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STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
CN-001
TRENTON
08625

JIM FLORIO
GOVERNOR

Dear Fellow New Jerseyans:

According to the New Jersey Constitution, the Governor is required to make an annual "State of the State" address to the Legislature. This year, I'll fulfill that obligation on the evening of January 8.

I also have an obligation to report to you, the people of New Jersey, because I work for you. This booklet, my "Report to the People," is part of that commitment.

In the coming year, I plan to work to make sure that all the programs we put in place in 1990 produce the results we promised for 1991: lower car insurance; an end to the cycle of constantly soaring property tax bills; world class schools where kids learn and taxpayer investments are protected; and a leaner government.

Last year we began the important process of shrinking government. In the year to come that will continue to be one of our chief goals. But just because we're making government smaller, doesn't mean it won't be able to get the job done. If there is one continuous story in this report, it's about how we can forge a new kind of government in the '90s: one that responds to all our needs, but which doesn't grow unchecked by common sense and fiscal values.

Most of all, 1991 should be a year when we make sure New Jersey keeps on working -- so we can build our way out of the tough economic times that challenge this nation. Jobs today for a secure future tomorrow: that's the vision which will guide us in the weeks and months ahead. I'm confident that New Jersey will not just survive today's tough times -- we'll emerge with new opportunities and a new standard of excellence for the nation to follow.

A state that nurtured the imagination of Thomas Edison, the strength of Alice Paul, the wisdom of Woodrow Wilson, and the competitive spirit of Vince Lombardi should expect no less.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jim Florio".
JIM FLORIO
Governor



Accomplishments:

- Kept New Jersey's AAA credit rating on Wall Street, the highest in the nation.
- Established Transportation Executive Council which for the first time in history brought all the pieces of New Jersey's transportation network under one head.
- Average unemployment rate of 4.9% is lower than neighboring states and well below the national average.



KEEPING NEW JERSEY STRONG

"We're taking steps to make sure we have jobs today for a secure economic future tomorrow."

A year from now, when we look back, I want us to be able to say 1991 was the year we kept alive the dream of opportunity in New Jersey.

We began working toward that goal in 1990. We laid the foundation for a prosperous future by responding quickly to the current national economic downturn. We kept New Jersey financially sound and secure. Now it's time to build on that foundation.

To be sure, the past year was a tough one for many New Jerseyans. The national economic downturn began to squeeze our pocketbooks. And, while no one state can turn around a national economy, there are steps we can take to protect people, preserve jobs and create new ones, and build for the future.

It's frustrating sometimes to think that so many things beyond our control—whether it's dictators in the Middle East or savings and loan speculators at home—seem to determine the direction of our economy. We can't resolve those problems in Trenton. But working together, we can take back some control of our economic future.

Our 1991 blueprint for action is three-pronged. First, getting immediate help to those people hit the hardest by the national economic downturn. Second, stimulating economic growth for the present and the future. And third, building for the future so that our children will have the same opportunity we've known.

We're going to "prime the pump" of our economy by making some long-needed investments in our future. These aren't make-work programs. And they're not programs that will expand the size of government. Instead, they're investments by our

entire community, taking advantage of our collective buying power, to build things we all need and want, like roads, airports, schools and sewage plants.

It's well worth the effort. The upside of a down economy is that construction bids for roads and other needed building projects are coming in at five to 25 percent lower than usual. Now is our chance to build many of the things we need at low cost to taxpayers and at a time when people need the good jobs that accompany new construction.

A \$100 million road-building project means three thousand jobs and food on the table for thousands of families. Some of those jobs are on the construction itself, but many of them come from what's called a multiplier effect. That's a fancy phrase to describe what happens when people directly employed on a project spend their money. In turn they put other people to work and so on, and so on.

This chain reaction shows that our economy is not a series of isolated companies or individuals. Instead, the economy links all of us together. When one part of the economy is hurting, we all hurt in some way. So, another important part of our effort to pump up the New Jersey economy is to stimulate the private sector. State government must be an engine that drives our economy—working with the men and women of our state's businesses to create dynamic growth. I am determined to keep New Jersey working.

Let's start by discussing plans for investments that help all of us, whether it's a factory owner searching for the best ways to get goods overseas, carpenters looking for work, or

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JOB CLASSIFICATION

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families hoping to reach their favorite beach at the Jersey Shore without getting stuck in traffic.

PUBLIC INVESTMENT MEANS EVERYONE GAINS

PEOPLE in the real estate industry have long recognized that you can't go wrong as long as you've got three things: location, location, and location. Well, we've got location in New Jersey: wide roads leading to important places, the largest and deepest ports, one of the nation's fastest growing airports and a beautiful countryside filled with prosperous farms and gorgeous greenery. We need to build on that legacy. And, that's exactly what we plan to do with our new focus on public investment.

Anyone interested in history no doubt knows that New Jersey has one of the first examples of a public investment project: Paterson, now the seat of Passaic County. Founded as a planned industrial city by President Washington's Secretary of the Treasury, Alexander Hamilton, Paterson became a magnet for factories wanting to take advantage of the mills Hamilton built on the Great Falls. There again we see the importance of location.

In the new global economy, our state, like a private corporation, can't afford to let slip any of its advantages. And that means constantly working to improve the things which make New Jersey so attractive to people and businesses.

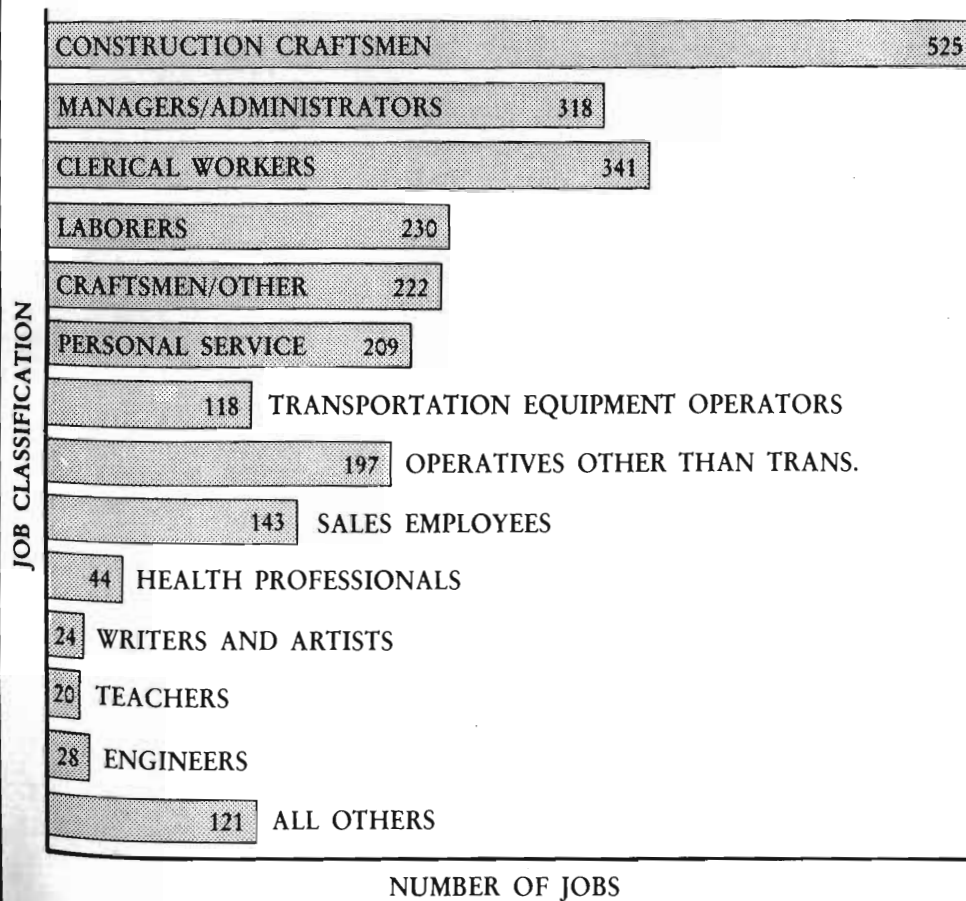
The immediate benefit of our plans for public investments in our state will



Accomplishments:

- Established Rapid Response Team at Department of Labor to react to any business where layoffs are even contemplated.
- Successfully petitioned U.S. Department of Agriculture to secure emergency, low-interest federal loans after fruit crops were stricken by frost.
- Signed a law increasing the minimum wage to \$4.25 by April, 1991; \$5.05 by April, 1992.

STATE OF NEW JERSEY EMPLOYMENT IMPACT OF TRANSPORTATION INVESTMENT*



*JOBS CREATED PER \$100 MILLION IN HIGHWAY INVESTMENT.





Accomplishments:

- Labor Department recovered \$3.5 million in back wages due workers between November 1989 and November 1990.
- Secured Unemployment Insurance Trust Fund by arranging to pay back the federal government for \$100 million wrongfully diverted by the state from the Fund.



be thousands of jobs. But, the long-term impact is equally important. It means New Jersey will continue to enjoy its advantage over other states. It means our children will inherit a state worth living in. A state with smooth roads and clean water. A state with modern schools and ports and airports that mean good jobs at good wages. A state with cities offering cultural opportunities, and colleges and universities that continue to attract the best minds.

If anyone needs an example of what such a project can do, they need only look at the Meadowlands sports and entertainment facilities. Millions of people visit there every year, bringing New Jersey business and instilling in all of us a feeling of pride.

We're committed to similar projects, like the Aquarium in Camden anchoring a rebuilt waterfront, the Arts Center in Newark and the Science Pavilion in Liberty State Park. We brought millions of dollars to these projects during the past year and will continue to do so in the coming year. These kinds of cultural projects don't just provide jobs and economic opportunity, but they maintain for all of us the quality of life we expect in New Jersey.

WHEN it comes to quality of life, New Jerseyans also want to see their roads unclogged. So we plan to go ahead with projects like the extension of Route 18, improvements to Route 1, better connections to Newark Airport, and upgraded ferry service across Delaware Bay—to name a few. We also plan to create a unique authority that will oversee a coordinated effort to meet South Jersey's transportation needs, ranging from improved highways to an expanded airport at Atlantic City. Transportation has been a principal focus of our efforts. Not only have we developed plans for new construction—and that's not to say that there isn't plenty going on already, \$1 billion worth in 1990 to be exact—we also completely revamped the way we went about the business of building and running our roads.

One reason our transportation systems have been gridlocked is that we've also endured a policy gridlock.

Too many different organizations ran their particular highway or port without regard to the state's larger needs. We ended this old-fashioned way of doing business and formed the Transportation Executive Council (TEC).

Thanks to the hard work of Tom Downs, our Transportation Commissioner, for the first time we've gotten the heads of each piece of our vast transportation network to sit together in one room. Dave Goldberg, head of the Turnpike, Robert Jablonski, chief of the Parkway, and Dick Leone, chairman of the Port Authority of New York and New Jersey, deserve special praise for their extraordinary efforts to make this cooperative approach successful. It used to be said that the only place the Parkway and Turnpike met was at Woodbridge. Now they meet all the time at the meetings of the TEC.

That council has put forth an impressive set of proposals which we'll act on in the coming year. Each region of the state is getting the attention it deserves. So, the proposals range from connecting the Atlantic City Expressway with the Turnpike, to widening the Parkway in the northern part of our state. The council also developed the idea of a fast-response traffic management team that will quickly work to relieve the bottlenecks which form at chronic problem areas, like Interstate 80 and Route 46.

Perhaps the most important proposal by the TEC is its call for lifting the cap on the Transportation Trust Fund. By lifting the cap by about \$200 million and spending other money we have available for transportation, we'll be able to improve our ports, airports and roads. That means thousands of jobs leading to a healthy economy and a future for our children.

I call on the Legislature to lift the cap and put our money and our people to work. And thanks to the leadership of Senator Walter Rand, and Assemblymen Bennett Mazur and George Spadaro, I'm confident that we'll make the cap lift a reality.

TRANSPORTATION isn't the only area where we have plans. Last month I signed bills appropriating more than \$200 million from the Jobs, Education

and Competitiveness bond issue for more building at our universities and colleges. Senate President John Lynch and Assemblymen Bill Pascrell and Joe Mecca saw to it that every public college and university in New Jersey gets some money, as will many private schools. This investment in education will mean a stronger economy in the long run and 6,000 jobs in the short run.

