
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey

DATE: September 12, 1997
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Assemblyman Louis A. Romano
Assemblywoman Carol J. Murphy
Margaret Villane
Anthony F. Annese
Robert A. Roth

ALSO PRESENT:

David Rousseau
(representing Senator Bernard F. Kenny Jr.)

David Voorhes
(representing Linda M. Anselmini)

David M. Mortimer
(representing James A. DiEleuterio Jr.)

Christina Higgins
(representing Michael R. Ferrara)

Paul Shidlowski, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning



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

Take a roll call please.

MR. SHIDLOWSKI (Acting Executive Director): Martin Davidoff? (negative response)

Mr. Anthony Annese?

MR. ANNESE: Here.

MR. SHIDLOWSKI: Mr. Robert Roth?

MR. ROTH: Here.

MR. SHIDLOWSKI: Senator Littell? (negative response)

Dave Rousseau, representing Senator Kenny?

MR. ROUSSEAU: Here.

MR. SHIDLOWSKI: Diane Koye, representing Assemblywoman Murphy?

MS. KOYE: Here.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: Mr. Dave Mortimer, representing Treasurer DiEleuterio?

MR. MORTIMER: Here.

MR. SHIDLOWSKI: Dave Voorhes, representing Commissioner Anselmini?

MR. VOORHES: Here.

MR. SHIDLOWSKI: Christina Higgins, representing Mike Ferrara?

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Margaret Villane?

MS. VILLANE: Here.

MR. SHIDLOWSKI: Ms. Carol Molnar?

MS. MOLNAR: Here.

MR. SHIDLOWSKI: We have a quorum, Madam Chair.

MS. MOLNAR: Thank you.

Next item is an administrative matter. Every year we have to select a Chair. I will turn it over to Paul.

MR. SHIDLOWSKI: According to the amended Commission statute on the Chair, the Capital Commission (*sic*) is to be elected annually from amongst the public members. At this time, I will take nominations for the Chair.

ASSEMBLYMAN ROMANO: I make a motion we continue the presidency of Ms. Molnar, unless there is somebody who has a problem, speak up.

MR. ROTH: I'll second the motion.

MR. SHIDLOWSKI: Okay.

Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth?

MR. ROTH: Yes.

MR. SHIDLOWSKI: Mr. Rosseau?

MR. ROSSEAU: Yes.

MR. SHIDLOWSKI: Ms. Koye? Assemblywoman Murphy, sorry.

ASSEMBLYWOMAN MURPHY: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Mortimer?

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Mr. Voorhes?

MR. VOORHES: Yes.

MR. SHIDLOWSKI: Ms. Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Villane?

MS. VILLANE: Yes.

MR. SHIDLOWSKI: Ms. Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: The motion is carried.

MS. MOLNAR: Thank you very much. Thank you for your motion.

I was appointed by Governor Kean to this Commission. When my term was up, I was reappointed by Governor Florio, and then two years ago I was appointed Chair by Governor Whitman. At that time it was up to the

governor to appoint a Chair, so I have been through three governors. Thank you for your appointment. I hope I can serve you well.

The next item is the approval of the minutes of March 21.

MR. ANNESE: I move it. Move for approval.

MS. MOLNAR: Thank you. Any seconds?

ASSEMBLYWOMAN MURPHY: Second.

MS. MOLNAR: Any discussion? (negative response)

MR. SHIDLOWSKI: Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth?

MR. ROTH: Yes.

MR. SHIDLOWSKI: Mr. Rosseau?

MR. ROSSEAU: Yes.

MR. SHIDLOWSKI: Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Mortimer?

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Mr. Voorhes?

MR. VOORHES: Yes.

MR. SHIDLOWSKI: Ms. Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Villane?

MS. VILLANE: Yes.

MR. SHIDLOWSKI: Ms. Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: The minutes are approved.

MS. MOLNAR: Thank you.

The next item is our Executive Director's Report.

MR. SHIDLOWSKI: I just have a few housekeeping matters, Madam Chair and members of the Commission. Today's agenda has been revised. The Department of Agriculture had been scheduled to appear before the Commission today. Unfortunately, Secretary Brown had received elective surgery earlier this week and has not sufficiently recovered to present the Department of Agriculture's request. Since he had planned to, and was looking forward to, making the Department of Agriculture's presentation to the Commission, I have rescheduled the Department of Agriculture to appear on October 31. This should be reflected in the revised schedule that was given to Commission members today.

In addition, another change for today's agenda. I was informed that Dr. Elin Gursky, from the Department of Health, had an important meeting scheduled for later this morning. In deference to her schedule, we have moved the Department up to present first this morning.

The meeting schedules for the remainder of the year are evolving slightly. We did, inadvertently, excluded the Department of State at our previous schedule. The Department of State is scheduled to present on October 31.

We have updated the Commission handbooks and provided new binders for the Commission members to accumulate the mass of briefing materials and to keep their notes in for this year.

There is a recap of the results of last year's capital planning process in the handbook. Of the \$724 million recommended by the Commission last year, over \$516 million was appropriated by the Legislature. This represents the highest level of capital appropriations in, at least, 15 years. I only say 15 years because I was only able to check back 15 years. It is probably the highest level of capital appropriations ever.

In the briefing materials, which were sent out prior to this meeting, Commission members may have noticed that in some of the reports, some of the requested projects have Commission-recommended amounts. This reflects the amounts that were recommended by the Commission last year for projects that were either not funded or only partially funded in the Appropriations Act or could be continuation projects as well.

I would appreciate any comments from Commission members regarding the Fiscal '98 Capital Improvement Plan that you all have received. We continually try to improve, and we would appreciate any feedback that you might have.

Finally, I would like to welcome the new members to the Commission as Margaret Villane and Mr. Dave Mortimer. Ms. Villane was appointed to the Commission late in the season last year, but, I don't believe, was ever formally welcomed. She represents the Governor's Office and has served on this Commission in the past. Mr. Mortimer represents the

Treasurer, and his prior experience with the Department of Transportation should prove valuable to this Commission.

That concludes my report, Madam Chair.

MS. MOLNAR: Thank you. One clarification, October 31, we have added Department of State and Agriculture.

MR. SHIDLOWSKI: That's correct.

MS. MOLNAR: So it will be four departments.

MR. ROTH: Madam Chair.

MS. MOLNAR: Yes.

MR. ROTH: I would just like to point out that November 21 conflicts with the New Jersey League of Municipality Conventions.

MS. MOLNAR: Yes, I was going to bring that up under new business.

Should we handle it now or later?

MR. SHIDLOWSKI: It's at your discretion.

MS. MOLNAR: We have, probably, two issues that we can bring up at this point. There is a League of Municipalities meeting that week that affects yourself, and it may affect Mr. Romano.

