking department has reviewed and rewritten State regulations to

JANUARY 10, 1989

148

require uniform standards and guidelines for all mortgage lenders. In addition, the new regulations remove much of the uncertainty that had surrounded the refundability of many of the fees charged by the mortgage lenders.

There has indeed been a revolution in the way banks do business in New Jersey, and the

Congress responded with Glass-Steagall, which forbade the banks from underwriting securities.

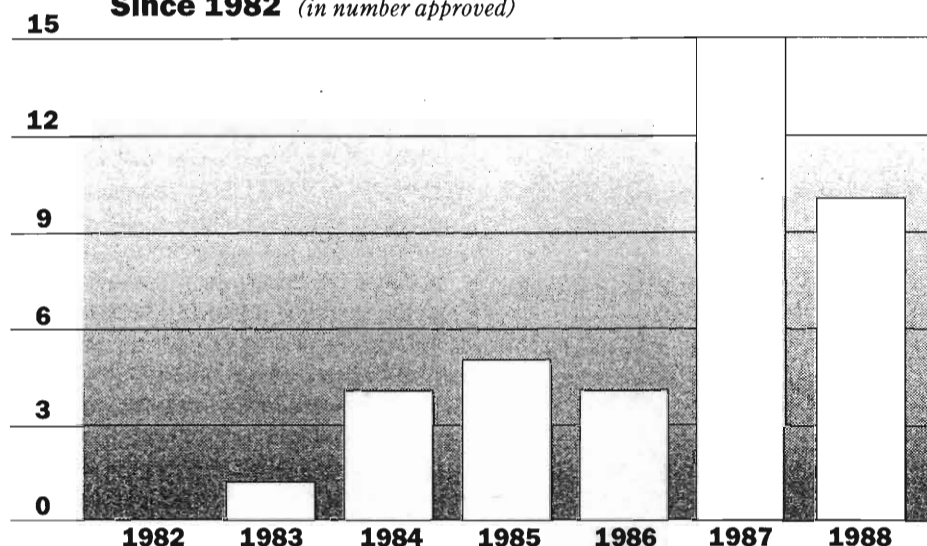
But in the 56 years since Glass-Steagall was passed, the financial world has changed greatly, and banking is one of the most carefully – and some would say overly – regulated industries in the country. Despite their current prosperity,

New Jersey we have already given our banks limited additional “leeway” powers to engage in some non-traditional bank business. Banks in New Jersey, for example, are allowed to sell stocks and insurance policies, but not to underwrite them. We have carefully regulated these practices, attaching bells and whistles to go off at the slightest hint of trouble or impropriety. To date we have heard nary a toot or a gong. We have experienced no fraud or default as a result of allowing our banks to engage in this sort of business. I believe it is now time to allow the banks to compete fully on a level playing field with their new competitors.

There is one more change that I believe we ought to consider. Commissioner Parell has been arguing, somewhat persuasively, that we should allow foreign banks to have a greater role in the banking industry in New Jersey. For 40 years, New Jersey law has prevented foreign banks from directly transacting business here. Although a foreign bank can own part of a New Jersey bank, it cannot buy office space or conduct back-office operations here. More important, while a foreign bank can be a part-owner of a New Jersey bank, it cannot be the majority owner.

In this era of an integrated world economy, it seems appropriate that we should begin to rethink the barriers to even more robust banking in New Jersey. Last year in the Annual Message I argued that international trade was the route to continued and future prosperity. Nothing has happened since to change my mind. Removing foreign banking barriers is the next logical step to continue New Jersey’s financial growth.

### State Banks Approved Since 1982 (in number approved)



revolution is not over. We believe that the time has come for Congress to repeal the restrictive provisions of the Glass-Steagall Act, passed as part of the New Deal.

Glass-Steagall was enacted in answer to the excesses and irresponsibilities of the banks during the get-rich-quick days before the 1929 Crash. In the 1920’s banks had been free to sell just about any financial product they pleased, including stocks sold on margin that had little real money behind them. After the paper kingdom of speculation collapsed and the nation was plunged into the darkest financial night of our history, President Roosevelt and

banks are in danger of being unable to compete with the other major financial players who now, unlike in the past, perform many of the functions banks traditionally performed, like making loans and offering money market funds and credit cards. In the 1980’s we see famous industrial companies like Sears, General Electric and Ford going beyond washing machines, light bulbs and station wagons to offer financial services. In addition, security houses like Dean Witter offer banking services to attract business that used to go to the banks.

The banks don’t want to make washing machines or station wagons, but they do want to compete on a level playing field with the security houses for their customers. Here in

## GOVERNOR'S ANNUAL MESSAGE

---



*New Jerseyans demand*

---

*and deserve relief*

---

*from skyrocketing auto*

---

*insurance rates*

---

---

---

---

---

---

From top to bottom:  
Can you spot the  
lemon in this lot?  
New Jersey's lemon  
law is on your side.  
New Jerseyans 2.5  
million motorists beg  
for relief from  
skyrocketing auto  
insurance rates.  
Health insurance  
means the difference  
between life and  
death for many New  
Jerseyans.

The banking industry  
fuels our strong  
economy.



CARTERET SAVINGS

**FIRST** **NEW JERSEY**  
NATIONAL BANK

**B** **PEOPLES**  
**BANK**

**FIRST**  
**FEDERAL**  
**BANK**

**UNITED**  
**CENTRAL**  
NATIONAL BANK

**INVESTORS**  
**SAVINGS**

**HUDSON**  
**CITY**  
**SAVINGS**  
**BANK**

**MIDLANTIC**  
NATIONAL BANK



**FLEMING**  
**NATIONAL**  
BANK & TRUST

**UNITED**  
**COUNTIES**  
**TRUST**  
**COMPANY**



**The**  
**Summit Trust**  
**Company**

Member of The Summit Bancorporation

**CITY**  
**FEDERAL**  
**SAVINGS**

**NATIONAL COMMUNITY BANK**

**Broadway Bank**

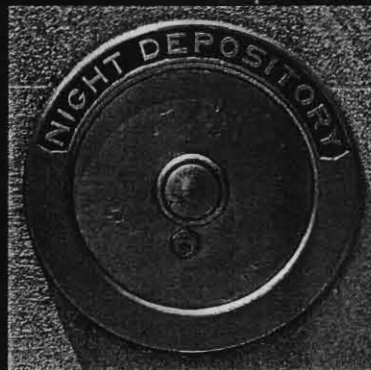
**MAC**  
Money Access Center



**MAC**  
Money Access Center



**MAC**  
Money Access Center



Rising wages have  
given New Jerseyans  
many reasons to visit  
their local bank.