I look forward to doing the same with the \$600 million "3Rs" program we've proposed to refurbish, revitalize and rebuild our aging schools. I call on the Legislature to send that important piece of legislation, sponsored by Senator Matthew Feldman and Assemblyman Jimmy Zangari, to me as soon as possible.

It's a good time to make these kinds of investments for two reasons. One: prices are down. We can take advantage of lower bids by contractors on our projects. Two: unlike most other states, we made the tough choices to balance our budget last year. And Wall Street rewarded our sound fiscal common sense by reaffirming New Jersey's Triple A credit rating—the highest in the nation.

We can borrow money cheaply, and because we're one of the few states with the top credit rating, investors are eager to buy the bonds we issue.

That's why our \$90 million bond issue to build wastewater treatment plants was sold last October at one of the lowest rates on Wall Street. We saved the taxpayers millions of dollars and delivered on the promise of clean water for the future.

We've gone back to the old ideal of building a state filled with opportunity for a bright future open to everyone. We cannot tax our way out of this troubled economy. We can't borrow our way out. But we can build our way out—and we will.

A PARTNER WITH THE PRIVATE SECTOR

WHEN our economy works well it creates opportunity open to everyone. That's the American way. We aim to keep opportunity alive in New Jersey.

Our Department of Commerce, led by Commissioner George Zoffinger, understands the needs of business and is aggressively pursuing our pro-business agenda. We're cutting through bureaucratic red tape that adds costly delays to worthwhile projects. We're making sure our workers are the best in the world. And, as I just described, we're making substantial investments in our public infrastructure. Our roads, airports, and ports need to be in top form if we're to compete on a global scale.

Despite the national economic downturn, New Jersey's economy continues to be stronger than other states in the region. Not only was last year's average unemployment rate lower than Pennsylvania's or New York's, we're on target to surpass 1989's high number of firms leaving New York for New Jersey.

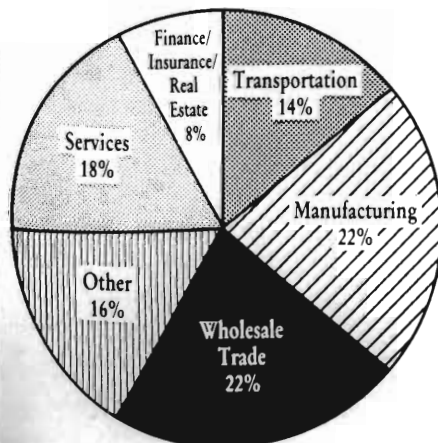
In 1990, I was proud to attend openings for a number of firms that were either expanding their New Jersey operations or just starting them. Some came from across the Hudson River, like Merrill Lynch, others from across the ocean, like Nippon Telephone and Telegraph of Japan. A few expanded old operations, like General Motors—working with the car manufacturer we helped it re-tool and convinced it to stay at its



Accomplishments:

- Helped find jobs for 700 workers who lost their jobs due to plant closings by obtaining over \$2 million in grants for assistance.
- Labor Department opened consolidated office allowing workers to "one-stop-shop" for services such as Unemployment Insurance, Vocational Rehabilitation, and Workers' Compensation.

COMPANIES RELOCATING OR EXPANDING TO NEW JERSEY BY INDUSTRY 1990



Total of 91 Companies





Accomplishments:

- Selected as host state for 1992 National Governor's Association annual meeting.
- Helped BASF expand its New Jersey operations and in turn employ several thousand New Jerseyans.
- Worked with General Motors, developing a plan for the car manufacturer to retool and reinvest in New Jersey at its Linden plant rather than leave the state.
- Encouraged the expansion of operations in New Jersey of several major corporations including Merrill Lynch, Nippon Telephone and Telegraph, Tropicana, and Pepsico.
- Appropriated more than \$200 million from the Jobs, Education and Competitiveness bond issue for more building at our colleges and universities.



Linden plant, rather than move out of state. Other companies came to New Jersey and built new plants, like Tropicana orange juice and Pepsico. But they all are in the Garden State for the same reason. They know New Jersey is a good place to do business and they're confident it will continue to get better. We offer talented, motivated workers, a great location and a government that works. And these are the things that business executives want.

Newark International Airport is making our largest city well known from Stockholm to Hong Kong. Last year the number of international travelers who went through that airport increased by almost 40 percent. Some of the world's leading airlines, British Airways, Air France and SAS, also began new routes there during 1990.

In Atlantic City, we've established a coordinating council to revitalize the flagging casino industry. Chaired by the city's new mayor, James Whelan, and Commissioner of Commerce Zoffinger, that council brings together representatives of all the people in Atlantic City. It will focus on community concerns, such as housing, at the same time that it helps casinos attract new business. By making the common sense judgment that both these concerns are linked, the council will bring a breath of fresh air to that city of ocean breezes. We also plan to expand the Atlantic City airport so more travelers will have the opportunity to visit our beautiful Jersey Shore. And, we will get moving on a new Atlantic City convention center.

WE'RE getting ready to compete in the new global economy. In October we published a book—a joint effort with the Port Authority of New York and New Jersey, Peat Marwick and others—called "Europe in the '90s: Implications for New Jersey Business." The book provides New Jersey businesses with practical information on how to take advantage of the many changes in Europe.

When the Berlin Wall came down, opportunities for American business went up—and New Jersey aims to be among the first in line. In the year to come, we'll join with New York State and the Port Authority in implement-

ing specific, pragmatic initiatives designed to improve the New Jersey-New York region's effectiveness in international trade competition. Already our experts have been meeting, and will continue to do so, for the purpose of putting in place a "1991 New Jersey, New York and Port Authority International Trade Agenda." Items on that agenda range from a computer software program that teaches companies how to increase exports, to research initiatives which will target immediate and long range niches for New Jersey and New York products.

We're helping small businesses, too, with advice and financial assistance. Small businesses are vital to our economy. Without them, neither the giant corporations nor the individual worker could survive. How do we help? One way is by securing loans. We did just that for Fritz and Luca, Inc. of Linden. By securing part of a \$194,500 loan we helped that T-shirt design company expand and hire more people.

SPECIFIC actions to cut through red tape have resulted in New Jersey companies being able to expand and employ thousands of New Jerseyans. Perhaps the most successful example is BASF in Mount Olive, which will hire several thousand additional people as a result of our ability to focus on the issues surrounding their expansion.

No more bureaucratic run-arounds. Everyone sits down at the table and gets results.

Of course, the past year wasn't all success stories. Many businesses are hurting, particularly construction and real estate. We're doing all we can to boost those industries, whether it's working with New Jersey banks to ease the credit crunch that makes it so difficult for businesses to expand, or helping young couples get mortgages through our New Jersey Housing and Mortgage Finance Agency.

Agriculture is what New Jersey was founded on and it continues to provide the Garden State with one of our most resilient economies. Good growing conditions have resulted in a near-record corn yield of 107 bushels per acre and a record-matching soybean yield of 34 bushels per acre.

We're taking steps to increase exports of New Jersey farm products abroad and to assist the farm and seafood processing industry in New Jersey itself. All these efforts, led by Agriculture Secretary Art Brown, will add about \$700 million to the New Jersey economy.

What all these stories about business show is that even in tough times New Jersey has what it takes and what businesses want. In the coming year we're going to continue convincing businesses to come to New Jersey. We're also going to work on making it easier for businesses already here to get the job done.

One important way will be through our Economic Development Task Force. Operating out of the Governor's Office, the Task Force will follow up on the work we started this year by continuing to clean up the bureaucratic messes in which business and people too often get tangled. We will set a tone in the Governor's Office for all state workers who deal directly with people that their job is to work for these people, not for the sake of bureaucratic rules.

The task force is chaired by my Chief of Staff, Joseph Salema, and it has representatives from key departments. This way, businesses looking to expand or move to New Jersey will know who to call to get the ball rolling on approval of their plans. Instead of going department by department, getting each bureaucrat to sign off, the businesses will be able to come to one place where all issues—environmental

and economic—will be dealt with in a timely fashion. I consider this reform to be very important for the health of the New Jersey economy.

HELPING PEOPLE

THERE'S an old saying: "A recession is when your neighbor is out of work. A depression is when you lose your own job." What that really means is that the name economists choose to label an economic downturn has nothing to do with the hurt it causes people.

And there can be no question that New Jerseyans are being affected by the current trend in the national economy. Last year's unemployment rate—the average through the end of November—was up, from 4.1 percent to 4.9 percent. That is still well below the national rate. But people are struggling, whether it's to keep up with their mortgages or with other rising costs, like gas prices.

I remember earlier this year when a woman who had just lost her job came into my office. She was near tears as she described the foreign takeover of her company. Cutbacks put her out of work. And now she wasn't sure if she could keep up payments on her mortgage. She wanted some answers.

The past year, we focused on getting people those answers.

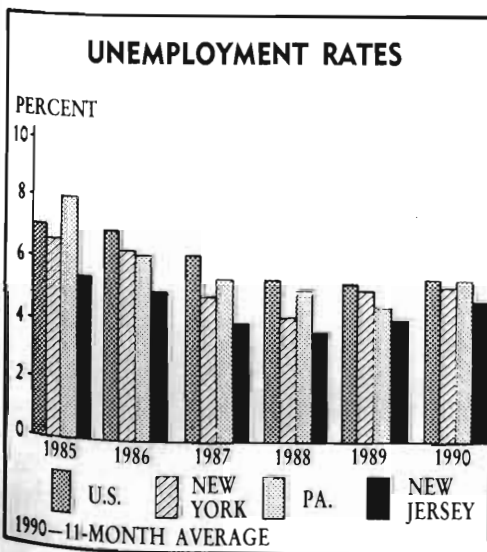
Under the leadership of Labor Commissioner Ray Bramucci we have put in place a Rapid Response Team of experts ready to go anywhere in the state where layoffs are even contemplated. It provides immediate advice about training programs and registers people for Unemployment Insurance. The Labor Department also has set up an automated job search computer system. Installed in July, its computers now scan thousands of job openings to assist people looking for work.

Last year, the Labor Department put together grants of money to provide specialized training and compensation to workers who lost their jobs. More than \$2 million was made available to help 700 workers affected



Goals:

- Create a regional transportation authority to expand and operate Atlantic City International Airport and address the specific needs of all South Jersey.
- As chair of the Coalition of North East Governors in 1991, Governor Florio will host a conference in Newark aimed at finding regional strategies for economic growth.
- Economic Development Task Force, operating out of the Governor's Office, will cut red tape and help spur development.
- Work with New York and the Port Authority of New York and New Jersey in developing a joint effort to help us realize our international trade potential.
- Lift cap on the Transportation Trust Fund to create over 7000 new jobs.





Goals:

- Enact and use the \$600 million "3Rs" bond program to refurbish, revitalize, and rebuild our schools.
- Continue with road improvement projects such as extending Route 18 to Route 287 and upgrading Route 1.
- Improve connections to the Newark Airport.
- Upgrade ferry service across the Delaware Bay.
- Establish a fast-response traffic management team to address chronic traffic problems.
- Continue to support the Aquarium on Camden's waterfront, the Arts Center in Newark, and the Science Pavilion in Liberty State Park.



by plant closings, including the shutdown of the historic Campbell's Soup plant in Camden.

People who do lose their jobs at least can be confident about the security of the Unemployment Insurance Fund. And that's something we couldn't say last year. When I came into office, New Jersey owed the federal government \$100 million. We're paying that money back and the fund is back on sure footing.

New Jersey is also leading the nation in guaranteeing men and women a decent wage for their work. With pride, I signed a law last year increasing the minimum wage to \$4.25 come this April and \$5.05 by April 1992. We have Assembly members Stephanie Bush and Joseph Paterno, and Senator John Russo to thank for this major piece of legislation. It's an important first step in helping hard-working people provide for their families.

We're also going to see to it that people can learn the skills they need to get a good job in the new higher-tech work force. One of the recent steps I took was to announce the consolidation, from 64 to 15, of state training programs. A recommendation of the State Employment and Training Commission, that action will

save close to \$6 million and increase access for thousands of New Jerseyans who want to improve their opportunity by learning a new skill. In the coming year we will improve our training efforts, helping businesses find the skilled workers they need and helping people acquire the skills they want.