ASSEMBLYMAN ROMANO: I think the same situation occurred last year, but I found my way here. I'm not one of those three nighters.
(laughter)

MS. MOLNAR: Okay. Does it pose a problem for anyone else here? (no response)

If not, we'll have to try and leave the date because the 28 is the day after Thanksgiving and the 14 is a little too premature for the staff.

MR. SHIDLOWSKI: If I could interject here. The schedule was constructed this year in order to meet the December 1 statutory date for the Commission to present its recommendations to the Legislature and the Governor.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: While we are on the topic of the dates and the calendar, have you received the letter from Senator Kenny and myself?

MS. MOLNAR: That was my next item.

ASSEMBLYMAN ROMANO: Has any copies been made available to the fellow members?

MS. MOLNAR: Yes, I believe that everyone was faxed a copy.

ASSEMBLYMAN ROMANO: Everybody was faxed a copy.

Well, it falls on my shoulders, in the absence of Senator Kenny, to pose the question. Here we are -- and this has been a long project in determining what is the total debt for the State. We are much chagrined to find out that the original date of October 31 for the presentation -- then it was changed until -- I guess it just happens to be a fortuitous choice -- three days after the election. I think the letter explains it all. Is there any comment of why the Treasury cannot come up with that information that's been, for my own part, a protracted (indiscernible)? When will we find out this information? I mean, what is this? It's nine months, I think, that we are waiting.

MR. SHIDLOWSKI: If I could address that question. First of all, the Commission schedule is rather accelerated from where it was last year. The debt report had not been presented until much later; actually, it was towards the end of November last year. More to the point, Ms. Molnar allows me, as the Acting Executive Director, to schedule the meetings and arrange the agenda pretty much as I see fit and in order to accommodate people's schedules, etc.

For several reasons, we have decided that the debt report deserved a meeting of its own. Last year, Commission members may recollect that there was extended discussion regarding the contents of the debt report. I try to keep the meetings to a manageable size and-- In addition to that, after some deliberation among the staff, we felt that it would be presented in a more complete context after Commission members had heard the testimony from all the departments.

ASSEMBLYMAN ROMANO: What I'm hearing then is the change of date was not the Treasurers, but your own choice?

MR. SHIDLOWSKI: That's correct.

ASSEMBLYMAN ROMANO: I mean, the Treasurer did not ask to have the date changed?

MR. SHIDLOWSKI: No, he did not.

ASSEMBLYMAN ROMANO: Part two. Will we then receive a week before the scheduled Commission meeting all the information, to have it in our hands, which would place it, obviously, four days before the election?

MR. SHIDLOWSKI: That has always been our standard operating procedure.

ASSEMBLYMAN ROMANO: Well, I hope that the procedure will be continued this year so that we will have it in our hands because -- let's not kid one another -- I think the taxpayers of New Jersey have a right to know what is the total indebtedness of the State. You have to realize that with the recent debt imposed -- I believe it raised it by 30 percent, if that's the number, and we still haven't gotten the final number of what is the total debt of the State of New Jersey. I look forward to receiving -- and Senator Kenny, I'm sure, and the other members, I think, will be interested in receiving -- that total debt report prior to the election on November 4.

MS. MOLNAR: Thank you, Assemblyman, for your letter.

MS. HIGGINS: Chair.

MS. MOLNAR: Yes.

MS. HIGGINS: While this is not the appropriate forum to debate the issue of debt, I could not let the comment about the increasing 30 percent stand. It is my understanding that you are probably referring to the pension security--

ASSEMBLYMAN ROMANO: Yes.

MS. HIGGINS: --debt, and that always was a liability of the State. It's just a matter of presentation. So it is incorrect to characterize it as an increase.

ASSEMBLYMAN ROMANO: Well, I guess we're back to the old adage, Accountants won't lie the figure, but we can always figure the lie. So your interpretation says -- you know we always have the debt, so we look at it from that point, which I accept. And don't get me wrong, in total going out

for the bonding, though, because while it was a debt before-- What do they call that?

MR. ROTH: Debt authorized, but not issued.

ASSEMBLYMAN ROMANO: Soft debt and hard debt. We move it from one category to another category. All I know is that they did go out and float bonds for \$2.8 billion. The total bonds hanging out there somewhere was increased whether you owed it. One way or another the bonding was increased.

Unless anybody else has a comment, I'm finished, and you can all be appreciative of the fact that I will be looking for the information prior -- and I don't mean the day before -- prior to the election. Actually, it should arrive at least by the weekend before the election.

ASSEMBLYWOMAN MURPHY: As are we all, Assemblyman--

ASSEMBLYMAN ROMANO: I figured that.

ASSEMBLYWOMAN MURPHY: --each of us, to prove our own contested point of view.

ASSEMBLYMAN ROMANO: You have every opportunity. By the way, did you have a good vacation?

ASSEMBLYWOMAN MURPHY: I had a marvelous summer.

ASSEMBLYMAN ROMANO: Did you go to Ireland?

ASSEMBLYWOMAN MURPHY: No, we went to Switzerland this year.

ASSEMBLYMAN ROMANO: Oh, I went to Italy.

MS. MOLNAR: Well, Assemblyman, thank you for your letter. Paul did call me, and it has always been our policy to accommodate the

scheduling of the various departments, so I, as Chair, said I am willing to accommodate it, so I said pick a date. We did speak on the matter and we were trying to be accommodating. So thank you for your letter.

We'll begin our presentations. The first one is the Department of Health. I would like to welcome Dr. Elin Gursky.

SENIOR ASST. COMM. ELIN A. GURSKY: Good morning Honorable Commission members. I want to thank you very much for indulging me and moving up the time which the Department could present. The Department is releasing a cancer report on Toms River later this morning, and it's something that I have been very involved with. I will go through my remarks, I believe you have copies of these.

I am Dr. Elin Gursky, Senior Assistant Commissioner in the Department of Health and Senior Services responsible for all of the divisions and offices which comprise the Public Health and Protection Programs. These include environmental and occupational health, communicable diseases, cancer epidemiology, local health, emergency response, and the public health and environmental and chemical laboratories. It is on behalf of the laboratories that I appear before you today.

Imagine wondering if the hamburger on your grill is safe to eat. Imagine being concerned about turning on your tap and being able to drink the water. Imagine being infected by an illness that refuses to get better despite several courses of antibiotics. These are not idle imaginings. These are the questions New Jersey's public health, environmental, and chemical laboratories address each day.