**MAC**  
Money Access Center



---

## GOVERNMENT & MANAGEMENT

---

**P**erhaps in no area has our quiet revolution had a greater impact than in the improvements we have brought to the very structure of State government.

When we arrived for the first day of work on January 20, 1982, there was more to clean up than streamers and confetti from celebra-

tions the day before. We inherited a State government in which buildings were dirty, dismal and deleterious to productive work; in which workers were managed by rules put together in 1908; and in which the idea of high technology was a pocket calculator.

When the next Governor wakes up the morning after his or her inauguration, he or she will face a much different situation. The next Governor will inherit a State government with nearly 60 new buildings, a modern personnel system, and computerized services equal to those of most Fortune 500 companies.

In 1988, we made the most progress yet toward our goal of professionalized State government.

Part of the progress was visible

and dramatic. We dedicated three new State office buildings in Trenton and opened 11 others around the state.

The sole purpose of government is to serve, but it cannot in conditions that bring to mind the stage set of *Les Miserables*. In the past, for example, people who had business with the Departments of Insurance or Higher Education had to brave dingy offices without waiting rooms, offices that were painted in institutional colors usually reserved for our State prisons.

Some of our offices in the Departments of Community Affairs and Public Advocate were so overcrowded employees had to share desks and pile papers on chairs for lack of file cabinets. Unpartitioned space, tile floors and archaic office equipment created a cacophony not unlike that heard on the backstretch of the Indy 500. Productive work was virtually impossible.

A few cynics may believe that State employees deserve squalid working conditions. But most taxpayers want to be served by profession-

JANUARY 10, 1989

154

als, and professionals need quiet, clean environments in which to work. The investment in new offices is more than recouped by increased productivity.

That's why we built the Mary G. Roebling Building in Trenton to house the Departments of Banking, Insurance, Higher Education and Commerce. It is why we opened the William Ashby building for the State Department of Community Affairs. Along with the soon-to-be-completed

profound in its consequences. We added nearly 200 positions in the Senior Executive Service (SES) program created two years ago as part of the Civil Service Reform Act.

Fortune 500 companies know they must challenge and reward their top workers or else lose them. State government is no different. SES challenges many of the managers crucial to the day-to-day operation of our government. By providing incentive pay and professional manage-

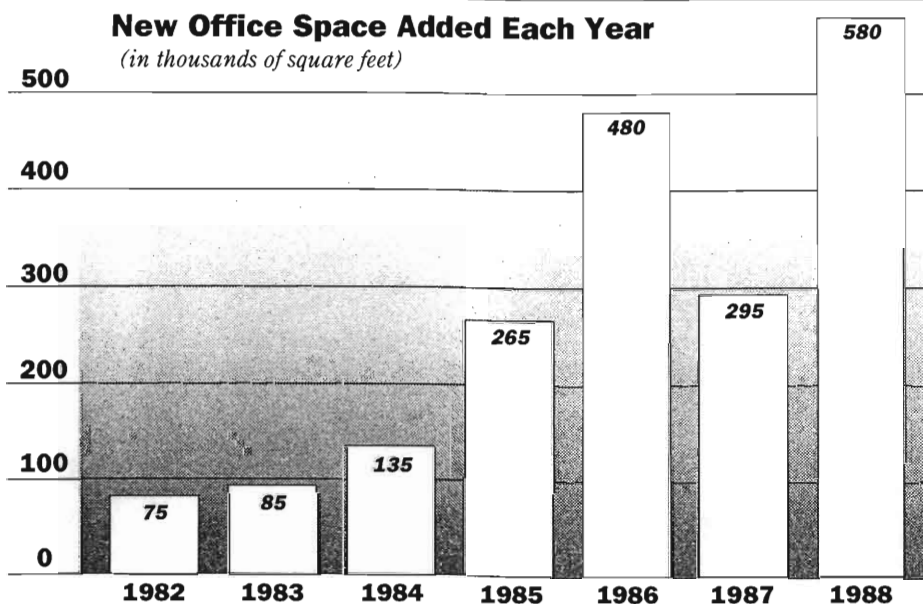
The SES is just one of the ways we are cleaning up a civil service and bureaucratic mess that had been festering for almost 100 years.

How out of step was New Jersey? We had more job titles in our state and local classification systems than Scheherazade's 1,001 tales in *The Arabian Nights* – as many as 12,000 at one point. It was as if Aladdins in every department could make job title genies appear simply by rubbing their magic lamps. Job qualifications and seniority ladders were routinely avoided simply by creating new titles. The people of New Jersey deserved better.

We began our reform with a basic assumption: State workers are not by nature bureaucratic; the system makes them so. Changing that system, then, was the key to a more efficient State government.

Our 1982 Government Management Improvement Program (GMIP) was the start. Executives on loan from private industry examined every corner of State government looking for ways to cut waste and eliminate inefficiency. The executives left behind hundreds of helpful recommendations for improvements and took with them a new appreciation for the talents of State workers.

One of the best improvements to come out of our first year is the Certified Public Managers (CPM) program. Many of the supervisors and managers in our state offices earned their positions by working their way up through the ranks. This meant, however, that they often lacked the formal training that would fill in any gaps in their management



Capital Center and State Street Square projects, these new offices provide New Jersey with the first-class facilities we need and deserve.