PEOPLE have other concerns about the economy. Banks are chief among them. Our Banking Commissioner, Jeff Connor, is working hard to make sure that, unlike what has happened in some other parts of the country, our banks don't go under. He is helping state-chartered banks secure their finances and has put together a regulatory "S.W.A.T." team. That team of financial sleuths will put an end in New Jersey to the unsound banking practices responsible for so much of the S&L crisis sweeping the nation.

Sometimes it's not a stormy economy which is responsible for tough times, but stormy weather. We can help people there, too. Last year, we successfully petitioned the U.S. Department of Agriculture for emergency, low-interest federal loans to help fruit farmers stricken by frost in March and April.



A CLEAN AND GREEN NEW JERSEY

"Keeping New Jersey clean and green for our children is all about cleaning up the mistakes of yesterday and preventing the mistakes of tomorrow."

WHAT kind of New Jersey do we hope to leave our children and grandchildren?

As I play with Matthew and Chelsea, my son's two youngsters, I often ask myself that question. I've seen so many changes in the New Jersey landscape over the past thirty years that I can't help but wonder what will be left after the next thirty years.

Will Matthew and Chelsea be able to take their children to a Jersey Shore with clean beaches and safe water?

Will they be confident about drinking the water that comes out of their tap?

Will there be clean air to breathe and open spaces to enjoy?

Two decades ago, I'm not sure we could have answered those questions "yes." Today, however, we can be a lot more confident. Since the first Earth Day in 1970 we've come a long way toward preserving the kind of future we want for ourselves and our children.

Yet, much remains to be done. So, it's appropriate that in 1990, the year we celebrated the 20th anniversary of Earth Day, we began to confront some of the most intractable environmental problems that for too long the state chose to ignore. It's also gratifying that 1990, also the 20th anniversary year of our Department of Environmental Protection (DEP), will be remembered as one of New Jersey's cleanest in decades.

THE past year was a time when we rekindled our efforts to keep New Jersey clean and green. Perhaps the one event that most captured this new

spirit was our Earth Day celebrations in April. All over the state people gathered and debated what we needed to do to preserve our small part of the planet. The largest celebration was at Liberty State Park. Tens of thousands of people gathered in the sunshine, listened to music and speeches, and just had a good time. Park rangers said the crowd left the grounds nearly spotless.

We didn't just speak up for a clean New Jersey. We acted.

In the spring, I had the pleasure of signing the Clean Water Enforcement Act. That law is the toughest in the nation and gives us the tools we need to keep our water safe. Senator Richard Van Wagner and Assemblyman Bob Smith deserve all of our gratitude for being the driving force behind this important legislation. It also had broad support from community groups and environmental activists.

I also appointed the nation's first environmental prosecutor. We have rapidly set up this unique law enforcement office, dedicated solely to catching polluters and putting them in jail. We implemented a bounty program to reward people for turning in polluters, and already more than 100 people have placed reports. We also have brought indictments against polluters; for example, a North Haledon machine-tool firm which illegally released trichloroethane and sulfuric acid.

Criminal prosecution isn't the only way to make corporations clean up their messes. Sometimes a hefty fine does it. This year DEP, under the leadership of Commissioner Judy Yaskin, collected the highest number of fines and penalties ever. One of the



Accomplishments:

- Appointed nation's first Environmental Prosecutor.
- Implemented a bounty program to reward people for turning in polluters and helping to put them in jail.
- Signed Clean Water Enforcement Act, the toughest of its kind in the nation.
- Assessed most environmental fines ever, including more than \$5.5 million in penalties on two separate companies.
- Collected over 9.6 million pounds of debris from the Jersey Shore using supervised inmates under Operation Clean Shores.
- Put a temporary moratorium on incinerator construction. Already cancelled one incinerator in Pennsauken.





Accomplishments:

- Signed a package of six laws called the "Oil Spill Prevention Package," to make sure last year's abuse of our waterways by negligent oil companies will not happen again.
- Initiated one of the most massive privately funded cleanups in U.S. history, assuring more than \$130 million to remove chromium from Hudson County.
- Statewide celebrations to mark 20th Anniversary of Earth Day renewed attention on long-ignored environmental problems.
- Allocated millions of dollars to preserve New Jersey's historic sites.
- Appropriated more than \$100 million dollars from the Green Acres Bond Act to preserve open space.



best examples was in Hudson County. We forced the responsible parties to pay \$3 million to clean up a site they contaminated with chromium, and we also imposed a \$2.5 million penalty on each separate party. That's the largest penalty ever imposed for pollution violations in this country. We mean business.

Our tough attitude is paying off. This summer we had far fewer beach closings at the Jersey Shore. That's the result of a wonderfully integrated effort involving DEP, the State Police and the Department of Corrections. We used helicopters to search the coast for slicks, we continually tested water quality (arguably the most aggressive testing program in the nation), and under Operation Clean Shores we supervised inmates as they collected 9.6 million pounds of debris left on the shore.

Other efforts included making possible the distribution of \$5.53 million in grants to shore communities to help them improve wastewater treatment. Under the Sewerage Infrastructure Improvement Act, we have another \$13 million available for stormwater mapping and combined sewer overflow planning. That's a technical way of saying we're going to keep the sewage out of the stormwater drains and thereby out of our streams and ocean.

Clearly, in the past year we didn't shy away from the tough battles that the state has ignored for too long. Perhaps the most exciting example of our long-term vision for a clean New Jersey has to do with a very messy subject: garbage.

How are we going to dispose of—in a safe manner—our growing mounds of garbage? For years our

state put off dealing with this difficult question. Last year, we at least came up with an answer, which I look forward to implementing in the years to come. We're going to recycle 60 percent of it.

RECYCLING is the safest, most economical means of getting rid of garbage. So, it's our top priority. We'll recycle first, and look for other ways to dispose of our garbage second. We won't approve permits for incinerators without a careful review of their safety and where they fit in our 60 percent goal. We already stopped plans for the incinerator in Pennsauken.

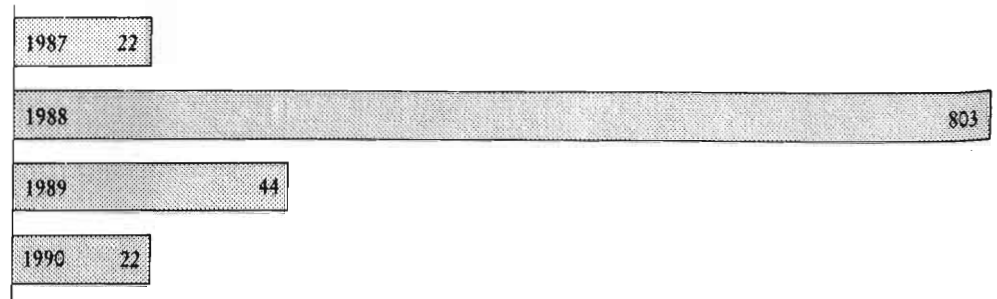
We have the Governor's Solid Waste Assessment Task Force, also known as the Pause Commission, to thank for this worthwhile goal of 60 percent recycling. That figure, which we plan to reach by 1995, will be the highest in the nation. Already we recycle about half that amount thanks to the efforts of thousands of people around the state, who spend Sunday evening sorting their cans, bottles and newspapers before setting out the garbage. But we can do better.

Corporations, which are responsible for close to half our garbage waste stream, have to lead the way, and some are. AT&T announced during the fall that it would immediately recycle 60 percent. Their example can inspire others.

We've also been recycling down on the farm. A unique system set up by the Agriculture Department has become a model for the rest of the nation.

Recycling means jobs, as many small factories take advantage of the chance to recycle paper, plastics,

NEW JERSEY BEACH CLOSING



BEACH CLOSINGS

metal, rubber and other garbage. Here we thought those piles of garbage were a problem, but there's actually gold in "them 'thar hills."

While recycling will help us preserve resources like trees and open space, conserving energy will keep us less dependent on foreign oil—something even more important in these troubled times. Thanks to the hard work of Scott Weiner, president of the Board of Public Utilities, we will soon have a State Energy Master Plan. That plan will do much more to encourage utilities to save energy and will also make sure that consumers get some of those monetary incentives.

Some people don't think of our historic heritage as an environmental resource, but it is. And this year we distributed millions of dollars from the 1987 Green Acres Cultural Centers and Historic Preservation bond act to preserve and protect historic landmarks like the Casino in Asbury Park and the lighthouse at Barnegat Bay. Our Secretary of State, Joan Haberle, has made preserving the historic landmarks in New Jersey a top priority.

We are also using \$150 million from the 1989 Green Acres bond act to preserve more than 18,000 acres of open space for all of us to enjoy. If there's one thing we learned in the '80s, it's that too much, or unplanned development, is not always a good thing.

In the coming year we want to continue to develop a state land use plan. I also want to work with the Legislature to find ways to clean-up and improve existing parks in our state. And, we plan to step up our farmland preservation efforts by acquiring 5,000 more acres of farmland.

We will do even more to protect the Jersey Shore. One way is to quickly secure legislation that closes the loopholes in the regulations which guide development along the coast. This is a top priority and we must all work to see it happen. Other exciting plans include implementing legislation authored by Senator Paul Contillo that controls the amount of toxic material used in packaging; as well as a proposal by Senator Dan Dalton

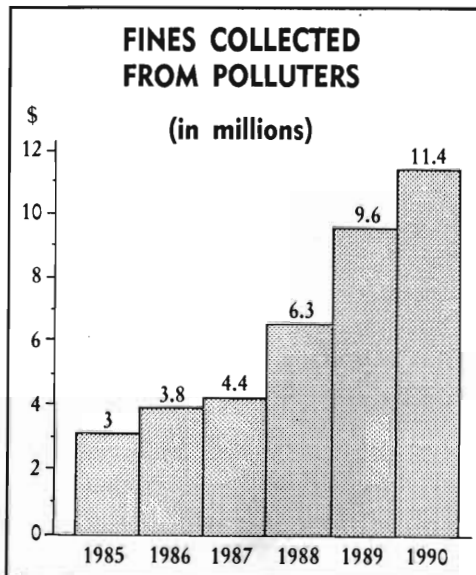
which sets a goal of reducing the use of toxins in manufacturing by 50 percent.

AND there are new issues which need our attention. While the expansion of our airports, especially at Newark, may be good economic news, it can mean noise pollution for the people who live in nearby communities. Working with our U.S. Senators in Washington, Bill Bradley and Frank Lautenberg, we will strive to get the federal government to take action to alleviate this problem.

We also will begin implementing the new regulations of the recently approved Federal Clean Air Act. And since air pollution knows no state borders, I will continue to meet with the governors of other states in the region in order to work out better ways of reducing it. The result of all this activity should be cleaner, clearer and safer air.

In March, a federal ban on sludge dumping in the ocean will go into effect. We're committed to that day when we stop using the ocean as a septic tank.

We're also going to go full speed ahead in implementing our new oil spill prevention package. Developed by Senator Van Wagner, this package is one of the most comprehensive in the nation. It includes penalties for those who spill, and encourages research into how to prevent spills and clean up any that do happen.



Goals:

- Close loopholes in regulations that control development at the Jersey Shore.
- Recycle 60 percent of our garbage by 1995.
- Foster recycling industry, creating jobs that keep our air and water clean.
- Protect open space through better land use management.
- Preserve 5,000 more acres of farmland.
- Control the use of toxins used in packaging and reduce the use of toxins in manufacturing by 50 percent.
- Pressure federal government to reduce airport noise from Newark Airport.
- Stop sludge dumping in the ocean.
- Focus on improving the quality of our parks.
- Assist local sewage authorities to better control storm overflow.





Accomplishments:

- Formulated largest property tax relief program in New Jersey history. Under this program, to take effect this year, close to three-quarters of a million homeowners will get the maximum rebate of \$500. More than two million homeowners and tenants will get a rebate.
- Easing the burden of local property taxes, state takeover of most municipal and county social service costs, as well as increased aid to school districts, will help local governments stabilize property taxes that soared in the '80s.
- Made our state income tax more fair by ending a system where millionaires paid the same rate as middle-class people. For more than 80 percent of New Jerseyans, there will be no change in the income tax rate at all.
- Built the first new housing in Camden in three decades.



BUILDING COMMUNITIES

"We can make the American Dream a reality once again."

WHEN New Jersey's Frank Sinatra recorded a song called "The House I Live In" some years ago, it brought tears to many people's eyes. That's how much our homes mean to us in this nation. A home is more than four walls and a roof. It's a place of security, of family, of warm memories.