To tell you how we address these in Fiscal 1997, the laboratories performed 28,500 tests for toxic contaminants on the State's surface, ground, and drinking water supplies. We certified 18 milk-testing laboratories to support New Jersey's dairy industry, which produces several million gallons of milk each day. We confirmed over 2000 cases of salmonella, a very common foodborne bacteria. We licensed and monitored 178 hospital blood banks and blood supply centers that transfuse over half a million blood products to patients. We confirmed infectious diseases leading to 90 outbreak investigations. We confirmed 12,500 cases of diseases like gonorrhea, chlamydia, and syphilis, which are major contributors to adverse pregnancy outcomes and reproductive disorders. We identified 2500 cases of *HIV*, the AIDS virus. We performed 18,700 analyses for child blood lead poisoning, and we performed 120,000 tests on infants and identified 6000 abnormal biochemical disorders, or inborn errors of metabolism in babies, resulting in treatment to prevent mental retardation or death.

So hopefully I have convinced you that your job that your laboratories perform is the right one for New Jersey, but you do expect more. You expect efficiency and productivity. We continue to increase our volume of testing while having reduced our staff 20 percent over the past six years. We are performing 600,000 drug tests per year at a savings of a quarter of a million dollars to the Department of Criminal Justice. Last year we consolidated water testing from the Department of Environmental Protection and the Department of Transportation, resulting in a savings of \$1.5 million in labor and facility requirements to those agencies.

You expect state-of-the-art technology with improved accuracy to replace more laborious, personnel-intensive procedures. By converting our gonorrhea and chlamydia testing to a DNA probe assay, we were able to increase the number of patients we could identify as having positive test results, eliminating the need for time-consuming and less-accurate procedures. This method also eliminates the need for daily courier services and on-site nurses for sample preparation.

We introduced automated solid-phase extraction apparatus. This is a machine that performs extractions on water during the night in the absence of staff. We switched to a system called Orasure, which I have in front of me. With the Orasure we scrape the inside cells of a person's cheek. This is a lollipop device, and if we use this device, we don't have to use the conventional syringe to draw blood. And eliminating the needle for blood collection saves phlebotomy staff, it saves disposal of red-box trash, and, of course, eliminates the danger to health care workers from percutaneous needle sticks.

I have some of these lollipops if anyone would like to just play with them.

MR. ROTH: Are they cherry flavored? (laughter)

SENIOR ASSISTANT COMMISSIONER GURSKY: They are not flavored, but that's the newest technology that we are going to start working on.

You want our work to be cutting edge, and the \$1.2 million we are requesting will facilitate the replacement, or acquisition, of equipment needed to upgrade instrumentation or provide newer technologies such as fingerprinting toxic compounds.

I want to repeat a story that I know you have heard. It was your department that found the trimer in the water in Toms River, which we are investigating further as a possible association with the elevated childhood cancer rates. By converting to pulse field gel electrophoresis, we can fingerprint DNA and we can determine if two samples are an identical match. What that means is, if we have two salmonella samples, we don't know if we have the same strain and one outbreak or two diseases and two outbreaks. So it allows us to target our resources and know whether we have a major outbreak and need a major field investigation.

You want assurances for our citizens regarding the quality and costs involved in the laboratory test process. In Fiscal Year '97, the clinical laboratory licensing unit notified 30 laboratories of unsatisfactory testing performance, and to date 4 of these laboratories have not resumed patient testing in their suspended area.

Since 1985 this unit has closed 14 and fined 4 commercial testing laboratories for reporting fictitious patient test results. Seven of the above laboratories closed were involved in Medicaid fraud, and our efforts contributed to substantial savings of Medicaid money.

Finally, you want an environment in which New Jersey assures worker safety. One in which the employees testing water for Toms River on the fourth floor of the laboratory are not breathing air from the tuberculosis specimens on the third floor. The architectural firm of STV was contracted to produce a feasibility study of the laboratory and to begin phase one construction to upgrade airflow, ventilation, and containment within the existing laboratory building. This will meet OSHA and CDC employee safety

standards. With all the changes caused by the laboratory consolidation, both of the Environmental Protection and Transportation, we are requesting \$1.8 million to do the renovations and safety retrofits to upgrade the facility.

I thank you very much for the opportunity to come before you today to discuss your laboratory and the role it plays in the State of New Jersey. Assistant Commissioner for the laboratories, Dr. Tom Domenico, is to my left; Mr. Jim Houston, our Budget Analyst Director. I would be happy to answer any question that you might have.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members?

ASSEMBLYMAN ROMANO: I have a question. This is not-- I don't want you to become misguided by my previous remarks. This is not political.

This would be the time that you should get everything that you have to get, given what is going on in the newspapers, in terms of the water. What is it, Toms River?

SENIOR ASSISTANT COMMISSIONER GURSKY: Yes.

ASSEMBLYMAN ROMANO: In fact, some people told me you can't sell a house in Toms River right now because of the water situation. I know you have a presentation that is going to be today about Toms River. Who is making the presentation? Yourself?

SENIOR ASSISTANT COMMISSIONER GURSKY: We are releasing our cancer analysis report and there will be a press release and I'm not sure what else will be involved.

ASSEMBLYMAN ROMANO: Does this have anything to do with -- if you recall last year, and I'm sure you were there, Doctor -- about the high incidence of cancer in a certain area?

SENIOR ASSISTANT COMMISSIONER GURSKY: Most discussions regarding cancer I am involved with.

ASSEMBLYMAN ROMANO: I'm saying, were you present at that time? Is this connected to that situation?

SENIOR ASSISTANT COMMISSIONER GURSKY: The report we are releasing is specific to Toms River and the childhood cancer investigation that has been ongoing for 18 months.

ASSEMBLYMAN ROMANO: Is there going to be any sort of a thing to explain that the reason why it wasn't done or wasn't picked up was because of this equipment that you are looking for now?

SENIOR ASSISTANT COMMISSIONER GURSKY: I actually -- as I said earlier -- think that our laboratory has done superb forensic work in finding a trimer. We don't know what this trimer is. We don't know if it is associated with these elevated rates, but I will tell you that the blip off the chromatograph has existed for many years. The EPA laboratories have looked at this blip, other laboratories have looked at this blip, and it was our laboratory that said we have to find out what this blip is. We looked further; we contacted Union Carbide, and Union Carbide was able to say, "Well, we think it's something related to what we produced here earlier in the '70s."

The laboratory is not only comprised of technology, it's comprised of a lot of very dedicated scientists who just work this through.

ASSEMBLYMAN ROMANO: By no means am I faulting you. I am just trying to put it together in my own mind from last year. In fact, I think Dr. Domenico was also there, were you not?

ACT. ASST. COMM. THOMAS J. DOMENICO:

Yes, sir.

ASSEMBLYMAN ROMANO: My final question is just something-- I know of a young female who is getting married in several weeks said to me that I'm saving \$50 for the blood tests because we don't require blood tests any longer. As I came down to your own comments here where you confirmed 12,500 cases of the diseases like gonorrhea, etc., etc., etc., do you really believe that the blood test should have been done away with?