Progress was also made last year in an area perhaps less newsworthy than ribbon cuttings or building dedications, and yet even more

ment training comparable to the "fast-track" development found in the best corporations, New Jersey can reward our best employees and cut down on turnover.

When SES is fully operational, New Jersey will have a cadre of up to 1,200 professional managers that will be the envy of other states. These managers will be an invaluable source of advice and experience for political appointees and will be available to respond when management crises occur in any area of State government.

# GOVERNOR'S ANNUAL MESSAGE

155

skills, gaps that impaired their efficiency as managers.

The CPM program authorizes the Department of Personnel and Rutgers University to give 300 hours of management training to those in managerial and supervisory positions.

To date, more than 71 percent of the supervisors and 62 percent of the managers in the state have under-

*All together, CPM and*

*GMIP-initiated*

*reforms save New Jersey*

*taxpayers an*

*estimated \$100 million*

*every year.*

taken or completed their CPM training – over 7,000 men and women. Quite simply, our government management team is becoming the best trained public employee system in the country, and our program has become a model for the nation. All together, CPM and GMIP-initiated reforms save New Jersey taxpayers an estimated \$100 million every year.

These savings, of course, are on top of the more recent savings stemming from Civil Service Reform,

which had been pushed by Senator Gerald Cardinale, Senator John Lynch, former Assemblyman "Doc" Villane and Personnel Commissioner Gene McCaffrey.

Since that law was signed in 1986, the first major reform in 78 years, we have not only started the Senior Executive Service, but we are halfway toward our goal of cutting the number of State job titles in half. In the process, we have improved the productivity of 200,000 state, county and municipal workers.

This year, we want to consolidate our gains and build on our prog-

ments that may be experiencing management difficulties.

One final reform is worth mentioning. We eliminated the Department of Energy, proving the critics wrong who said government's natural tendency in this age is to perpetuate itself.

## Saying "No" to Discrimination

We all know the situation. A female secretary is propositioned by her boss, or a black or Hispanic worker overhears a disparaging joke at the

## Minority Professionals in State Government

7500

6000

4500

3000

1500

0

1982

1983

1984

1985

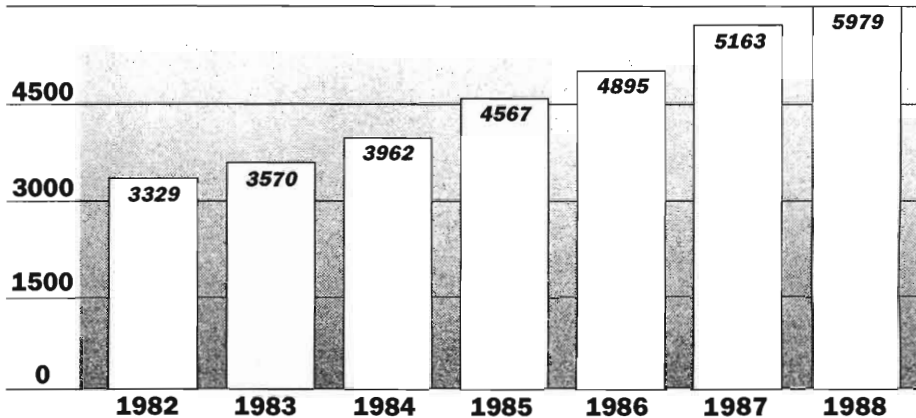
1986

1987

1988

ress. We will evaluate the cash and non-cash benefits offered to State workers compared to the private sector. We will work to guarantee that lists of qualified prospective employees can be made available to departments within 30 days of a job opening. And we want to promote the use of teams of SES executives by depart-

water cooler. Nothing can reduce the discomfort and anger employees feel when incidents like these occur. State government is home to the productive and the professional, but we have no place for the bigot or the chauvinist.



JANUARY 10, 1989

156

That is why we have made such a strong commitment to our Affirmative Action and Equal Opportunity Programs.

Our Affirmative Action Sensitivity Training Program finished its herculean task of training over 65,000 State workers in July, 1987. Now the program concentrates on new employee orientation, making sure that every one who comes to work for New Jersey knows that fairness and equity are the watchwords we use in hiring and promotion.

I am proud of the changes we have made in our employment practices. But there is another, more subtle kind of discrimination we need to fight, too. Just like clockwork, it shows itself every other week – on pay day.

Equal work for equal pay is not a slogan; it is a right as fundamental as those spelled out by the framers of our Constitution. That is why we convened a Task Force on Pay Equity, and why we have supported its recommendations.

The legislation now making its way through the Senate, sponsored by Senator Wynona Lipman, is a big step in the right direction. State money is now tight, and we may not be able to correct past wrongs this year, but we remain committed to proving that State government is without bias every day, including pay day.

I also remain committed, through State set-aside programs, to opening the door to State government for small, women and minority-owned

businesses who never earned State contracts because they couldn't break through the "old boy" networks.

Our concern for equal opportunity and human dignity does not end at our borders. Last year we completed our divestiture of State pension funds from corporations doing business with South Africa. New

---

*"State government is home  
to the productive and the  
professional, but we have no  
place for the bigot or the  
chauvinist."*

---

Jersey was one of the first states to take this brave action. Now Washington and other states have followed.

We can be proud of the changes we have brought to State government. I hope this new level of professionalism will help remind young men and women that public service can be both a noble and rewarding profession.

Our Governor's Fellows program has just such a goal. Governor's Fellows, culled from some of the best graduate schools in the country, serve as special assistants to top department officials, including commissioners.

Like any sound investment, the success of this program can be seen in its rate of return. In the first three

years of the program, a majority of Governor's Fellows has chosen to apply to remain in State government and continue their commitment to the people of New Jersey.

## **Super OTIS**

One other major improvement completes the list of substantial improvements we have made since we came to Trenton.

If you have a question about your driver's license or your tax return, a problem with your landlord or your rights as a consumer, where do you turn? If you are like most people, you pick up the phone and call somebody in State government.

Believe it or not, when we entered office in 1982, all the information that went into making up the State telephone directory – names, departments and extension numbers – was kept on file cards in shoe boxes. The State's record keeping system was still in the Dark Ages. Clearly, this was no way to run a state.