For too many people that wonderful American Dream has become a nightmare. In New Jersey especially, we've felt the pressure of terrible increases in property taxes. As they doubled in the past decade, those property taxes forced many people out of the very homes they paid for over a lifetime. And the taxes helped prevent countless others from even considering purchasing a home.

We took a giant step toward solving that problem in 1990 by approving reforms of our property tax system that will take effect in 1991. This administration is committed to making sure the benefits from an expanded Homestead Rebate program, a state takeover of many social service costs, and a new way to pay for our schools, will flow to New Jerseyans, as promised. Our communities are too much a part of our values as a society for us to let them wither.

The property tax system is an unfair and anachronistic holdover from the nineteenth century. For too many years, reports like this one only talked about what we could do to end this unfairness. Last year, we stopped talking and finally did something. Keeping our tax system fair, whether it's with property tax relief or an income tax that doesn't apply the same rate to millionaires as it does to families struggling to make ends meet on \$50,000 a year, is the keystone of our vision for community building.

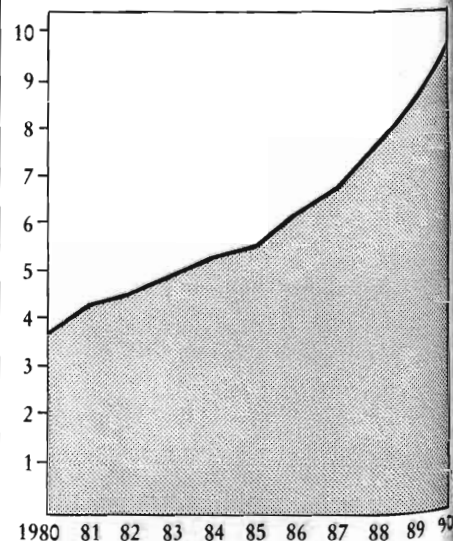
We took other steps as well in 1990,

to build—in some cases, rebuild—our communities.

In Camden, we handed the keys of home ownership to the first group of owner-landlords participating in the Department of Community Affairs' two-family affordable housing production program. Under the leadership of the Department's Commissioner, Randy Primas, we wrote a new page in that city's history. We built the first new housing in Camden in three decades. I was also proud to go to Newark and witness the opening of the only supermarket in the Central Ward, its first since the 1967 civil disturbances.

TOTAL PROPERTY TAX LEVY FOR NEW JERSEY

(by billions)



Property taxes have soared in the last 15 years. Starting this year under New Jersey's largest property tax relief program ever, 750,000 persons will get the maximum \$500 rebate and 2.2 million will get a rebate.

In Passaic, Hilda and Wilfredo Serrano bought their first home in 1990. That might not sound like a story in itself, but the Serranos, too, were breaking new ground in New Jersey. Backed by their employer, Melrose Displays, the Serrano family took advantage of the Home Ownership for Performing Employees program, sponsored by the New Jersey Housing and Mortgage Finance Agency (HFMA). Under the program, employers back a portion of the mortgage taken out by valued employees. We're the first state in the nation to sponsor such a program through a public housing finance agency.

Now other states are following our lead, and in New Jersey, other companies are joining in to make meaningful investments in the lives of their workers.

WE did even more for our communities. Three months ago, the HMFA sold about \$300 million in bonds to finance mortgages for people who have been shut out of the housing market—unable to clear the hurdle presented by the up-front costs of a new home. This money will help between 3,000 and 4,000 deserving families get their piece of the American Dream.

The past year was not without its setbacks. The housing bond issue on the November ballot was defeated by a slim margin. Assemblyman David Schwartz, whose drive for decent and affordable housing has made him a national leader, has reintroduced the ballot question. I urge the Legislature to approve it. An investment in housing for the middle-class, the homeless, the disabled, or urban residents, is an investment in the future of this state.

As important as it is for government to play the role of catalyst in housing, our efforts will have to be limited by the financial constraints we face today. Sometimes bold works must be drawn

on small canvasses. We will continue the search for new funding sources. And we will tap the creative minds of New Jersey's business community to find ways to make quality housing available and affordable. Government can't solve every problem on its own. But we can point out the problems. So, last year, the Banking Department held hearings on the credit crunch that is crippling the housing and real estate industry.

Community building is not just about erecting new housing. It's about keeping communities clean. Our Department of Environmental Protection and our Health Department will continue to monitor hazardous sites in our state. Whether it's a Superfund site, or simply a park filled with litter, we have to work to clean up our neighborhoods and keep them safe for our children.

Housing is more than a matter of shelter. It's a tool of economic development. It creates jobs. It enhances our values. It is a glue that binds together people, neighborhoods, and businesses. No longer can we accept a way of life where good housing is beyond the grasp of hardworking men and women. We've made a good start. But we cannot stop there. We have to look at the institutional and regulatory barriers to creating housing. Regulations have grown so complex that it sometimes takes three years for a project to go from the drafting table to the market. That's too long for the people of New Jersey to have to wait. Unsnarling that red tape will be a major goal for this administration. Here is a very good example of how, by making government smaller and reducing its reach, we'll make government better.

The future of our state lies in the dreams of young families to have a home of their own, and it lies in the hope of older people to keep that home. Together we will make sure those dreams, and those hopes are fulfilled.



Accomplishments:

- Helped open the first supermarket in Newark's Central Ward since the 1967 civil disturbances.
- Became first state in the nation to work with the private sector in securing low-interest, preferred mortgages for valued employees.
- Sold about \$300 million in bonds that will allow the New Jersey Housing Mortgage Finance Agency to provide low interest loans to nearly 4,000 New Jerseyans. That's the largest such housing-bond issue in New Jersey history.

Goals:

- Give more young couples a chance to buy their first home by re-introducing the First Time Home Buyers Bond Issue.
- Deliver on the promise of property tax relief in 1991.
- Continue to help local governments bring spending under control. Such an effort will include a serious look at ways to save money through regionalization of services.





Accomplishments:

- Signed the toughest assault weapons ban in the nation.
- Expanded our war against drugs to fight new criminal organizations that are trying to infiltrate the state. Increased the use of forfeitures of drug assets to make sure crime doesn't pay.
- Improved drug intelligence efforts and allocated millions more dollars to Narcotics Task Force operations in all our counties.
- Project ROADSIDE and Operation River Crossing are making it more difficult for drug pushers to carry their drugs through New Jersey to other states.



SAFE STREETS

"If we don't have the right to walk safely on our streets and live safely in our homes, then we don't have any rights at all."

EVERY day our police officers put their lives on the line. These brave men and women don't fear death; they fear the death of our communities from fear. Because they know that without the right to walk safely on our streets and live safely in our homes, all other rights are meaningless.

I'm dedicated to strengthening the thin line of blue that keeps our society together. In the past year we did much to fight crime and in the year ahead we will continue this never-ending battle.

Under the leadership of Attorney General Robert Del Tufo, the Department of Law and Public Safety made New Jersey a safer place for all of us.

I kept my pledge to the people in 1990 by signing the toughest ban on assault weapons in the nation. I believed then, as I do now, that no citizen needs a weapon designed only for the battlefield. Thanks to this law, no longer can people walk off the street and buy a gun designed to kill the most number of people in the shortest possible time. I'm grateful that the Legislature didn't need a schoolyard tragedy like the one that saddened Stockton, California before seeing the wisdom of this law. Considerable credit goes to the late State Senator Frank Graves for his leadership on this issue, as well as Senator John Russo, who picked up the standard after Senator Graves died last year, and Assemblymen Joe Mecca and Lou Gill, who led the fight in the lower house for this important bill.

FIGHTING back against crime requires many different weapons. One of them is the death penalty. It has to be more than a theory. Criminals have to know that when they show a

total disregard for life, there will be a severe penalty to pay. To help our death penalty law work better, I'm urging the Legislature to endorse Assemblywoman Marlene Lynch Ford's bill on proportionality. This proposal is a step toward fairness and justice. I also have called on our state's Supreme Court to reflect on the people's demand for a working death penalty.

The scourge of drugs still plagues this state, threatening the safety and welfare of our people. To fight back, I've called for extending the death penalty to drug kingpins in those cases where we can prove that a murder was committed during one of their drug deals. Our stand must be clear and forthright on this issue: drugs will not be tolerated. Anyone who seeks to build an empire on the misery and addiction of our people, will feel increasing heat from our law enforcement machine.

Colonel Justin Dintino, our new head of the State Police, expanded the Division's drug war to include interdiction of major distribution conspiracies fostered by non-traditional criminal organizations. Typical of the new targets are Colombian and Jamaican crime cartels.

To sharpen the effectiveness of investigative resources, the divisions of State Police and Criminal Justice implemented the Statewide Narcotics Task Force; a long-sought system for the comprehensive sharing of intelligence and surveillance. Federal funds totaling \$11.5 million were allocated to the Narcotics Task Force operations in 21 counties and seven cities for an expanded drug-intelligence base. Approximately \$6.5 million will fund new drug courts and additional public defenders.

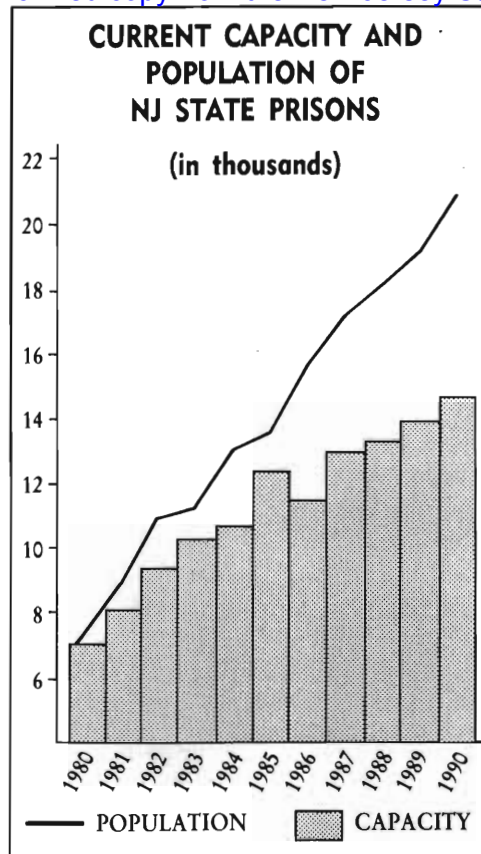
THE specter of crime is most apparent in our cities. Through an innovative program, we're helping neighborhoods fight back and reclaim their streets. Last year, at the request of the City of Newark, we dispatched State Troopers to assist the city's police force. That's one way to take back neighborhoods from drug dealers, thugs and violent criminals. Another way is to work with organizations like the Boys and Girls Clubs of Newark. With the clubs, we've started a program called "Fighting Back" that will teach kids to stay away from drugs.

We're having success on this important education front. A triennial survey of drug and alcohol use among high school seniors showed reduced use over the last ten years, and a heartening trend toward rejecting drugs and alcohol because of disapproval by fellow students. The state's Department of Education will continue to make drug education a top priority.

I am also calling for an amendment to the state Constitution, which will give certain rights to the victims of crimes. For too long, they've been treated like the bad guys, and that's wrong. We can't expect people to have faith in the system if they're forced out of it because we're so intent on protecting the rights of those accused of a crime that we ignore the rights of the victims or their survivors. I've stood with these victims and seen the pain etched on their faces. We have to find a balance, and this amendment will restore a much-needed sense of priority to our system of justice. I thank Assemblywoman Ford and Assemblyman Alex DeCrose for leading the fight on this important reform.

As we crack down on criminals, we need a place to put them. Last year, the Corrections Department, led by William Fauver, provided 1,000 more jail beds. In the year to come we will continue to look for ways to make more jail space available.

DRUGS aren't our only problem. So-called white-collar crime can devalue whole industries, destroy public trust and raise costs for everyone. In these cases our emphasis must no longer be simply on the investigation and



prosecution of crime, but on making the victims whole as far as we're able. We're placing heavy stress on restitution and forfeiture of assets. Violent crime takes its physical toll, but economic crime carries a pricetag of pain and suffering that no amount of bandages and medicine can address.

For example, in one case pursued by state lawyers this year we sought assets from a construction contractor indicted by a state grand jury on charges that he used bribes to secure contracts. Eight pieces of heavy equipment were later seized when the defendant was charged with illegal disposal of construction debris.