SENIOR ASSISTANT COMMISSIONER GURSKY: I very much do, and the reason is that you want us, and I will recommend to you as a public health practitioner, the best way for detecting a containing disease. The syphilis test -- the prior marriage syphilis test -- was imposed at a time when pregnancy and sexual intercourse was reserved for after marriage. We could prevent disease that way. People are not waiting to have babies before marriage, so it is really a lot better for us to put our efforts somewhere else. We try very hard to target our screening efforts -- whatever kind of screening -- to the appropriate population, whether it's hypertension, bacterial, whatever. You really should challenge us to put our public health screening efforts where they get you and us the biggest bang for the buck. I will tell you--

ASSEMBLYMAN ROMANO: Who made the blood test before? The blood test performed before, did they all go down to the Department of Health? They were done by private testing labs, weren't they not?

SENIOR ASSISTANT COMMISSIONER GURSKY: Tom.

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes, they are done by a variety of laboratories besides the Department of Health. We deal, mostly, with the STD clinics in epidemic areas.

ASSEMBLYMAN ROMANO: Just when I see we are talking about confirming the cases, etc., and I wonder, have we done something wrong by not requiring the blood test before marriage? Because my understanding was that you did it before marriage so that one of the partners would be aware of the fact if the other one has syphilis before they got married, which would in itself be some sort of an indication of who the partner is. But, as you say, the energies might be better placed somewhere else, but I just have reservations. When I see 12,500 cases, I wonder how many of those cases would have been prevented if, somewhere along the line, this person, who may have been getting married, was notified of a syphilis disorder. Just to raise the question, just my own mind and having it charged by your comment in here about 12,500 cases.

Thank you, Madam Chair.

MS. MOLNAR: Thank you, Assemblyman.

ASSEMBLYWOMAN MURPHY: Chairwoman, excuse me.

I'm not questioning it in any way, Assemblyman. Part of our reason for sponsoring that bill was because it is the syphilis relationship to pregnancy. That is something that needs to be caught, and more often than not prior or when you discover you are pregnant is when you are ordinarily given a blood test by whatever physician or group is practicing the care for you. In that time when it is identified, it can be treated, and so can it make sure

that the child you are carrying is not infected with the disease. It is a disease that can be latent within a woman for three months or so, so that testing for when you get married has often very little relationship to the pregnancy or to the child that you are carrying. It was felt that the effort would be better spent to continue it pre-pregnancy or at the beginning of the pregnancy rather than at a time when it may not have that same kind of effect, so the emphasis was moved. We're learning more through science, it's just an education process.

ASSEMBLYMAN ROMANO: Through the Chair to you, I appreciate your explanation. I'm aware of that also because of the bill. My doctorate is not in medicine, it's an academic degree. What you're saying is, we have to now go to those areas where the woman who becomes pregnant doesn't ordinarily-- Things are getting better today, but we are not guaranteed that all of them who become pregnant go for a blood test or go under proper care before the baby is born.

ASSEMBLYWOMAN MURPHY: And it is speaking to prenatal care that we are trying to drive the effort.

ASSEMBLYMAN ROMANO: And prenatal care is the answer.

ASSEMBLYWOMAN MURPHY: Absolutely.

ASSEMBLYMAN ROMANO: What I'm saying here is, well, at least when they get married, perhaps the blood test would satisfy catching those, because you still have people who don't go for prenatal care.

ASSEMBLYWOMAN MURPHY: Well.

ASSEMBLYMAN ROMANO: It's been cut down, things are getting better every day.

ASSEMBLYWOMAN MURPHY: It is a change in the emphasis to speak to where the disease has the most effect.

If I may ask one other question of the Commissioner, please. Last year there were additional non-State dollars projected as revenues for the Department of Health with some other laboratory improvements. Was that proven to be an accurate estimate, or did we meet the need?

SENIOR ASSISTANT COMMISSIONER GURSKY: I am going to turn that over to Dr. Domenico.

ACTING ASSISTANT COMMISSIONER DOMENICO: Could you clarify.

ASSEMBLYWOMAN MURPHY: I believe last year in the commentary of the Department anticipated that there would be more non-State dollars as revenue coming into the Department of Health if the laboratories were updated to accommodate certain kinds of testing and whatnot that needed to be done. I am wondering if, indeed, those non-State dollars were generated from other sources because of the upgrade in laboratory material?

ACTING ASSISTANT COMMISSIONER DOMENICO: We have major projects in the laboratory for revenue enhancement, and indeed, revenue is beginning to build in the laboratory by taking on more testing with remaining staff and fee for services is becoming more and more a priority.

Over the years there has been a serious reduction in State appropriation for laboratory services, and as that has been occurring, revenue enhancement has continued to occur to support the solidity in the manner in which it ran before under State dollars.

ASSEMBLYWOMAN MURPHY: So we are doing the right thing?

ACTING ASSISTANT COMMISSIONER DOMENICO: We continue to head in the same direction.

ASSEMBLYWOMAN MURPHY: Thank you very much, I appreciate that. That was the end of my question.

Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments? (negative response)

If not, I would like to thank you for the presentation and we will be reviewing your requests. Thank you.

Our next department is the Department of Education. I would like to welcome Dr. John Sherry.

A S S T. C O M M I S S I O N E R J O H N S H E R R Y: Madam Chair and members of the Commission, good morning and thank you for the opportunity to testify about the Department of Education's 1999 capital budget request.

My name is John Sherry, and I am the Assistant Commissioner of the Division of Field Services. Our Department's funding request are in two areas: the Marie H. Katzenbach School for the Deaf and the Regional Day Schools for the Handicapped. At the outset I would like to publicly thank Mr. Paul Shidlowski and Mr. Ted Kukowski of the Commission staff for their assistance and advice in preparing the budget request.

I would also like to introduce my colleagues from the Department of Education: Mr. David Corso, from the Office of Administration, and Dr. Gertrude Galloway, Superintendent of the Katzenbach School for the Deaf.

It is with some urgency that I report to you today that the main funding source for providing capital maintenance over the past 15 years to the Katzenbach School and the Regional Day Schools, the State facilities for the handicapped bond fund, was depleted in 1996. The capital projects that the Commission approved last year and which were appropriated in the State's 1998 budget are scheduled for completion this year with State capital funds only. No other funds exist to support needed capital improvements for these special schools. Your support of the priority projects we have identified for 1999 is especially critical if we are to fulfill our responsibilities under State law to provide a healthy and safe environment for the students with special needs who attend these State schools.