That is where OTIS comes in. Ask any movie buff or comic book fan who OTIS is, and they remember him as the bumbling sidekick of Superman's nemesis, Lex Luthor. In fact, OTIS might be considered New Jersey's version of the Man of Steel.

OTIS is the Office of Telecommunications and Information Services, now located in their new headquarters in Ewing. Almost as fast as Superman could stop a speeding

# GOVERNOR'S ANNUAL MESSAGE

157

bullet, OTIS has centralized and improved the telephone, information and data processing of State government. This has saved the taxpayers of this state millions of dollars while enabling every department to provide better service.

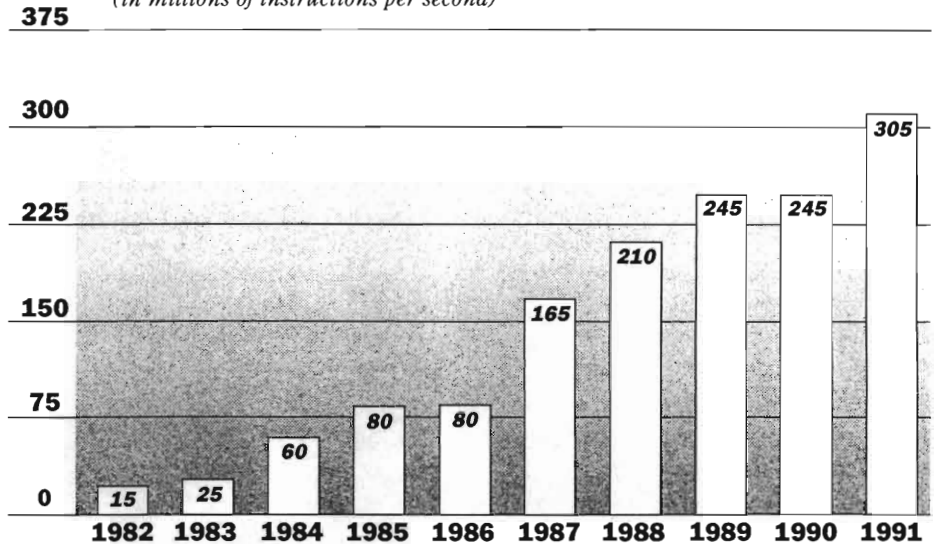
Better record keeping through OTIS allowed us to collect back taxes owed through our Tax Amnesty Program. OTIS's Disability Automated Benefit System has sped the processing of disability payments. Pensioners who used to worry about lost or delayed checks now rest easy, knowing OTIS is on the job. From tracking the maintenance and repair of our bridges to providing hand-held computers for better and faster housing and building inspections, OTIS is one of the key players in our quiet revolution in State government.

GMIP, SES, CPM, OTIS – it sounds like alphabet soup, but it has meant more efficient, cheaper government for the people of New Jersey.

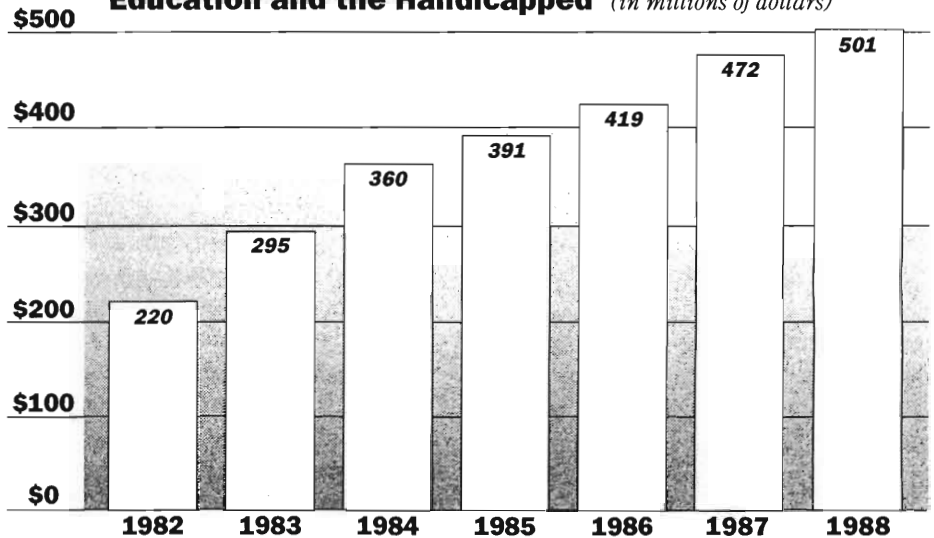
That is one reason why we continue to earn our Triple-A credit rating from both major rating services. In fact, we are the only northeastern state and one of only seven states in the country to be so accredited. While the new federal tax laws have helped wreak havoc on the budgets of other states from California to Massachusetts, New Jersey's fiscal prudence and discipline has left us in much better shape, without having to raise taxes.

One agency continuing in great shape is the State Lottery Commission. Last year, under the leadership

## New Jersey's Major Computing Capacity (in millions of instructions per second)



## Lottery's Contribution for Seniors, Education and the Handicapped (in millions of dollars)



of Director Barbara Marrow-Mooring, sales increased for the seventh straight year. New games and new technology continue to reduce operating costs, increase prizes and make more money available to handi-

capped New Jerseyans, seniors and others who benefit from lottery profits.

JANUARY 10, 1989

158

## **"Of the People..."**

The quiet revolution has given New Jersey taxpayers better government for fewer dollars. But the revolution is not over. New fronts have been opened in the war against responsive, representative government. We must win these battles in order to properly serve the people of New Jersey.

One battle we must wage anew is the battle against excessive regulation. In the past six years, 4,000 new regulations have been promulgated in New Jersey. Many are sound, simple and necessary. Many others are redundant, while some are so confusing they might as well be written in Swahili.