Tax evaders are also pursued. A typical state tax evader was ordered to make restitution of \$96,932 owed. We even indicted the owner of a mausoleum and memorial park on charges that he diverted for his own use funds escrowed for crypt construction and cemetery maintenance.

PERHAPS our greatest challenge in law and public safety is dealing with juvenile crime. The statistics are not heartening. Where once the crimes were limited to shoplifting or truancy, we now have a new class of juveniles



Accomplishments:

- 1,000 more beds available in jails for criminals.
- Helped neighborhoods to fight back and reclaim their streets through programs that bring more police into our communities.
- Pursued white collar criminals and tax evaders. A typical state tax evader was ordered to pay the state \$96,932.





Goals:

- Focus on growing problem of juvenile crime. Implement proposal for "boot camps" to educate and rehabilitate young offenders.
- Extend the death penalty to drug kingpins.
- Make the death penalty a reality in New Jersey by passing a bill on proportionality which will make it more difficult to throw out death sentences on technicalities.
- Approve Victim's Rights amendment to state Constitution.
- Continue to increase the number of jail beds, so that we have a place to put all the drug criminals we're arresting.



who are committing major offenses—murder, rape, armed robbery, drug dealing and violent assault.

We must have an effective system of dealing with this challenge. We can't just confine these youngsters and then turn them loose. Nor can we overlook the seriousness of their crimes.

So I'm proposing an innovative program that will place these troubled youngsters in a highly structured and disciplined "bootcamp" environment. After a period of time at "bootcamp" the youngsters will participate in a monitoring process designed to help them stay out of trouble.

We are currently applying for a federal grant to fund this program, which is known as the Long Pine Academy/Urban Cadet Corps. The program will be for non-violent offenders only. A typical day at Long Pine, which is at

a site in the Delaware Water Gap in Walpack Township, would be 16 hours long, beginning with a 5 a.m. revelry and consisting of academics, exercise, counseling and vocational training. After 90 days at Long Pine, the cadet will enter the Urban Cadet Corps in his city. The Corps will help him stay on the straight and narrow.

We cannot afford to lose our children to drugs and crime. We need to take every step possible to reclaim these lost lives. They are part of the future, and we have a clear responsibility to them. Helping troubled youths is another way to give everyone a better shot at the future we all want in New Jersey. It's also an example of how government can make a difference, not by expanding old, tired programs, but by coming up with new, intelligent, and precise methods.



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THE FUTURE OF OUR CHILDREN

"Education is just another word for opportunity."

PRESIDENT John F. Kennedy said, "A child miseducated is a child lost."

Last year, we took a giant step in making sure we don't lose our children. Some of our actions were bold, some were controversial. But the rebirth of the values behind these actions was long overdue.

We made an extraordinary commitment to our children—one of hope, and one of opportunity.

With the Quality Education Act, we restored fairness for school children and homeowners. For years we'd been telling our children that the quality of their education in effect depended on the accident of where they happened to live. At the same time, we told homeowners that they had to pay skyrocketing local property taxes to pay for their schools.

The Quality Education Act of 1990 takes great strides toward giving our children the education they deserve and our homeowners the property tax relief they need. I commend its sponsors, Senator Dan Dalton and Assembly Speaker Joe Doria as well as the chairmen of the Education Committees, Senator Matthew Feldman and Assemblyman Gerry Naples, for their leadership and commitment to our children.

JUST seven months ago, the state Supreme Court ruled that the way we paid for education was illegal. A ten-year fight for equity was rewarded when the Court said the system robbed too many children of the opportunities they deserved—opportunities that our state Constitution considers a child's birthright in this state, and opportunities our values demand be available to all our children.

The court was eloquent in its landmark decision: "After all the analyses

are completed, we are still left with these students and their lives. They are not being educated. Our Constitution says they must be. . . . While we have underlined the impact of the constitutional deficiency, its impact on these children is far more important. They face, through no fault of their own, a life of poverty and isolation that most of us cannot begin to understand or appreciate."

The court spoke to our moral compasses as it ordered increased school aid to poorer children. That's enough for most people. But there's also a real, practical reason to make this investment. If our state is to compete in the global marketplace, we can't afford to waste a single mind. We don't have natural resources, like gold or oil, in New Jersey. What we have are skilled and creative workers. People acquire their skills and creativity in school and therefore it's imperative that all our schools be world-class.

The court ordered that we increase aid to the 30 poorest urban school districts in New Jersey, so that they reach the same level of funding as many of our wealthiest districts. The Quality Education Act meets that order. But we also wanted to help the hundreds of middle class school districts, in rural, suburban and urban communities, attended by so many of our children. These districts will get help on another great need, relief from punishing local property taxes.

I think we're all agreed on the goals as outlined by the court, as well as the additional goal of bringing property tax relief to middle-class communities. The question is, how do we get there?

Just as education is a continuing process, so must the Quality Education Act be continually examined. There are concerns about the QEA as



Accomplishments:

- Met Supreme Court's mandate to make our school funding system constitutional with the Quality Education Act of 1990. It restores fairness for New Jersey's school children and homeowners.
- Increased state commitment to education by more than \$1 billion.
- Launched a state partnership with New Jersey's 30 poorest urban districts to make sure that the extra money we're spending in these communities helps our children get a better education.
- Created a Division of Urban Education.
- Formed Operation Second Chance, which will help National Guard members and recruits get their high school diplomas.





Accomplishments:

- A record enrollment of 64,080 students in adult education programs, half of whom are non-English speaking.
- Appointed Gertrude Galloway as the first deaf Superintendent at the Katzenbach School for the Deaf.
- Had a 1.37 percent default rate on higher education loans, one of the lowest in the nation.
- Despite smaller budget, increased tuition aid to deserving college students.
- Restored funding for Essex County Skills Center.
- Updated school monitoring system so that districts in trouble quickly get help, and districts doing well get the freedom they need to be innovative and leaders for the rest of the state.



it now stands. They're legitimate and they will be addressed in the year to come by our new education commission, chaired by James Cullen, president of New Jersey Bell, and Michael Timpane, president of the Teacher's College of Columbia. The commission will consider all aspects of how we can best educate our children in New Jersey.

Just spending more money won't improve our schools. So we're going further. We're forging a partnership with each of the special needs districts to make sure the investment by our taxpayers results in better schools. Our new Education Commissioner, Dr. John Ellis, will watch like a hawk to make sure none of our money is wasted.

We also plan to rein in spending by out-of-control school boards. Because, as I've said before, the money we're giving to schools is not a handout, it's a contract. We're going to give more, but we're going to expect a lot more, too.

WE'VE redesigned our school monitoring process for more result-oriented performance-tracking. We've also lengthened the certification cycle from five years to seven, so schools will have more time to spend on their students' homework, not state paperwork. Under this new system, districts that need help will get it more quickly; districts that are doing well will get the freedom to come up with even more innovative ways of teaching our children. I thank Assemblyman Naples and Senator Raymond Lesniak for leading the way on this important monitoring issue.

I have also called for an ethics code for school administrators and school board members, and an ethics commission to enforce this new code. The bill outlines procedures for removing people who use school systems for their own benefit. A state that puts polluters in jail can be no less serious about those who rob from our children.

And, we should create a position of Inspector General within the Department of Education. It will be the Inspector General's job to investigate citizen complaints and root out waste and corruption within the department.

and in our schools. Again, I look forward to signing both these bills into law as soon as the Legislature sends them to me.

There is more to do as we make sure that we get value from the money we spend on education. That's why I support the idea behind Senator Gerald Stockman's bill to eliminate tenure for superintendents. Assemblywoman Barabra Kalik has also been a leader on this issue. This proposal does not affect teachers one bit. They deserve tenure—and academic freedom demands it. But we need to end the costly buy-out process under which school districts spend hundreds of thousands of dollars to part company with superintendents when they no longer see eye-to-eye.

As we modernize our monitoring procedures for administrators, we're going to update our testing programs for students. In the year to come tests will get tougher. We'll also broaden the material that our tests cover.

We can't rely anymore solely on the multiple-choice exercises that encourage teachers to "teach to the test." Instead we need more subject area tests that give our students a chance to display their creativity and knowledge in more than just the basic areas of learning. That's especially important because, in today's complicated world, students need to learn more than just the basics. They need to know about geography and foreign language, as much as reading, writing and arithmetic.

THE performance of our students on the High School Proficiency Test has stabilized at a high level: 84.4 percent of ninth graders who took the test last year passed all three sections. We expect no less from our students. But, now is the time to spur our students on to even greater heights. This year will be the last time ninth graders take that test. In the future we'll have an even tougher test for high school juniors.

All the above steps will go a long way toward giving us the quality schools that can provide a world-class education to our children. But there is another group of young people we need to reach—those who drop out.

As a high school dropout, I under-

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stand what it means to have a second chance. Unfortunately, right now too few people are working toward earning their General Equivalency Diplomas, or GED. I want to increase the numbers in 1991. Our goal should be to make sure that every New Jerseyan has a high school education or its equivalent. That's why I was pleased to join General Vito Morgano, our Adjutant General, and launch "Operation Second Chance" in conjunction with the New Jersey Army National Guard. "Operation Second Chance" will help Guard members without high school diplomas get them and it will use recruitment efforts to spread the word to young people looking to get ahead that the Guard is a place to earn a degree.

HIGHER EDUCATION

We have a healthy range of colleges and universities in New Jersey. More than 300,000 students take advantage of their special programs. With a marketplace that is increasingly global, higher education is vital for New Jersey businesses and industries. Our colleges and universities train our most skilled workers and promote high-tech research. We need both if we're to stay competitive.

That's why, despite budget cut-backs, we gave the largest-ever funding increase for tuition assistance programs that help deserving students go to our colleges and universities. The "Tuition Aid Grant" program is the largest single source of financial assistance for New Jersey students. It currently helps nearly 30 percent of all full-time undergraduates.

We can all take pride in the fact that while loan defaults have become a national problem, New Jersey is a leader in preventing defaults. Our default rate last year was 1.37 percent—one of the lowest in the nation.

We're also a leader in providing higher educational opportunity for minority and disadvantaged students. These students account for more than 12 percent of the total full-time first-year students entering our col-

leges and universities. Our state gains strength from its cultural and ethnic diversity, and we can't afford to waste a single mind as we compete in the global arena.

OUR community colleges continue to play an important role in higher education. Community colleges have taken the lead in forging the public/private partnerships that are so crucial to helping students learn their professions and trades. I look forward to encouraging the growth of these training programs because they offer enormous benefits to everyone involved.

It's no surprise that the state which brought the world Thomas Edison continues to be a leader in high-tech research. Our universities and technological institutes are the cornerstone as we build for the future. Not only are our scientists breaking new ground in every scientific field, they also are bringing millions of dollars of grant money to the state. During the past year, health research, particularly in cancer and AIDS, saw spectacular success. Rutgers and the University of Medicine and Dentistry of New Jersey have won acclaim for their work, and I know that record of success will continue in 1991.

None of these successes could happen without the dedicated faculties and staffs, who have devoted themselves to making New Jersey's higher education opportunities the first choice for many of our children. Our new Chancellor of Higher Education, Ed Goldberg, is working hard to keep New Jersey out front. And legislators like Senator Dalton, Senator Feldman and Assemblyman Bill Pascrell have, and will continue to work hard to promote the needs of higher education.

I'm a graduate of a New Jersey state college, as well as a New Jersey law school. I know the value of higher education, and I'm committed to making sure that the same standards of excellence I knew, continue to exist for all our students, today and tomorrow.



Goals:

- Study elimination of tenure for superintendents, ending costly buyout process.
- Quality Education Commission will consider all aspects of our new law and perfect our system of funding education so that all our children get the education they deserve.
- Strengthen state testing program for students by covering more subject areas and using more "open-ended" tests rather than multiple-choice exams.
- Strive to make our schools and universities competitive with any education system in the world.
- Expand Head Start programs.





HEALTH: OUR CHILDREN AND OURSELVES

"We've conquered the heartbreak of illness only to replace it with the heartbreak of bankruptcy."

Accomplishments:

- Governor's Commission on Health Care Costs prepared extensive and groundbreaking study of how we can bring health care costs under control in New Jersey.
- Held community hearings on AIDS to get a broad range of input in developing our state plan to fight AIDS.
- Made AIDS education mandatory in our schools. Rutgers researchers won grant to study AIDS education efforts at all school levels.