I should also note that we have carefully reviewed the requests coming from the schools and have included in our package 19 priority projects that we consider critical to the maintenance of the buildings and the safety of the students who use them.

Our total request of \$2,941,000 is based on intensive review of 43 submitted projects totaling \$9.4 million. You can see that we have carefully reviewed our request and have included only the most essential projects for consideration. Although I am aware of the constraints on funding for capital projects given the scarcity of State resources, I can say that each of these projects -- each of the projects that I am proposing -- is essential and merits your serious consideration.

First, I will turn to the Katzenbach School for the Deaf. The Katzenbach School for the Deaf provides educational, vocational, and residential programs for deaf and multiply handicapped deaf students. The campus is composed of 31 State-owned buildings. The Department is requesting funding for 11 projects at the school totaling \$1,538,000. Priorities Nos. 1, 2, 7, 8, 9, 12, 13, 15, 16, 17, and 18 reflect the capital construction needs at Katzenbach.

Priority No. 1 addresses the need to replace roofs at three buildings on the Katzenbach campus; \$325,000 is being requested for the special needs center, the lower school, and the dormitory residence three. These roofs are all leaking badly, and there is a potential for damage to the interior of the buildings, as well as air quality problems that could adversely affect the health of the students.

Priority No. 2 requests \$158,000 to upgrade the fire alarm system at a number of buildings on the Katzenbach campus. The current system is antiquated and should be upgraded to meet current fire codes.

Priorities Nos. 7 and 15 request \$318,000 to renovate bathrooms and upgrade plumbing in four dormitory buildings. These bathrooms are 30 years old and are in dire need of replacement. The plumbing upgrade will allow for the installation of an energy efficient gas-fired hot water heater, which will dramatically reduce utility costs.

Priority No. 8 will allow the campuswide area network to be installed to the lower school side of the campus. This will provide the elementary schoolchildren access to the Internet; \$79,000 is being requested for this project.

Priority No. 9 is requesting \$78,000 for the removal of asbestos tiles in buildings throughout the campus. A majority of these buildings contain nonfriable asbestos tiles that should be abated and replaced.

Priority No. 12 is requesting \$134,000 to install steam and water valves in each campus building. The current system must be shut down entirely when repairs and maintenance are performed. Funding would allow each building to shut down independently.

Priority No. 13 is requesting \$100,000 to purchase a new school bus and two new passenger vans. The current bus and vans are 10 years old and require frequent repairs.

Priority No. 16 is requesting \$108,000 to install R-30 insulation in the attics of a number of the older buildings throughout the campus. These buildings do not have insulation and are costly to operate. This will provide a significant cost savings on the school's utility bills.

Priorities Nos. 17 and 18 are requesting \$79,000 and \$159,000 for ADA compliance on dormitory building 30 and the clock tower building. This funding will provide access ramps, bathroom accommodations, door replacement, signage, and TDD access for the hearing impaired.

Now I will turn to our Regional Day Schools. The Department of Education is required by law to operate 11 Regional Day Schools located in 10 counties throughout the State. At this time, all of the schools are operated by local educational agencies under contract with the Department. Operating expenses are generated entirely through tuition charged to local districts who send students to the Regional Day Schools. Most of our buildings are 15 years old, and we are beginning to see a pattern of need for replacement of key

structural units in the majority of the schools. The Department is requesting funds for eight projects at the Regional Day Schools at a cost of \$1,403,000.

Priority No. 3 will fund the roof replacement at the Jackson Regional Day School at a cost of \$230,000. In prior years this Commission has funded the roof replacements at Hamilton, Piscataway, Newark, Jersey City, Morris, and Corbin City Regional Day Schools. The Jackson Regional Day School roof replacement is in line with the Department's plan to replace the roofs that may have an impact on the health and safety of students.

Priorities Nos. 4 and 5 are requesting \$597,000 to replace the individual HVAC units located in the classrooms at the Hamilton and Piscataway Regional Day Schools. These units operate on Freon, which is no longer available. These units are no longer manufactured by the company and replacement parts are virtually nonexistent. Replacement of these units will also provide a cost savings to the utility bills at the schools.

Priority No. 6 is requesting \$50,000 to upgrade the electrical system at the Jersey City Regional Day School. This funding will allow the existing system to meet current electrical code requirements.

Priority No. 10 will require \$193,000 to remove the asbestos siding at the Mannington Regional Day School. This asbestos abatement project is needed because the current siding has been damaged. A similar project was completed at the Winslow Regional Day School in 1996.

Priority No. 11 is requesting \$88,000 to remove the PCB-cooled transformers at the Jersey City Regional Day School. These transformers are not environmentally safe and should be replaced.

Priority No. 14 requires \$130,000 to repair the roof at the Bleshman Regional Day School. It has been determined by a roofing consultant that this roof is not in need of replacement, but rather should be repaired.

The last priority for the Regional Day School, priority No. 19, is requesting \$115,000 to hook up the Winslow Regional Day School to the sanitary sewer system. The current septic system is 13 years old and requires ongoing maintenance.

This completes my presentation. Thank you for your attention. Your continued support is very much appreciated, and I will be glad to respond to any questions you may have.

MS. MOLNAR: Thank you for your presentation.

Any questions or comments from Commission members?

Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Thank you for the presentation. I have a few questions.

In 1998 there was money recommended for roofing projects at the Katzenbach School. What was done? What projects have been done? How has that money been expended? Are those projects finished?

DAVID F. CORSO: Through the Chair, that project was started about two weeks ago and it is for three buildings on the campus and it will be completed by November, before the winter season starts.

ASSEMBLYWOMAN MURPHY: Were the monies estimated going to be equal to the monies necessary for those three?

MR. CORSO: Yes. The money that was recommended and approved by the Legislature will fulfill those jobs.

ASSEMBLYWOMAN MURPHY: And that is three of the buildings?

MR. CORSO: Yes.

ASSEMBLYWOMAN MURPHY: And those three will be done?

MR. CORSO: Yes.

ASSEMBLYWOMAN MURPHY: There is to be a charter school, am I correct? Through the Chairwoman.

MR. CORSO: That is correct.

ASSEMBLYWOMAN MURPHY: What revenues are being received from that? Are there any dollars coming in that can be reutilized for the repair of the buildings?

MR. CORSO: There is a five-year lease that was just signed with the Samuel Dewitt Children's Academy Charter School. Over the course-- It is a five-year lease. There will be \$1,300,000 received in rental income from the Charter School; however, I would caution that the majority of that money is going to be used for operating expenses of the school and not so much with capital replacements. That's only because it's been determined by the Department that the Katzenbach School would be weaned off of the direct State-service appropriation in lieu of going out and being entrepreneurial and find schools that could utilize the vacant space out of Katzenbach. So the majority of that money--

ASSEMBLYWOMAN MURPHY: Will be operating dollars.