Last year, at the request of Assemblyman Bob Franks, the Legislature established a commission to examine state regulations. Led by former transportation and labor commissioner Roger Bodman, the commission finished its work early and below budget. That in itself is noteworthy, but the commission also set forth some thoughtful recommendations upon which we should act.

The commission found that the Legislature approves many ambiguous bills, forcing State agencies to interpret them. The commission recommended a Legislative Record, much like the Congressional Record,

to record debate. While a Legislative Record would do little for bedtime reading, it would make life much easier for the judges and State employees who interpret State law.

The commission also gave advice to the executive branch, proposing we establish a Chief of Regulatory Efficiency whose sole

---

*...the public financing*

---

*law has become the*

---

*public policy equivalent*

---

*of disco music: old and*

---

*outdated.*

---

responsibility would be to eliminate redundant regulations and help clarify confusing ones. The commission reasoned that with so many people concerned with creating new regulations, we need a powerful advocate for fewer and clearer ones.

This is a good idea. I have already instructed my cabinet officers to review the programs they run and suggest regulations that can be cut. And I hope to create a Chief of Regulatory Efficiency before my term expires.

Vague and redundant regulations act as a wall between the people and their government. Another wall,

equally dangerous, is the pile of cash that grows higher every campaign season.

John Adams put it best: "As the happiness of the people is the sole end of government, so the consent of the people is the only foundation of government."

In Trenton in recent years "the consent of the people" has been replaced by the consent of the narrow interest group, the well-connected lobbyist and the high-priced consultant. Last year, a race for a New Jersey U.S. Senate seat cost two candidates \$16 million. In the past four years, the average cost of running for the Assembly or State Senate has quadrupled to almost \$150,000.

Most Assemblymen and Senators do not have \$150,000 of loose change in their pockets. So they turn to special interests. And when decisions are made later, special interests voices sometimes speak louder than the general public's.

The answer to this threat to democratic government is public financing.

Public financing of New Jersey gubernatorial elections has been a success noted across the country. We have attracted large numbers of qualified candidates and no candidate has dared attempt to buy the office with a bulging war chest.

But the public financing law has become the public policy equivalent of disco music: old and outdated. The

## GOVERNOR'S ANNUAL MESSAGE

159

low thresholds to qualify for public financing mean we may have a candidate for every ten primary voters next year, while the low funding caps make it impossible for a good candidate to get his or her message across in the New York and Philadelphia television markets, the first and fourth most expensive in the country.

As I write, several bills are being considered which would revise our gubernatorial financing laws in time for the '89 election. Assemblymen Robert Martin and Anthony "Skip" Cimino and Senator Robert Van Wagner in particular have devoted a great deal of time to this issue.

We can argue over the proper threshold level, how high the cap on fundraising should be, and whether candidates who accept public money should agree to a set number of debates. But we all agree the present law must be changed. I hope by the time I deliver this message that a compromise bill has been passed and is on my desk. This is the best way we can guarantee New Jerseyans good government in the 1990's.

This election year, I also ask the Legislature to consider public financing of legislative elections.

Assemblyman Alan Karcher and I do not agree all that often, but one thing we do agree on is that the State

Legislature has changed a great deal since we both first entered it. The job has become more full-time. Members spend more and more time raising money and less time dealing with substantive issues. Gone are the homemakers, small storeowners or community activists.

I believe New Jerseyans will be

---

*Public service*

---

---

*should not be a pastime*

---

---

*or vocation for*

---

---

*the privileged few.*

---

willing to make the investment in public financing of legislative races, in exchange for a return to the days of a truly citizens' legislature. We are very close to the day when the only candidates for the State Legislature will be the wealthy, lawyers or full-time politicians. Public service should not be a pastime or vocation for the privileged few.

Many legislative leaders have told me privately that they agree. I hope we can make our feelings public this year and adopt public financing.

Another important change we need to make is in Congressional and legislative redistricting. Right now New Jersey's map of legislative dis-

tricts is an automobile club nightmare. In Monmouth County, a bird leaving Atlantic Highlands in the 11th district can fly in a straight line over parts of the 13th and 12th districts before landing again in the 11th district township of Wall.

That same bird can take flight from a section of the 6th district east of Gloucester and cross the boundaries of three districts no fewer than seven times before landing back inside the 6th district in Pine Valley.

Such gerrymandering is as outmoded as it is unconscionable. Boss Tweed has been dead for over 100 years; it is time we bury gerrymandering, the remnant of his political age.

Assemblymen Bob Franks and Frank Pelly have introduced legislation to create a commission to revise our reapportionment procedure. The bill has passed the Assembly; I hope it will soon pass the Senate. As the 1990 reapportionment approaches, we need to bring more common sense and less politics to our redistricting process.

Finally, I ask the Legislature to consider one issue that is especially near to my heart. My predecessors have told me that in the waning days of a governor's second term, legislative leaders sometimes turn nostalgic and look more kindly on the departing governor.

JANUARY 10, 1989

160

If so, I ask for one special favor. Give the people of New Jersey the right to vote directly on important issues by adding initiative and referendum to the State Constitution.

When properly crafted, initiative and referendum can be a last resort for the people in those rare instances when their legislators are paralyzed by the demands of special interests. Such is the case now with auto insurance. With initiative and referendum available, the paralysis would certainly be cured.

Peter Finley Dunne was an American humorist at the turn of the 20th century. Famed for his wit and wisdom, Dunne was a sort of David Letterman of the pre-"couch potato" age.

---

*Boss Tweed has been*

---

*dead for over*

---

*100 years; it is time*

---

*we bury gerrymandering,*

---

*the remnant of his*

---

*political age.*

---

Commenting once on public scandal, Dunne wrote in his affected Chicago brogue that the modern idea of government is "snub th' people, buy th' people, jaw th' people."

Dunne wasn't completely off base. His corruption of Lincoln's famous quote reminds us why we must pay strict attention to the rules by which government operates. Public financing ensures that government does not buy the people or that certain people do not buy government; regulatory reform and redistricting guarantee that an arrogant government does not snub the people; and initiative and referendum makes sure that, if the government officials are all jaw and no action, the people have quick and reliable recourse.