HERE'S one person's story about health care. It was heard on one of the radio call-in shows that became so popular last year. The caller said her name was Esther. Esther is 26. She pays \$6,000 a year for health insurance and another \$1,000 to treat a pre-existing arthritis condition that her insurance company won't cover.

If there is one goal for next year in the area of health, it's to end this outrageous cost of health care and health insurance for Esther and everyone else in New Jersey. We've given ourselves a good start with the report by the Governor's Commission on Health Care Costs. Let's all work together and explore ways to build from that report.

Nearly one million people in this state have no medical insurance, even though two-thirds of those people work for a living. People need good health care. It's a right. And it's especially important for our children. Proper care gives a child the chance to grow, develop and get a good start in life.

It's ironic—on the eve of the 21st century we've reached a strange paradox in New Jersey. We have the ability to cure diseases that once meant certain death, but the cost of doing so has become astronomical. We've conquered the heartbreak of illness, only to replace it with the heartbreak of bankruptcy.

I commend the members of the Governor's Commission on Health Care Costs, particularly the chairpersons: Bruce Coe of the New Jersey Business and Industry Council, Charlie Marciante of the AFL-CIO, and Brenda Bacon, my Chief of Management and Planning. Their leadership allowed the commission to come

up with a sensible and affordable blueprint—not only to contain health care costs, but to streamline the health bureaucracy and provide access to care for thousands of people.

The matter is urgent and requires action. I call on the Legislature to take up this issue immediately and remake the face of New Jersey's health care system, so that it is affordable, accessible and helpful. We need to protect the health of all New Jerseyans, because the cost of not doing so is much too high.

ONE of our most critical health issues is coping with the AIDS crisis in our state.

We passed an unfortunate milestone in December—the 10,000th New Jerseyans was diagnosed with this deadly disease. We're especially hard hit in New Jersey with AIDS in women and their babies.

Our resources are being stretched, but we have not run out of ideas or determination to deal with this health crisis. A few months ago, I charged Dr. Frances Dunston, our Health Commissioner, with developing an AIDS plan for the state—to figure out how best to allocate our resources so we can provide the maximum amount of care in the most compassionate way possible. Since that time, Dr. Dunston had held open hearings and listened to a broad spectrum of people touched by this disease. I look forward to receiving, in a few weeks, her suggestions on what should be in our coordinated state plan—a plan that will make sure all of the state departments fighting AIDS, fight together.

Education remains the most vital weapon in our arsenal against this disease. AIDS is not a comfortable sub-

ject, but we must be candid and frank about it, because it's a matter of life and death for too many people, especially our young. Over the summer, the State Board of Education made AIDS education mandatory for our secondary schools. And just last month, I was proud to join with researchers from Rutgers University who received a \$3.5 million grant for a project that will help us improve AIDS education at all levels of our schools and colleges.

When we fight AIDS, we're not just battling the virus called HIV, we're battling a virus of misunderstanding. AIDS knows no class boundaries, and it makes no gender distinctions. But with the proper education we can protect ourselves and our friends. AIDS is totally preventable.

WE'RE also paying attention to the needs of our seniors. Our aging population in New Jersey requires special care. That's why I was pleased to receive the 1990 Governor's Conference on Aging Task Force Report. It contains many useful suggestions about how to care for seniors today, and about how to prepare to care for all of us who will be seniors tomorrow.

Among the steps we've taken is making sure our nursing home facilities are safe, and that patients there maintain a good quality of life. We're the first state in the nation to publish a consumer guide that includes valuable information and step-by-step advice on how people can best choose a nursing home.

Last year, we also confronted the special health problems facing New Jersey's minority communities. Infant mortality, diabetes, cancer and heart disease all victimize minorities out of proportion. We needed a specific focus, and so I was pleased to create the Office of Minority Health. Dr. Dunston has also made this area a special concern of hers.

We all know the old saying, "An ounce of prevention is worth a pound of cure." Like many expressions it also contains more than an ounce of truth. We're keeping this saying in mind as we return to a common sense approach to health care. That means putting in place things like a Lyme Disease Hotline which will help in-

form people on how to protect themselves and their children from this recently discovered and often misdiagnosed disease.

We're also expanding our preventive approach with programs like our Family Health Services and our initiative to increase the number of Medicaid patients taking advantage of HMOs. Early, preventive care is not only more healthful, but it's less expensive by far than a visit to the emergency room.

We don't always think of drugs as a health issue, but it is. And, we're going to be just as aggressive in our efforts to help people get off drugs and to teach young children to stay away from drugs, as we are in our drive to put drug pushers behind bars. In fact, we're going to make the drug criminals pay for our health push against drugs.

In the coming year, the Governor's Council on Alcoholism and Drug Abuse will distribute several million dollars from fines assessed on drug offenders. That money will go to local Municipal Alliance Committees to help them do everything from improving drug education programs in their communities to increasing access to drug treatment clinics.

In these and other areas, we are making a difference in the health and well-being of our citizens. Our resources may be limited, but our compassion will never be exhausted.

CHILDREN

OUR most precious resource is our children, and I am committed to a special effort to make sure their young lives are healthy and protected in New Jersey. They face a myriad of challenges and we have a responsibility to them that cannot be ignored. Whether it's Commissioner Dunston at the Health Department or Alan Gibbs, commissioner at the Department of Human Services, both consider children to be a priority.

We need to reverse the statistics on infant mortality in this state. A child born today in Newark has a one-in-five chance of dying before its first birthday. That's a mortality rate worse than in some third world nations. The outreach programs de-



Accomplishments:

- Established Office of Minority Health.
- Revamped and expanded the inspection process of state nursing homes.
- Developed a comprehensive guide to New Jersey nursing homes available through the Department of Health.
- Established treatment opportunities for 600 indigent, alcoholic or drug addicted women, 60 percent of whom are pregnant.





Goals:

- Bring the outrageous cost of health care under control and make sure everyone has access to affordable, quality care.
- Governor's Council on Alcoholism and Drug Abuse will distribute millions of dollars to local Municipal Alliances that can be used to increase education and treatment programs.
- Implement a coordinated AIDS plan for the entire state and form an interdepartmental council on AIDS.
- Establish hotline for Lyme disease.
- Coordinate and initiate a statewide lead poisoning prevention plan.



veloped by the Health Department will do much to deliver the needed pre-natal care these children so desperately need.

We're also initiating a statewide prevention plan to deal with lead poisoning. It's the most serious preventable environmental disease in this state, and it affects nearly 1,500 children every year. We're going to expand the screening program and formulate a statewide public information campaign.

Alcohol and drug abuse create health problems not only for abusers, but for their children as well. We're establishing treatment facilities for women, and we've created special programs to provide treatment for their children.

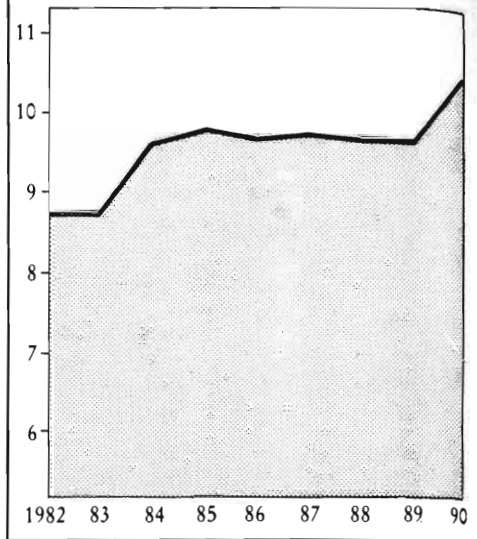
Even though we made major cuts in the budget, we expanded the services offered by the Division of Youth and Family Services. We hired more case workers to make sure that any child at risk from abuse of any kind receives prompt attention and protection. Our commitment in this area will continue in the year to come.

THIS year we'll also pay special attention to the needs of parents when it comes to child care. New Jersey will receive tens of millions of new dollars over the next few years to help us expand child care throughout the state for more than 10,000 children. The economic realities facing families today make child care a necessity, not a luxury. We are providing grants and assistance to child care centers around the state, so that parents will have the peace of mind that comes from knowing their children are safe and secure during the day.

All children can learn, so when they get to school, they need to be ready to learn. That's why programs such as Head Start—and our state version

HEAD START PROGRAM

(in thousands)
CHILDREN SERVED



called Good Start—are so vital. They give youngsters—especially those from economically disadvantaged backgrounds—the tools and energy they need to get the most out of what school has to offer.

I'm committed to expanding Head Start, even if it means spending a little extra money as we did last year. This year we hope to spend close to a half million dollars on a ground-breaking project known as Alliance for Children Today (ACT). Working with a grant from the federal government, we will develop a comprehensive model for Head Start in our state.

New Jersey has always been a leader in caring for those who need help. We can always do better, and one way is to make sure that the dollars we spend on caring for our people are spent wisely. We cannot afford waste at a time when there are so many critical needs. In 1991, accountability and compassion will be the watchwords guiding every health dollar.



AFFORDABLE INSURANCE

"We put a stake through the heart of the JUA."

FOR nearly two decades, New Jersey drivers have endured while our auto insurance system was allowed to decay. Those dark days are over.

I can report to you that we have made some dramatic and long overdue changes. This year, for the first time in our state's history, auto insurance costs are coming down.

I promised that the JUA would be DOA—dead on arrival. It is. The Joint Underwriting Association wrote its last policy September 30.

And on April 1, the surcharges we've all been paying to feed this monster will come off our bills. That's a savings of about \$222 per car for most drivers, or nearly \$450 for a two-car family. I'm sure New Jersey drivers have better ways to spend that money.

The JUA had grown to cover half of the state's drivers and was staggering under a \$3 billion deficit when I took office.

On my first day in office, I announced that the Legislature had agreed to a special session to hear my reform proposals. Under the leadership of legislators like Senator Gabe Ambrosio and Assemblymen Wayne Bryant and Michael Adubato, action came swiftly. In less time than many thought possible, I was able to sign into law the sweeping Fair Automobile Insurance Reform act (F.A.I.R.).

Our Commissioner of Insurance, Sam Fortunato, has been, and will continue to be, very tough on the insurance companies. I also didn't wash my hands of the car insurance problem once the F.A.I.R. law passed. Just this fall, I signed an executive order to speed up the regulatory process which had been slowing down our ability to put F.A.I.R. into action.

F.A.I.R. requires the insurance industry, the medical profession, lawyers and body shops to pay off most of the JUA debt. Over the next seven years the insurance industry alone will be required to pay for half of the JUA debt.

Needless to say, we have been forced to defend the interests of New Jersey drivers in court, and we're up against some legal titans. But we will stand by our law because it is fair. I'm confident we will prevail.

We've already won some important legal victories.

When ITT Hartford Insurance Group tried to pull out of our auto insurance market, we reminded them that our new law would require them to leave the rest of their insurance business behind as well. They're staying.

And when the insurance industry wanted to raise insurance rates to cover the massive legal bills they were accumulating from fighting us in court, we stopped them.

THE F.A.I.R. Act makes some other important and long overdue reforms that drivers will begin to notice this year.

Nine out of ten drivers have had less than nine points put on their driving records in the past three years. In fact, nearly eight out of ten drivers have had spotless records for the past three years. These drivers deserve the right to buy coverage in the private market, and F.A.I.R. guarantees them that right. We've ordered insurance companies to cover most of these drivers who used to be dumped into the JUA.

Under F.A.I.R., no longer will companies be allowed to turn down good drivers. And if companies refuse to take on their fair share of drivers, we'll



Accomplishments:

- Passed F.A.I.R. law; come April, New Jersey drivers will see a \$222 reduction in their car insurance bills. For a two-car family that's close to a \$450 reduction.
- F.A.I.R. makes doctors, lawyers, auto body shop owners and, most of all, car insurance companies, pay the lion's share of the multi-billion dollar debt left by the JUA. They created that mess, now they have to pay.
- Good Driver Guarantee will insure that if you're a good driver you'll get coverage.
- Established rational standards to determine whether a driver is good or not. Accident record, driving experience, points, not age and hometown, now matter.