MR. CORSO: --will be operating dollars. That's in line with a 10-year strategic and financial plan that's been developed by the Katzenbach School.

ASSEMBLYWOMAN MURPHY: Then that revenue is anticipated in your budget already?

MR. CORSO: To the best of my knowledge, yes.

ASSEMBLYWOMAN MURPHY: Moving along. On Page 4, you are speaking of asbestos floor tile replacement; again, that is the Katzenbach School. It was a Department priority No. 9. It's my understanding that there is \$2.5 million in hazardous material removal in the interdepartmental funds, and I wondered if any of those dollars could be utilized for this work that you have signaled there, through the Chair.

MR. SHIDLOWSKI: If I could interject at this point. Typically, we receive requests from the Department for funding, which is appropriated in central accounts for hazardous materials, underground storage tank removals, ADA requirements, etc. We prioritize the use of that funding within the Fiscal Year, so the funding that we have this year is for projects requests which were received for the '98 year.

ASSEMBLYWOMAN MURPHY: Okay. So then, if we indeed do feel that this is something, that would be considered in the next year allocation for that interdepartmental money.

MR. SHIDLOWSKI: That's correct.

ASSEMBLYWOMAN MURPHY: Thank you very much. I appreciate that.

The only other question I have was related to the World Wide Web. Because there were bond act dollars appropriated -- I think it was \$55 million that was appropriated -- for lower-- Lower education would be getting some of those dollars, also, in a mix for World Wide Web Internet kind of connections. Are any of those dollars able to be accessed by the Katzenbach School?

G E R T R U D E S. G A L L O W A Y: Not very much. I think we are getting, maybe, \$40 per student. It has to go through the school district and getting it through the school district so we can come up with, maybe, \$8000 or \$9000 from that budget.

ASSEMBLYWOMAN MURPHY: Thank you very much. I appreciate the explanation. Thank you, Madam Chairwoman.

MS. MOLNAR: Thank you.

Are there any other questions or comments?

Assemblyman.

ASSEMBLYMAN ROMANO: My colleague, Assemblywoman Murphy, brought up the point. I'm sure that you will review this as to what money will go where, as far as the asbestos abatement, etc. -- by the way, they should remove the floor tiles, because all you do is have a problem in maintenance of the floor tiles, but we won't go into that one -- but I have one further comment. I notice that you are looking for a bus. I know of different times that you deserved the bus -- I wanted you to get one. I'm just saying to save us some money, if you will, New Jersey Transit, from time to time, buys buses for special types of situations, and I believe that perhaps the Katzenbach School might be one. They do make-- Because we are talking about a

handicap, if you will, and they do make transportation -- or buses and vans available under this to other agencies, why not the State of New Jersey? Why shouldn't we share into that same largesse of New Jersey Transit? I just mention that as a point. In any event, you should get the bus and the vans, but I'm just saying let them pay for it.

MS. MOLNAR: Thank you, Assemblyman.

Any other questions or comments? (negative response)

If not, I would like to thank you for your presentation. We will consider your requests.

MR. CORSO: Thank you very much.

MS. MOLNAR: Our last presentation is the Public Broadcasting Authority. I would like to welcome Elizabeth Christopherson.

ELIZABETH G. CHRISTOPHERSON: Good morning, Madam Chair and Commission members. It's a pleasure to see you this morning. We thank you very much for the opportunity to be here before the Commission today.

My name is Elizabeth Christopherson, and I am the Executive Director of the New Jersey Public Broadcasting Authority. I am here today with Pete Ford, new Director of Engineering, and Bob Prindible, our Deputy Director of Finance and Administration, as well as Bea Jones and Bill Schnorbus.

The Authority's work is most familiar to you through NJN, which operates public television and radio networks that serve the citizens in the State of New Jersey. Before I discuss our Fiscal '99 capital budget, I would like

to revisit, again, this year an important transaction NJN completed in 1995 that directly affects this year's capital equipment request.

As many of you are aware, in August of 1995, NJN entered into a \$4.3 million agreement with the Television Food Network to relinquish its must-carry rights for an eight-year period on Time Warner's New York City cable system. The \$4.3 million from this transaction is earmarked exclusively for the acquisition and upgrading of broadcast and telecommunications equipment for New Jersey's public broadcasting system. Of this \$4.3 million, NJN has received \$1.75 million and will receive \$425,000 this month for the current Fiscal Year and the remaining \$2.13 million over the next five years.

As you may recall from my remarks to the Commission this last year, the Food Channel agreement was to remain in force as long as the must-carry rights legislation was not overturned by the Supreme Court. I am pleased to be able to report that the Supreme Court upheld must-carry on March 31, 1997, ensuring NJN's continued capital support from this source.

This year's request to the Capital Budgeting and Planning Commission does not include items targeting for replacement using nongovernmental revenue sources, such as the \$4.3 million. Consequently, as was the case last year, we are limiting our Fiscal Year '99 Capital Budget request, which totals \$396,200, to two capital project types: preservation and infrastructure. We are requesting this funding for only those projects that protect the value of the State's investment in NJN or ensure the safety of our employees and the general public.

First, we thank the Commission for approving \$325,000 of capital items in the Fiscal Year 1997 submitted to the State Treasurer. We hope that

you will again see the value in the items requested as assets. These expenditures, if made now, will reduce future costs and allow us to continue to provide services to the citizens of New Jersey. We respectfully request that the Committee again recommend to the Treasurer the almost \$400,000 in capital improvements.

NJN is the only television station available to virtually all of New Jersey households, including the approximately 30 without cable. We create and produce approximately 25 percent of our television broadcast day, ranking NJN in the top tier of public television stations airing locally produced programming. The vast majority of our programming dollars are spent on programs that receive recognition for their excellent quality. NJN was recently honored with 30 Emmy nominations -- the most ever for NJN. Last year NJN also won an Emmy for the best newscast, as well as other Emmys, when we broke a new record by winning 28 Emmy nominations.

Our broadcast schedule also includes a mix of public affairs, cultural, educational, and special events programming. As much as 40 percent of our broadcast day is devoted to educational programming, including *K* through 12 instructional courses, college courses for credit, and GED courses.

Our enabling legislation charged us not only with establishing and operating public television and radio stations, but also with harnessing the full spectrum of video and audio technology for public service. We have the responsibility of coordinating telecommunications policies for the State under the New Jersey Broadcasting Act of 1968.