## GOVERNOR'S ANNUAL MESSAGE

---



*The next Governor will*

---

*inherit a professional*

---

*organization equal to most*

---

*Fortune 500 companies*

---

---

---

---

---

Governor Kean, Mary Roebling and ex-President Richard Nixon celebrate the opening of the new Mary G. Roebling Building in Trenton, one of almost 60 new State buildings to open during the Kean Administration.

Below, an aerial view of the new William Ashby Community Affairs building in Trenton.

Opposite page, Rocco D'Aleso, Regina Roselle, and Vicky Reid keep OTIS computers running, saving taxpayers dollars and bring New Jersey into the computer age.





Lottery sales last year raised almost \$501 million for seniors and handicapped New Jerseyans.

Senate President John Russo (center photo) of Toms River and Assembly Speaker Chuck Hardwick (bottom) of Westfield.



---

GOVERNOR'S ANNUAL MESSAGE

---

165

---

---

## FEDERAL RELATIONS

---

**T**he spark that ignited New Jersey's quiet revolution was lit eight years ago, when Ronald Reagan assumed the Presidency. President Reagan ran for office not on an anti-government platform, but on an anti-Washington platform. He pledged to shift responsibility for government programs to the states, which are far more responsible to the people.

He backed his words with action, cutting the revenue that flowed from the Capitol to statehouses. Last year, federal aid supported the smallest proportion of state and local programs since 1966, the year before President Lyndon Johnson began the "Great Society."

In the face of these cutbacks, states had a choice: either sit on our hands and watch problems mount, or become active and original problem solvers. We chose the latter path. New Jersey in the 1980's has become, in the famous words of Supreme Court Justice Louis Brandeis, "a laboratory of democracy." Many of the quiet reforms described in this book – in policies ranging from public transit to infant nutrition – were spurred by

the federal government's retreat from those areas.

Now we are exporting our quiet revolution to other states. Our "alternate route" to attract better teachers has been copied by Connecticut, Arizona, Hawaii and over 20 other states. Our revolving loan fund to pay for sewage treatment improvements is being used as far away as Sacramento, California. Other states are beginning to experiment with mandatory garbage recycling, taking over failing schools, and even public financing of state elections.

In perhaps the greatest compliment, even Washington, which once told us how to act, is now looking to New Jersey for leadership. Last year, for the first time in two decades, Congress and the President agreed on a major reform of our nation's welfare system. The principles at the heart of that reform – principles I outlined before the Senate Finance Committee – were taken directly from

JANUARY 10, 1989

166

New Jersey's REACH program, which I described earlier.

Like REACH, the nation's welfare reform is based upon the concept of mutual obligation: welfare recipients agree to work or obtain skills and the state agrees to provide education, bus fare and health insurance. Like REACH, and unlike most other states' welfare reforms, the federal program is directed at the vast majority of recipients, including women with young children.

The nation's new welfare system offers the hope of freeing Americans from Wilmington to Watts from the chains of poverty. It is the ultimate compliment to New Jersey's legislators that this new idea was first tested in our laboratory.

Welfare reform was not the only Washington accomplishment in 1988 to take a lead from New Jersey. In November, President Reagan signed legislation banning the dumping of sewage sludge in the ocean by the end of 1991.

The legislation followed an ocean dumping agreement that Governor Cuomo and I announced in September. Under the terms of that agreement, and the new federal law, most fines collected from dumpers who violate the '91 deadline will be used to develop land-based methods to safely dispose of sewage sludge.

The ban on sludge dumping culminates a battle that has occupied

Congress for years. I congratulate every member of our delegation for their tenacity in pursuing our interests. Especially deserving of praise are Congressmen Bill Hughes, Jim Saxton, Bob Roe and Dean Gallo, as well as Senator Frank Lautenberg.

Congress also took a step toward a cleaner ocean by approving legislation to establish a federal system to track and identify medical waste. Senators Bill Bradley and Frank Lautenberg, along with Con-

---

*New Jersey in the 1980's*

---

*has become, in the*

---

*famous words of Supreme*

---

*Court Justice Louis*

---

*Brandeis, "a laboratory of*

---

*democracy."*

---

gressman Jim Florio, pushed for this national system, which again is based on a New Jersey system I created by executive order last year.

Our entire delegation deserves praise for taking these giant steps to protect our ocean. This year, I hope they will continue their concern by providing full funding of the Clean Water Act, which helps us upgrade sewage treatment plants. I also hope they will quickly renew the Clean Air Act, paying special attention to the

problems of acid rain and ozone depletion.

Ocean pollution was in the headlines last year. But ten years ago the headlines were about the dangers of toxic waste. While attention has receded, New Jersey has quietly gone about cleaning more Superfund sites than any other state. We could not have made this progress without our delegation's work in seeing that more than half the federal toxic waste cleanup money spent in fiscal year 1988 was spent here in the Garden State.

Senator Bill Bradley has long been interested in protecting the parks and hiking trails that give New Jersey its character. Last year the Senator won approval of two new federal laws to protect open space. The first allows us to acquire an additional 34,000 acres in the the Pinelands National Reserve. The second creates a Coastal Heritage Trail along the New Jersey shore. Congressmen Hughes and Saxton contributed to passage of both pieces of legislation. Congresswoman Marge Roukema also did her part for the great outdoors by winning passage of a bill to establish a Citizens Advisory Commission for the Delaware Water Gap National Recreation Area.

These federal efforts will make sure that thousands more New Jerseyans can enjoy the quiet of our parks and rivers. Many New Jerseyans around Newark, however, are more concerned about the lack of quiet in their own indoors. I refer to the din which results from planes

## GOVERNOR'S ANNUAL MESSAGE

167

taking off and landing at Newark International Airport.

In response to numerous complaints, Congressmen Jim Courter, Matty Rinaldo and others convinced the Federal Aviation Administration (FAA) to revise the flight patterns over Newark. Now the FAA is studying noise abatement procedures at the airport and I hope they will recommend further steps to reduce airport noise in 1989.