Accomplishments:

- State lawyers have won important legal victories over car insurance companies attempting to fight our new F.A.I.R. law.
- Secured money for policyholders. Recovered \$4.25 million and resolved 21,000 consumer complaints.
- For first time ever, used undercover investigation to reveal questionable practices by a life insurance company. Resulted in restitution for victims and \$275,000 in fines.



assign them drivers, and order them to write the policies.

Even more important, we're forcing companies to base their rates on objective criteria. Rates should be based on factors like a driver's record, or how many miles he or she drives, and not on arbitrary items like whether he or she just moved into the state.

And for the first time, young drivers will get a break.

We're also starting a photo inspection program this year, a high-caliber weapon against fraud. Photo inspections help stop the crime of phantom cars—vehicles that exist only on paper, are fraudulently insured, and then reported stolen for insurance claims. We all pay for fraud in higher rates.

New York officials told us that after they began a photo inspection program, car theft rings moved to New Jersey. We want these thieves out of New Jersey and we're putting them on notice. Our photo inspection program is among the most rigorous in the nation.

Likewise, we worked with the insurance industry to establish a reward program for people who spot auto theft.

And auto insurance companies are under order to submit their anti-fraud plans by mid-March. If they don't, F.A.I.R. requires us to reduce their collision and comprehensive rates by up to 20 percent. That's the law, and we'll enforce it.

We've given uninsured drivers a four-month amnesty period to get coverage or face tougher penalties.

We've put limits on how much doctors and other medical professionals can charge for treating accident victims, and limits on what towing and storage operators can charge for handling accident vehicles. And neither will be allowed to require drivers to pay any fees above those limits.

This stops abuses. One Cherry Hill doctor admitted in court recently that he inflated his medical bills by tens of thousands of dollars over six years while treating accident victims. And in another case, a car was worth \$700 when it was towed into a Monmouth County auto body shop, but by the time it was declared a total loss six

months later, the storage fee totaled more than \$4,000.

Finally, we ordered the insurance industry to abide by the same anti-trust laws that all other industries must obey.

AS important as F.A.I.R. is, it is just part of 1990's insurance success story.

We ordered seven automobile insurance companies to return more than \$2 million in excess profits to policyholders.

We lowered homeowner insurance rates by more than \$7 million for more than a quarter of a million New Jersey residents.

We resolved 21,000 consumer complaints, a 31 percent increase from 1989, and we recovered \$4.25 million on behalf of those consumers.

We also collected \$396,000 in penalties from the insurance industry, nearly twice what was collected in 1989.

Companies that refuse to play by the rules should be on notice that we are increasing enforcement to protect consumers and increasing fines so the penalty fits the violation.

We've already started.

When we thought the Transport Life Insurance Company was engaging in questionable practices—duping unwitting consumers into buying health insurance policies they didn't need—we went undercover to investigate. That's never been done before. Then, when we had the proof we needed, we ordered them to stop doing business here, to make restitution to victims, and to pay \$275,000 in fines. That will be the largest fine the Department of Insurance ever collected.

The Insurance Department's Fraud Prevention Division levied more than \$3 million in fines, and opened nearly 12,000 cases—both sharp increases from 1989.

Our Real Estate Commission recouped nearly \$500,000 for residents who were victimized by dishonest real estate agents, and fined agents nearly \$200,000 for breaking state laws.

We also stopped a company that used zip codes to decide which of its clients needed to get an AIDS test. Such selective discrimination will not be tolerated in New Jersey.

We're monitoring the financial health of companies more closely by increasing our financial exams to once every three years. And, we're making long overdue technological improvements that bring New Jersey's Insurance Department out of the dark ages. We are the regulators of the insurance industry, and we cannot be out-gunned by that industry.

We have some other important reforms in store for 1991.

We'll be imposing user fees on companies so they shoulder more of the cost of their own regulation, and taxpayers pay for less of it.

We'll make changes that give consumers more choices in the kind of policies they can buy, and we'll continue with tougher enforcement against companies that break the rules. Protecting consumers from unfair or deceptive practices is our most important mandate, and we will continue to meet it.



Goals:

- Deliver on the promise of lower auto insurance by making sure that surcharge savings aren't erased by higher rates.
- Make technological improvements that bring the Insurance Department to the level of the companies it regulates.
- Increase user fees on insurance companies to make them pay for more of their own regulation.
- Continue to keep down the cost of car insurance through increased efforts to fight fraud, and schedules that regulate the cost of towing, storage and medical bills.





Accomplishments:

- Executive Order #1 strengthened financial disclosure rules for executive branch employees and expanded the number of people covered.
- State lawyers aggressively pursued public officials who violated their public trust through illegal activity.



A GOVERNMENT WE CAN TRUST

"Trust is the foundation on which our democracy rests."

ANYONE who has walked through the doors to the Governor's Office at the State House, need only look left for a reminder of what government is about in America. On the wall is a plaque on which is inscribed President Lincoln's Gettysburg Address.

Lincoln spoke about a lot of things in that famous speech: honor, sacrifice, and hope. But, perhaps the most important point he made was to remind us of the special nature of democracy in America. It is, Lincoln said, "Government of the people, for the people and by the people."

TRUST is the foundation on which that system of government rests. If we lose trust in our government, democracy itself will be threatened. Too often today we see that trust eroded by scandal, conflicts of interest—real or perceived—and what many people see as a tendency among government officials to hold themselves to a different standard from the rest of society.

My administration is committed to restoring trust. That is why one of my first acts as Governor was to sign an executive order that established and enforced the toughest guidelines ever regarding financial disclosure by state officials. Some people chose to leave state government rather than abide by the new rules. That was their option. But on the whole, we're better off. Because, I believe state government best earns the respect of the people if those in government put everything on the table.

The state's lawyers have been aggressively fighting misconduct by public officials. They already have charged many public officials with crimes stemming from their duties. For ex-

ample, an investigation of one city's welfare department has resulted in criminal charges against 32 defendants, 16 of whom were public employees. Among those indicted were the chief fiscal officer at the welfare department. Charges included racketeering, conspiracy, official misconduct and the theft of over \$376,000 in welfare funds. In addition, another official pleaded guilty to conspiring with other employees to steal \$155,000 in welfare funds.

As a result of the state's investigations in this matter, the city reviewed the eligibility of all those on its welfare rolls. The list of recipients was cut in half as a result. The savings from these various actions, to the city and to the state—which provides 75 percent of the welfare funds—is estimated at between \$6 and \$8 million per year.

In 1990 we also continued the investigation of the pupil transportation industry. A total of 40 public officials, contractors and companies in four counties, have been indicted or pleaded guilty. In 1990, \$190,000 was recovered as restitution. Over \$2 million in fines and restitution have been awarded since the investigation began.

IN 1991, I look forward to signing into law other parts of the ethical standards agenda I announced last year. Specifically, I am referring to measures that set strong, new standards for state contracts that are awarded without public advertising; strengthen post-employment regulations for former state officials; and revamp the Executive Commission on Ethical Standards to make it more responsive to the public.

If I can sign those bills this year we will go a long way toward rebuilding trust in government. But if we stopped there, we would not be doing all we could, or all that is called for.

For years, Senator Paul Contillo has worked hard on legislation setting tough, but fair ethical standards for local government officials. He is right in his view that local government is the body closest to most people, and it should set the proper example. Let this be the year his bill becomes the law of our state.

There are other places where we need to instill the spirit, and forcefulness of ethical awareness. I talked about how keeping track of how our school money is spent is an important part of our education agenda, it's also key to our efforts to get back the trust of people.

I look forward to signing legislation that sets up ethical codes for school officials. They, too, are on the front lines in the battle to keep the trust of the public. People whose tax dollars go toward schools should feel secure that the money is helping children to learn and not being used to build up bureaucratic empires or to promote anyone's private agenda or personal wealth.



In addition, educational accountability will be enhanced by creation of the post of Inspector General within the Education Department. Once this law is enacted, we can show the people of New Jersey that we will not tolerate abuses of our schools or our tax dollars.

I have also communicated with Governor Casey of Pennsylvania my view that we should consider an Inspector General to delve into the Delaware River Port Authority. We can't allow that bistate agency's effectiveness as a tool of economic development to wane because of continual reports of improprieties. In that vein, we must send a message to every board, commission, authority, and agency that the people of New Jersey demand accountability in return for their tax dollars, tolls and fees. The people are right.

AND, finally, I join with Speaker Doria and Senate President Lynch in their call for establishment of ethical standards for members of the Legislature. This is a bipartisan concern, and I urge the Legislature to move ahead so we can make this, too, the law.



Goals:

- Set formal ethical standards for members of the Legislature.
- Continue to rebuild trust in government by signing a local government ethics bill.
- Put in place Ethics Commission for school board members and administrators. Create position of Inspector General who will make sure that money for our schools goes to our children alone and not to line the pockets of bureaucrats.
- Strengthen and set new standards for Executive Branch contracts.
- Revamp Executive Commission on Ethical Standards so that it has a majority of public members.





RESTORING VALUES

"I follow a simple thumb rule as Governor. What would my father do if he were in this situation?"

Accomplishments:

- Restored to government the old ideal that you don't spend what you don't have, in closing \$600 million budget deficit left over from previous administration.
- Introduced budget that was actually smaller than the year before. After Legislative review, the current budget grew by only two percent, less than half the rate of inflation and substantially below the 12 percent average growth in state budgets during the '80s.



THE past year was about redefining the mission of state government. Getting back to the old, common sense values that we all follow in our daily lives.

As Governor, I follow a simple thumb rule. What would my father do in this situation?

My father painted ships in the Brooklyn Navy Yard. So it's not that he had experience being governor. The experience he did have was much more important. He knew what it meant to raise a family and stick to a household budget. He worked hard. He helped out neighbors when they asked for it, and trusted that they would come to him if he ever needed help.

How do those values translate into government? Quite simply, actually.

The most obvious value, one we all follow, is that you don't spend money you don't have. That's a rule we followed this past Spring when we prepared the current state budget. Our budget grew by only two percent, far below inflation. The budget I first introduced was actually smaller than the one the year before.

As you might expect in the case of people living well above their means, cutting back wasn't easy. The state increased its budget by an average of 12 percent a year during the previous eight years. By the end of the '80s the state—unable to face up to growing evidence of an economic slowdown—began dipping into the budget surpluses left over from the boom times. That, of course, was a prescription for financial disaster.

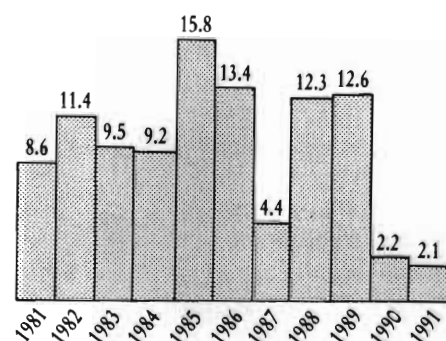
When I took office, we faced a \$600 million deficit. It was the first time in New Jersey history a Governor came into office facing a deficit in the current budget.

We took immediate steps to plug that gap. We imposed a hiring freeze. And we put in place measures, like a rainy day fund and a state spending cap, to make sure we never again lose sight of the value of sensible spending. For several years, Senator Larry Weiss has been a voice in the wilderness calling for these important proposals. Thanks to his persistence and acumen, they're now law.

Unfortunately, putting a cap on future spending is not enough for a state that for so many years spent well above its means. Our bureaucracy is bloated. Because we don't want to throw the baby out with the bath water, we've taken a very precise knife to government, cutting out waste as we find it.

One immediate step we took was getting rid of unfair perks for state workers. For example, we saw to it that more than 1,000 state cars were turned in to State Treasurer Douglas Berman. He has made it clear to all state agencies that we will no longer tolerate mismanagement, and he is not

**ANNUAL PERCENT CHANGE
IN NJ STATE BUDGET**



afraid to say, "no," when departments turn in unrealistic budget requests.

I want to redouble our efforts to get back more state cars and look for other ways to save money. The Treasury Department last year showed the kind of business sense we need to bring back to government. It saved the state hundreds of thousands of dollars when it negotiated a more favorable telephone service contract with our phone company. The state is a big customer and deserves the kind of treatment that all other big corporate clients get.

A more long-range approach was taken by the professionals who donated their time to auditing our state government. The Governor's Management Review Commission, chaired by Stanley Van Ness, and including such noted New Jerseyans as former Governor William Cahill and James Ferland, Chief Executive Officer and President of PSE&G, has

already come up with ways for the state to save millions.