The Authority uses a broad range of technology including satellite, instructional television fixed service, videotape, fiber optics, and computer on-

line services. Projects in cooperation with the New Jersey Department of Education and the New Jersey Commission of Higher Education employ technology for interactive distance learning for high school and college students throughout New Jersey. This effort includes service to public elementary and high school districts in addition to cooperative programs with the New Jersey Institute of Technology, Burlington County College, Brookdale Community College, County College of Morris, and Thomas Edison State College. Through the use of a range of technologies, NJN serves as a resource for New Jersey schools as they seek efficient and effective ways to deliver a fair and equitable education to all students in the State. Our distance-learning programs bring language and advanced math teachers to classrooms throughout New Jersey.

Our Fiscal Year '99 request consists of four major projects which concentrate on infrastructure and preservation. These are classified in accordance with Section V of the procedures and instructions for Fiscal Year 1999 provided to NJN by the Commission.

1. With respect to infrastructure, we are proposing the repair of the Channel 52 tower site access road, which is located on New Jersey State property in Lawrence Township. This original road is almost a quarter of a century old and continues to deteriorate. Its dozens of potholes represent a risk to our employees and others who must use the road on all hours of the day.

2. With respect to preservation, we are proposing to repair the HVAC system at NJN's Trenton-Lawrence Township transmitter and at three smaller TV-transmitting facilities at Blairstown and Brass Castle, in Warren

County, and at the Croton, in Hunterdon County. The three smaller sites were transferred to NJN by the New Jersey State Police in 1990. They still house NJ State Police radio, as well as NJN facilities.

The HVAC system at the NJN Trenton transmitter is 27 years old. It requires frequent maintenance of the duct heaters. It also leaks Freon refrigerant, causing environmental damage and incurring costly recharges. It is important to note that this site is the hub and control point for all of NJN's transmitter operations and is staffed during all operating hours. Proper operation of the environmental systems at this site is especially important. At the three smaller sites, old heating systems, missing most of their components, are not working. The lack of climate control causes damage to equipment, already estimated at \$10,000, as well as loss of NJN services.

3. Another area of NJN's concern is under the heading of preservation but also relates to the emergency broadcasting regulations. We work in conjunction with the Federal Emergency Management Agency, or FEMA, the Emergency Broadcast Committee of Broadcasters Association, and the New Jersey Emergency Management Section of the State Police in West Trenton on a coordinated effort for dissemination of public emergency information.

To meet fully our legislative mandate to provide emergency broadcast coverage, we are proposing to replace the uninterruptable power supplies, UPS, at three of NJN's main transmitter sites. These are critical to maintaining uninterrupted operation of both microwave and remote control equipment located at these three sites -- even during the interval between loss of commercial power and the cut-over of the standby emergency generator. It

is especially critical to insure that the technicians at the Trenton transmitter maintain the ability to start the generators at the other three transmitters via remote control in the event that the automatic switch over at any of these facilities should fail.

This can only be assured if continuous power is available through the reliable UPS systems at those sites. Similarly, remote operation and control of the microwave systems at each of the other sites can be maintained only if this power is available to the equipment at those sites. The existing UPS equipment is between 11 and 25 years old. The three units are overloaded and fail frequently, thus interrupting NJN operation throughout the State.

4. Also under the heading of preservation, and to meet fully our legislative mandate to provide emergency broadcast coverage, we are proposing to replace, over the next two years, the standby power generators that serve our transmitters. The new generators, at the cost of \$200,000 in each of the next two years, will be capable of operating the television transmitters during a total commercial power failure. When the stations were constructed in the early 1970s, the original inefficient transmitters made installation of suitable standby generators impractical. It seems both appropriate and timely, at this point, to note that NJN's Montclair transmitter was off the air for the entire evening of August 16, beginning at 5:20 p.m. through midnight, due to a commercial power failure.

I would also like to repeat the point that I made in my presentation in each of the last two years. The special television service NJN provided to New Jersey, New York, and Connecticut viewers during the World

Trade Center bombing and to the entire State during the blizzard of 1996 are examples of our ability to provide vital broadcast services during statewide emergencies.

As discussed previously, NJN expects to receive \$4.3 million through the year 2002 from the Television Food Network contract. Those funds, dedicated to upgrading our television and radio networks, will serve two purposes. They will finance necessary improvements in our studio and will also provide for the purchase of cameras and editing equipment that will be used to support our services and protect our revenue streams.

Even with this expected funding from the Commission and the Television Food Network transaction, NJN still faces significant long-term capital needs to meet an impending unfunded Federal mandate. The Federal Communications Commission has issued a rule-making fifth and sixth report and order that will require conversion of all commercial and noncommercial TV stations to transition to digital television. The process needed to meet this unfunded Federal mandate is expected to begin in Fiscal Year '99 and our board and staff are working together to develop plans to meet the mandated conversion.

In summary, NJN, a valued and valuable resource for New Jersey, continues to become more self-reliant and competitive. To do so, we need constantly to protect and safeguard our technical equipment and facilities. We very much appreciate your consideration and help. We welcome your assistance as we move forward to provide even more effective and efficient services to the citizens of New Jersey. On behalf of the New Jersey Public

Broadcasting Authority, thank you for the opportunity to report on our current status.

MS. MOLNAR: Thank you for your presentation.

Any questions or comments?

Assemblyman Romano.

ASSEMBLYMAN ROMANO: This \$4.3 million that you expect, has there been a spending plan that you have devoted to the expenditure of these funds?

MS. CHRISTOPHERSON: Yes indeed, and every year the board approves that spending plan.

ASSEMBLYMAN ROMANO: I wonder if you might possibly make that available to us?

MS. CHRISTOPHERSON: I would be delighted to forward that to you.

ASSEMBLYMAN ROMANO: One other question. I'm sure you are doing this, but I leave nothing to chance. The rule making that requires conversion to digital, by what date is that?

MS. CHRISTOPHERSON: Actually, there is talk that they may extend that, but I believe by the year 2006 we have to be off the air in terms of analog and on the air in terms of DTV.

ASSEMBLYMAN ROMANO: Now, the repairs that you are making, transmitters and such -- by the way, I'm not technically oriented when it comes to the TV. I don't even have cable at home. I was going to answer you, what regular no pay channel does NJN come on?

In any event, the work that you are doing with transmitters and the other things that you are doing here, will they be compatible to the switch over to digital, or are we, let's say, repairing an old horse?

MS. CHRISTOPHERSON: I believe the things that we are talking about will be useful to us as we go forward, but I'll have our Engineer, Pete Ford, speak to that.

PETER J. FORD: Madam Chair, the transmitter equipment that we now have is current state-of-the-art equipment and it is compatible with the digital format. We do not anticipate having to change out those transmitters, but we may have to add some equipment to them, but we will not be replacing them.

ASSEMBLYMAN ROMANO: I'm just saying, through you Madam Chair, that the equipment will not be obsolete, per se. That you can add on to it for the digital work, unlike my own personal TV, which I understand that I would have to throw away when digital comes in. It's just a question that comes to my mind.