Finally, in spite of the presidential campaign and the federal budget deficit, our delegation set priorities and, with the able assistance of our New Jersey Washington Office, worked to help us meet some of our most daunting challenges.

A new federal drug bill provides more money for education and treatment, as well as a death penalty for drug pushers who kill police officers. A new homeless bill will help us get more New Jerseyans off the streets and into permanent homes. And new legislation will provide federal help to deal with threats posed by radon, a radioactive gas. Until quite recently, New Jersey spent more on radon research and reduction than the entire federal government.

### '89 Agenda

Nineteen eighty-eight will not be remembered as a very substantive year in American politics. We entered the year thinking Willie Horton was an outfielder for the Detroit Tigers. By the end of the year we knew differ-

ently. We also learned that Dwight Eisenhower was not the only prospective national leader who liked to ride in tanks. But in spite of this campaign silliness, Congressional leaders rolled up their sleeves and got down to business. With the campaign behind us, I believe 1989 promises to be an even better year, especially for New Jersey.

My optimism is based on the track record of President-elect George Bush. I know President-elect

---

*Every week, Vice President*

---

*Bush's scheduler would*

---

*say to him: "New Jersey*

---

*and You: Perfect Together."*

---

*This bodes very well for*

---

*us in 1989.*

---

Bush shares President Reagan's enthusiasm for activist government in the states, instead of Washington. But there is also no question that President-elect Bush has close ties to New Jersey.

George Bush visited New Jersey seven times during the fall campaign. Every week, Vice President Bush's scheduler would say to him: "New Jersey and You: Perfect Together." This bodes very well for us in 1989.

At the top of the President-

elect's environmental agenda is a policy of no-net-loss of our nation's wetlands. I proposed that policy in 1988 while chairing The National Wetlands Policy Forum. The goal was based on our successful wetlands protection strategy here in New Jersey. The President-elect has also promised to shake up American education by promoting many of the reforms that are working here.

And President-elect Bush has decided to retain Nick Brady, of Far Hills, as Secretary of the Treasury. Our former Senator, Nick Brady will play a major role in reducing the deficit by helping to earn President-elect Bush the line-item veto, which I wield often as a tool of fiscal discipline. Secretary Brady will also be an unyielding voice against the dangerous protectionist sentiments that seem to infect Congress from time to time.

I expect to work closely with the Bush Administration on economic, education and environmental policy. I will continue to chair the Wetlands Policy Forum, as well as a National Governors' Association (NGA) working group on child care policy and the Environment Subcommittee of the Coalition of Northeastern Governors (CONEG).

I continue to believe our education reforms must emphasize knowledge of foreign languages and culture. We cannot compete with young people who believe, as a Barbara Walters television special

JANUARY 10, 1989

168

recently found, that Chernobyl is Cher's full name. Therefore, I will devote extra effort to chairing a task force on international education for the NGA.

As I have in the past, I will use these national forums to highlight New Jersey's accomplishments and pick up new ideas to put to use in our state.

### Changing of the Guard

I cannot leave my discussion of federal relations without noting the changes in our Congressional delegation this year. Our delegation begins the new year without the services of Congressman Jim Howard, who passed away last March, and Congressman Peter Rodino, who retired after his 20th term in the House. Both men were Congressional institutions. Congressman Howard was in many ways the architect of national transportation policy. His accomplishments included the 55-mile speed limit, the 21-year old drinking age, and the construction of numerous bridges and roads around the state. He cared about ocean pollution long before it was a front page issue.

Congressman Rodino, his reputation for integrity made by Watergate, was one of a handful of influential people in the American civil rights movement. He helped put on the books many of the statutes that have brought us closer to the day when all Americans, regardless of race, culture or creed, will have equal opportunity. While Peter Rodino's career in Congress is over, I know he will continue as a strong voice for

---

*...when it comes to*

---

*protecting New Jersey's*

---

*interests in Washington,*

---

*partisan politics has no*

---

*place.*

---

something that deserves to be defended: the U.S. Constitution.

Our loss is tempered a bit by knowing that Congressman Bob Roe, the new dean of our delegation, is Chairman of the House Science and Technology Committee. We are also pleased that Congressman Dean Gallo has joined Congressman Bernard Dwyer on the influential House Appropriations Committee.

### New Era/Old Values

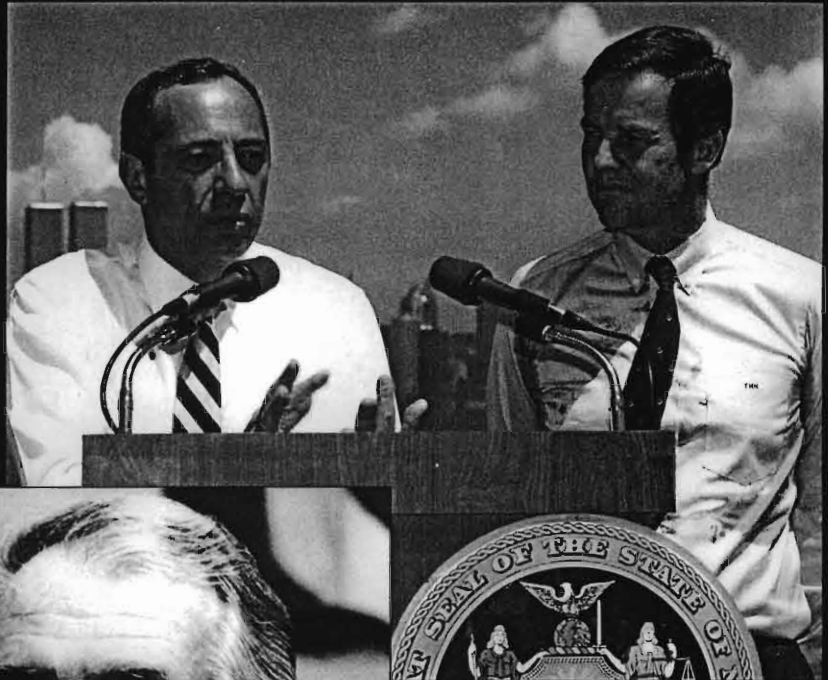
A great deal has changed in Washington since the time when Peter Rodino was elected in 1948 or even when Jim Howard took office in 1965. Back then, the federal government was the active innovator; today that job rests with the states.