We also have to thank many New Jersey companies and consulting firms for donating the time of their professionals. It's an incredible voluntary effort that exemplifies the civic spirit which makes New Jersey special and that has delivered the results which will make New Jersey great. Among those organizations that deserve thanks are Prudential Corporation, Wang Corporation, Deloitte and Touche, Arthur Andersen, and the New Jersey CPA Society.

Some of the Commission's suggestions don't get banner headlines, but they are the nuts-and-bolts actions critical to a lean, responsive government. Among the proposals I have accepted so far:

—Consolidating state training functions for a saving of \$5.1 million while at the same time increasing class time by 25 percent.

—Managing sick leave more effectively, which will save between \$9 mil-



Accomplishments:

- Instituted Rainy Day Fund that for the first time keeps the state from spending surplus dollars at will.
- Approved State Spending Cap to keep state spending under control.
- Initiated audit of state government that already has identified close to \$100 million in savings.
- The Department of Personnel established a stricter system of overseeing raises for state workers.
- Restored strict control of perks for state workers. Already 1,000 state cars have been turned in.



BREAKDOWN OF STATE CARS

Department	1989 APRIL	1990 JANUARY	1990 NOVEMBER
AGRICULTURE	78	74	60
BANKING	5	5	1
CENTRAL MOTOR POOL	532	532	566
COMMERCE	65	61	42
COMMUNITY AFFAIRS	362	309	241
CORRECTIONS	505	493	391
EDUCATION	48	44	37
ENVIRONMENTAL PROT.	851	747	628
GOVERNOR'S OFFICE	24	24	5
HEALTH	236	224	172
HIGHER EDUCATION	10	10	7
HUMAN SERVICES	1828	1722	1646
INSURANCE	56	56	96
LABOR	169	148	116
LAW & PUBLIC SAFETY*	2954	2881	2316
MILITARY AFFAIRS	55	48	45
PERSONNEL	22	19	15
PUBLIC ADVOCATE	71	71	72
SECRETARY OF STATE	23	23	15
TRANSPORTATION	703	767	716
TREASURY	484	383	382
TOTALS	9081	8641	7569

*Includes State Police



Accomplishments:

- Under Catastrophic Health Care program distributed \$870,000 to 63 families caring for extremely ill young children.
- Implemented Family Leave Act, the most comprehensive in the nation, that will give family members the freedom to take time off to have children or care for very sick relatives.
- Signed law making all hate crimes a felony.



lion and \$28 million in lost productivity and an additional \$4 million in overtime.

—Reducing sick leave injury costs by \$15 million a year.

—Strengthening controls on professional service contracts, saving \$9 million annually.

—Centralizing vehicle maintenance service into 29 efficient facilities, saving \$18.7 million.

These savings mark only the beginning. So far the audit has carefully examined 11 large departments thought to hold the most opportunity for savings. In the coming weeks, I will announce their detailed findings. And, I have decided to continue the audit so that it can cover every department. That's something which people have made clear that they want, and they're right.

I will soon announce the results of our study on reorganizing state government. And we will be implementing eight percent reductions in spending by most departments. These actions are tough. They'll likely mean layoffs. No one should be happy about that, but it's something New Jerseyans clearly expect and something which must be done.

Already our Department of Personnel, which was headed until recently by my counsel, Andy Weber, is working to check the unbridled increase in state salaries that went on during the previous decade. The department even accomplished the unthinkable: it cut a state salary. The salaries of those serving on the State Parole Board were reduced altogether by \$44,500. The salary of the chairman was reduced from \$94,500 to \$80,000. The members' salaries were reduced from \$82,500 to \$75,000.

But efficiency isn't only important at the state level. We also need to make local government more efficient. That's why I look forward to continuing to work with the Legislature and mayors in developing plans for increased regionalization of local services.

There are hundreds of successful examples of cooperative service programs between municipalities. Some are as simple as joint libraries. Others involve combined school districts. All

save money and mean more responsive, cost-effective government.

GOVERNMENT, like life, isn't only about efficiency and accountants with green eye-shades. It's also about caring for those in need. We've done that this year and we'll continue to do so in the year to come, even though we have less money to spend.

Twice this year I've had the special honor of giving checks to families caring for extremely ill young children. During the past year we gave \$870,000 to 63 families. These are people who face hospital bills of tens of thousands of dollars because their children are stricken by diseases like cancer or other devastating illnesses.

Consider the case of Kim and Garry Grant of Toms River. Their daughter, Amber, was born as a premature baby with special needs. The expenses mounted and there were some difficulties with the insurance company cancelling out at the eleventh hour. They were left with more than \$75,000 worth of expenses. How do you pay that if you're a middle-income family? The answer is, you can't. If government isn't here to help such people, I don't know what it's for.

Government also has to help people who face special obstacles. Children, women and minorities are the groups that come to mind.

Children are unable to protect themselves, so the state often has to help them. For example, this year we stepped up efforts to make sure parents pay their child support. If you don't pay, your wages may now be garnished. I was proud to sign that law, sponsored by former Senator Catherine Costa, Assemblywoman Marlene Lynch Ford and Assemblyman Joe Mecca.

I was also proud to implement the Family Leave Act which provides the nation's most comprehensive protection for employees who have children. New Jersey law will ultimately require employers of 50 employees or more to provide leave of up to 12 weeks for the birth or adoption of a child or the serious illness of a family member and permit employees upon their return to assume their jobs.

New Jersey, of course, will continue to be a place where a woman has the right to choose.

UNFORTUNATELY, prejudice is still with us and this past year we saw a disturbing increase in the number of racist and anti-semitic acts. I signed a law, crafted by Assemblymen George Spadaro, Byron Baer, Bennett Mazur and Robert Menendez, as well as Senator Matthew Feldman, which makes all hate crimes a felony. Now, anyone who commits a hate crime faces the possibility of jail time. Intolerance is not acceptable in New Jersey.

We've also begun an extensive training program designed to improve police professionalism in dealing with minority communities. In the past year, the number of complaints to civil rights groups about State Troopers has dropped to near zero. That's an accomplishment to be proud of and one which highlights the tremendous talents of the men and women who serve the state as law enforcement officers.

Government can also help those whose lives are interrupted by problems beyond their control. Many re-

servists and members of the National Guard have had to leave their jobs and families to serve our nation in the Persian Gulf. I signed an executive order that will see to it that state workers who go on active duty will have the difference between their military pay and their state salary made up by the state. These men and women have plenty to worry about over there. They don't need the extra worry about whether their family will be able to get by in their absence.

THE final value I think my father would demand as Governor is that government should fight for the people. And that's certainly something I believe in as well.

How can government fight? Well for starters, we can take a stand against consumer fraud. Our Consumer Affairs Division has been resurrected from moribund status. Under the leadership of Division Chief Pat Royer, we've recovered hundreds of thousands of dollars for misled consumers. For example, the Division's "Lemon Law" unit recovered \$250,000 for people who bought cars that turned out to be bad deals.

We also have instigated an investigation of "900" telephone numbers. These new offerings often turn out to be nothing but a way to take money from trusting people who might be looking for a way to improve their credit or even make a political statement. I will seek legislation to control a runaway industry that would put even P.T. Barnum to shame. Already, tough legal action has gotten back \$20,000 for "900" number users who didn't get the merchandise or prizes they were promised.

The division also responded immediately to fast rising gas prices that resulted from the Iraqi invasion of Kuwait. It ordered two gas stations in Morris County to provide purchase and sales records when it appeared that they were charging well above the state average.

Our Public Advocate, Wilfredo Caraballo, also continues to fight for the people. He has successfully intervened to keep health costs and utility rates down. The Department of the

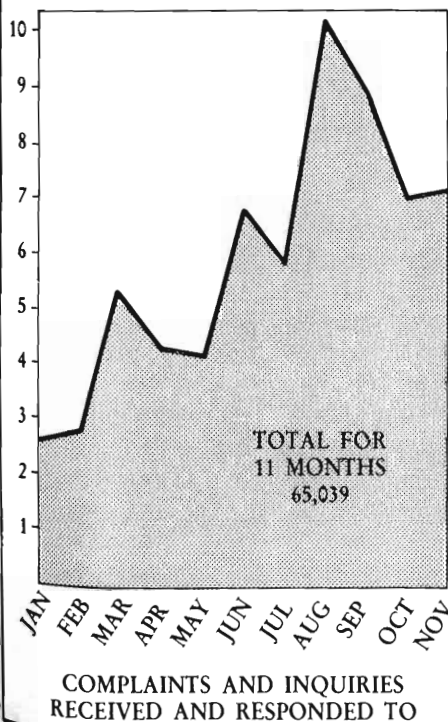


Accomplishments:

- Instituted race sensitivity training for State Troopers. In the past year the number of civil rights complaints about our State Police has dropped to near zero.
- Consumer Affairs Division began investigation of "900" telephone numbers.
- Responded immediately to gas price rise caused by situation in the Middle East by making it clear to station owners that price gouging would not be tolerated.



NJ CONSUMER PROTECTION RESPONSE RECORD (in thousands)





Goals:

- Pursue reorganization of state government to make it leaner and more responsive.
- Cut spending on central government functions, to deliver services more effectively and reduce overhead.
- Extend the audit to all departments.



Public Advocate made sure telephone users shared some of the \$7 million from the repeal of the gross receipts and franchise tax. Action by the Department kept the cost of beach fees at a reasonable level. And the Office of Dispute Settlements not only helped people get a fair resolution to their disputes, especially those having to do with contractors, it saved taxpayers \$140 million. We also have the Public Advocate to thank for a signifi-

cant expose of the rent-to-own industry. Effective interest rates of the stores we investigated turned out to be 150 to 440 percent.

The Governor's Office will also continue to fight for people. Our Office of Constituent Relations is ready to respond to your questions and alleviate your concerns. Just give us a call at 609-292-6000 or drop us a card at The State House, CN 001, Trenton, NJ 08625.



A NOTE ON THE PRODUCTION OF THIS BOOK

This is Governor Jim Florio's first State of the State message. By law, each Governor is required annually to report to the Legislature and to the people on the state of the state.

The total cost of production for this 1991 "Report to the People" was \$7,470.00, including printing, layout and design for 3,000 copies.

This is in contrast to production costs for 1989 which totalled \$125,457 for 5,000 copies. The 1989 issue was 184 pages. There was no 1990 book because it was Governor Tom Kean's last few days in office.

The cost comparisons for 1989 and 1991 are as follows:

1989 STATE OF THE STATE BOOK

Typeset and Graphics	\$25,000.
Color Separations	38,500.
Paper	14,711.
Printing and Binding	40,242.
Emboss Cover	1,034.
Photography	5,970.
Total:	\$125,457.
Copies:	5,000.
Per copy cost:	\$ 25.09

1991 STATE OF THE STATE BOOK

Typeset and Graphics	\$2,652.
Printing and Binding	2,950.
Paper	1,868.
Color Separations	none
Emboss Cover	none
Photography	none
Total:	\$7,470.
Copies:	3,000.
Per copy cost:	\$ 2.49

MOBILIZED NEW JERSEY GUARD & RESERVE UNITS

NJ Army National Guard:

- 328th Transportation Detachment—Pemberton
- 253rd Transportation Company—Cape May Court House
- 144th Supply Company—Hammonton

NJ Air National Guard:

- 177th Civil Engineering Squadron (of the 177th Fighter Interceptor Group—Pomona)—Atlantic City
- 150th Air Refueling Squadron (of the 170th Air Refueling Group)—McGuire Air Force Base

Air Force Reserve:

- 514th Military Airlift Wing

U.S. Marine Corps Reserve:

- Battery G 3rd Battalion 14th Marines
- 4th Marine Division—Mercer
- 6th Motor Transportation Battalion—MAFRC
- 4th Marine Division—Red Bank
- Company G 2nd Battalion 25th Marines
- 4th Marine Division—Picatinny Arsenal

THIS year's annual message is dedicated to the men and women of New Jersey who have been called upon to take part in Operation Desert Shield.

We know that leaving their families and friends, especially over the recent holiday season, was not easy. Serving in a land thousands of miles from home is a lonely job. It is easy to feel forgotten.

We will not forget.

To those dedicated men and women—and to loved ones who fear for their safety and suffer the pain of separation—we give our full support. They deserve no less.

I know the entire State of New Jersey joins Lucinda and me in praying for their safe return.