So all I'll rely upon is that you are going to provide the Chair, through Paul, with a copy of the plan for the \$4.3.

MS. CHRISTOPHERSON: We would be delighted to do that.

ASSEMBLYMAN ROMANO: Thank you.

MS. MOLNAR: Thank you.

Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Thank you very much, Madam Chairwoman.

Good morning, it's nice to see you again.

MS. CHRISTOPHERSON: Good morning.

ASSEMBLYWOMAN MURPHY: Could you tell me what dollar effect will the deregulation of the utility industry have on NJN, do you believe, as you look at it?

MS. CHRISTOPHERSON: What a wonderful question and I would love to be able to respond to that in writing, I think, because one of the things that you are picking up on is that this is a very dynamic environment right now, and so I would love to have a chance to get back to you on that.

ASSEMBLYWOMAN MURPHY: Thanks, because I don't think anyone can tell concretely because a lot of things haven't been settled, but certainly there must be a projection of some kind of support somewhere from that.

I wondered, are the NJN transmitters the sort that could be leased for other communication companies to utilize? There seems to be so much difficulty with the portable phones and this sort of thing and municipalities not wanting to see the transmission facilities-- Everyone wants the ability to make everything work, so are the transmitters that you have utilized space-rented revenues generated?

MS. CHRISTOPHERSON: We do generate revenue from our tower rentals and that has been going up and we do that, I think, to be aggressively to the full capacity. So we are very fortunate, I think, to be pursuing that.

ASSEMBLYWOMAN MURPHY: I am delighted to hear that. We all want everything right away, we just don't want to know that we have it, so to speak.

I wondered if the Federal cuts in funding for Corporation for Public Broadcasting have affected your operations?

MS. CHRISTOPHERSON: Again, I appreciate that question. Indeed, in Fiscal Year 1998, I think, we are seeing a decrease of about \$136,000. Every dollar counts and it is important to us, so we will make that up.

ASSEMBLYWOMAN MURPHY: I just wondered how badly. You have done such a tremendous effort in turning the \$8 million going one way and coming from another source now, so I do have to congratulate you. That speaks not only to the quality of the programming and to the interest of people in seeing it, but into the kind of effort that are put in by the people who are not on the screen -- the kind of work that they are putting into it. I do need to congratulate you on that kind of thing.

The digital mandate, I'll go back to that as Assemblyman Romano did because I think it is very, very important. Is there a five-year plan for those revenues that you will need for that? You had said the earlier estimates are for \$8 million to \$32 million in terms of upgrading to be ready for that, which is quite a wide range. Have you developed, sort of, a five-year plan for how you intend to approach this?

MS. CHRISTOPHERSON: Actually, systemwide people are working on it. It's an interesting time to be planning because some of the equipment hasn't even been developed, so the things that could impact the-- The rules haven't even been decided. For example, in the time that we started planning -- and it's been mandated they talk about in terms of DTV -- a compression ratio of saying that for every single channel that we have now, we

could have four services. Since that time, which is just a matter of months, they are now talking about anything from one to ten channels.

So imagine that we could have an early learning channel. We could have a State government sort of C-Span channel, we could have an adult education distance learning, and then they are also talking about -- and this hasn't been decided yet -- about the possibility of being able to earn revenue through the excess capacity or the extra channels that we have, which would be a wonderful thing.

So it's a very dynamic environment and we are working-- The systemwide PBS is working aggressively, I think, to develop opportunities as well as -- and many people anticipate there will be some public-private partnership because so many things need to be decided. Some states have already set aside for appropriations; some are talking about bonds. And it is something that we have a board and staff working together, and we are in the planning phase.

ASSEMBLYWOMAN MURPHY: Assemblyman Romano, I share your vision of television sets lined up along the curb because the kids now want to see digital and we will all-- The house parents, male or female, will be in the kitchen watching the old, and the kids will be wherever they are watching the new, I'm sure, as we move along.

But it is, you're correct, an exciting time to be involved in the business in which you are -- frustrated also because nothing is concrete enough to build upon. Everything is in a state of such flex and movement that I would think that it is very much a challenge. The Chinese say you should live in exciting times -- interesting times. I guess this is one of those times.

MS. CHRISTOPHERSON: Indeed it is. Well, it is very exciting. I will just mention that, for example, if you could imagine data can also be sent through this and if data comes 600 times faster than currently -- those of you who are surfing on the Net and could notice that sometimes it's slow -- now we can have the opportunity to send data, for example, very fast, so we can work in conjunction with other telecommunications partners, I think, in providing even better services to the citizens. So there will be some good opportunities, as well as some need for changing some equipment.

ASSEMBLYWOMAN MURPHY: It's kind of frightening, we will know things before we know we need to know.

Thank you very much.

ASSEMBLYMAN ROMANO: One final comment. Does the fiber-optic cables suffice for the digital?

MS. CHRISTOPHERSON: Actually, that is an interesting question, too. We are talking about over the air in terms of-- We can work in conjunction, in other words, with our fiber-optic cables.

ASSEMBLYMAN ROMANO: No, I'm saying when we talk about cable, etc., is that-- What will the cable be, fiber optic?

MS. CHRISTOPHERSON: Do you want to speak to that, Pete, because there are a variety of ways of addressing that.

MR. FORD: My expertise is not cable television.

ASSEMBLYMAN ROMANO: I'm sorry.

MR. FORD: But I can tell you, based on the broad technology involved, yes, fiber is specifically -- excuse me -- is very appropriate for digital transmission of video and sound.

ASSEMBLYMAN ROMANO: Thank you. I would just like to finish. Two years ago I wanted to buy a TV and my very parsimonious nephew said to me not to buy it because you have to wait for digital. So two years passed and there I was still flipping stations, etc. (laughter) I said when is digital coming out, and now we are talking about in the next century -- I hope I make it. (laughter) So I finally bought a TV. That's why I said throw it away, I have got mine.

ASSEMBLYWOMAN MURPHY: That's right, we are outdated before we get the project at home.

ASSEMBLYMAN ROMANO: We are depression oriented, that's what the problem is.

ASSEMBLYWOMAN MURPHY: That's our problem. You are correct.

ASSEMBLYMAN ROMANO: Thank you, Madam Chair.

MS. MOLNAR: Are there any other questions or comments?
(negative response)

If not, I would like to thank you for your presentation, and we will review your recommendations and requests.

MS. CHRISTOPHERSON: Thank you so much.

MS. MOLNAR: Is there any other business to come before the Commission? (negative response)

If not, our meeting is adjourned until September 26 in this room,
same time, 10:00 a.m.

Thank you, meeting is adjourned.

(MEETING CONCLUDED)