But while responsibilities have switched, one attitude has not changed. The members of our delegation, Republicans and Democrats alike, always put New Jersey's interest above all others.

I am sure our new Congressmen, Donald Payne and Frank Pallone, will join the rest of our delegation in proving that, when it comes to protecting New Jersey's interests in Washington, partisan politics has no place.



*“perfect together”*



After years of disagreement, New York and New Jersey agree to end ocean dumping of sewage sludge.



Congressman Peter Rodino (left) and the late Congressman James Howard. Together they ably served New Jersey for 53 years.



---

GOVERNOR'S ANNUAL MESSAGE

---

171

---

---

## CONCLUSION

---

“Progress,” Dr. Martin Luther King once wrote, “is inherently precarious. The solution of one problem only brings us face to face with another.” We entered the 1980’s in miserable condition. Our economy staggering, our infrastructure deteriorating, our schools stagnating, our environment suffocating in pollution, and our people insecure about their future.

We met in turn each of these challenges. As this Annual Message makes clear, we have quietly set in motion a revolution whose effects will be felt for years.

The professionals who have decided to become teachers through our alternate route will lead vibrant schools in the next century. The seeds we have planted in our high technology research centers will sprout into new industries producing thousands of good jobs. The children we have helped through our infant nutrition program will grow up to be doctors, lawyers and scientists. The acres of contaminated land we have cleaned through our ECRA program

will be one less challenge these children must face as adults.

These programs are monuments to responsive, effective government.

It would be easy simply to bask in our accomplishments. History will after all view the 1980’s as one of New Jersey’s proudest decade. But our job is not over.

We know what problems remain. Six years of growth have jammed our roads and swallowed too much open space. Our economy, once burdened by high taxes and poor investment, now faces a new burden: a lack of qualified workers. The workers we do have need homes they can afford. And the shore, the very foundation of our identity, faces problems that require us to govern in new and creative ways.

In this Annual Message I have outlined my solution to each of these challenges and many others. We need an Open Space Bond Issue and other new reforms to protect parks and farmland. We need to move forward with new education reforms to help our urban schools and create more

JANUARY 10, 1989

172

freedom and choice, both within and among our schools. We need a three-part housing program to help more New Jerseyans own their part of the American Dream. And we need a Clean Ocean Bond Issue and a Coastal Commission to save the New Jersey Shore.

Some tell me these accomplishments will not be easy. They say this is an election year and that "election year" is a synonym for the status quo.

I disagree. Twenty years in State government have convinced me that politics is a force for good.

"Political years" have always been my most productive.

As we prepare to enter my last year in office, I remember the words of a Spanish monk, Balthasar Gracian, who said "it is not the applause that reaches one on entrance that is

---

*As we prepare to enter*

---

---

*my last year in office, I*

---

---

*remember the words of a*

---

---

*Spanish monk, Balthasar*

---

---

*Gracian, who said "it is not*

---

---

*the applause that reaches*

---

---

*one on entrance that is*

---

---

*important, but the applause*

---

---

*that one receives on exit."*

---

important, but the applause that one receives on exit."

We may bask in the national praise for our reforms today, but the real measure of our success will occur years from now, when our children work in an economy with good jobs and rising wages, when all the state's schools are centers of learning, and when our environment is clean and green.

This must be the product of the Quiet Revolution of the 1980's. We haven't finished. I predict that 1989 will be the best year yet.

I will continue our work with the same philosophy we began with seven years ago. There is no problem too difficult for New Jersey's people to solve. There is no reason for the State of New Jersey to take second place to anyone.

## GOVERNOR'S ANNUAL MESSAGE

---



*If we quietly invest today*

---

*all New Jerseyans will*

---

*soar with their dreams*

---

*tomorrow*

---

---

---

---

---

Our greatest resource  
is not just our people,  
not our location, not  
even our shore and  
forests; but the new  
and undeniable pride  
we feel in this  
diverse, feisty place  
called New Jersey.



## GOVERNOR'S ANNUAL MESSAGE



### *Governor's Cabinet*

**Back Row:** William C. Ridgeway III, Administrator, OTIS; Molly Joel Coye M.D., Commissioner, Health; Saul Cooperman, Commissioner, Education; Kenneth D. Merin, Commissioner, Insurance; Christopher J. Daggett, Acting Commissioner, Environmental Protection; Eugene J. McCaffrey, Commissioner, Personnel; Borden R. Putnam, Commissioner, Commerce and Economic Development; Hazel Gluck, Commissioner, Transportation; William H. Fauver, Commissioner, Corrections.

**Middle Row:** Arthur R. Brown, Jr., Commissioner, Agriculture; Christine Todd Whitman, President, Board of Public Utilities; Dr. T. Edward Hollander, Chancellor, Higher Education; Brenda Davis, Chief, Policy and Planning; Edward R. McGlynn, Chief of Staff; Thomas H. Kean, Governor; Michael R. Cole, Chief Counsel; Feather O'Connor, Treasurer; Anthony Villane Jr., D.D.S., Commissioner, Community Affairs; Charles Serraino, Commissioner, Labor; Major General Francis R. Gerard, Adjutant General; Richard B. Standiford, Director, Office of Management and Budget.

**Front Row:** Mary Little Parell, Commissioner, Banking; Alfred A. Slocum, Public Advocate; Drew E. Altman, Commissioner, Human Services; Jane Burgio, Secretary of State.

**Missing:** W. Cary Edwards, Attorney General; Alice Tetelman, Director, Washington Office.

Our thanks go to:  
Michael Bergman and  
Joe Moore: photography;  
Rocco Associates:  
Graphic Design and  
Production; Ed Krupa:  
Production Coordination.