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# THIRD ANNUAL MESSAGE

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GOVERNOR OF NEW JERSEY

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Department*



## To The Legislature

January 9, 1973

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## INTRODUCTION

Chiseled in the marble of the National Archives Building in our nation's capital are the words: "What is past is prologue." The approach of America's Bicentennial, celebrating our 200th year as a nation, reminds us of our exciting past as a Nation and State and of the never-ending struggle to keep the principles of America alive and meaningful.

In the tapestry of greatness that is our nation's history, we observe, interwoven in bright colors, the contribution of our State and its citizens. The past struggles in New Jersey by other governors and other legislators and the tradition and pride inherited from them should serve as a shield against discouragement at our own shortcomings and disappointments so that we can approach our tasks with confidence and resolve.

Honored by our fellow citizens by selection in free elections, we are privileged to play a very real role in the moving history of our State. In the three years I have had the privilege of serving as Governor of this great State, I have often expressed to you my hope and my quest for a New Jersey that sets the standard for government responsiveness and takes the lead in bringing a sense of excitement, enthusiasm and initiative to the problems afflicting State and local governments.

My belief in this dream has never diminished. It is a dream filled with reachable objectives and shaped by men and women of all colors, races, creeds, and political persuasions — filled with a zeal for excellence and moved by an ambition for human betterment. I hold with Bryant that:

"Destiny is not a matter of chance — it is a matter of choice. Destiny is not a thing to be waited for — it is a thing to be achieved."

As the Chief Executive, I have tried, in this constitutionally mandated annual message, to identify the roads we must travel to reach our destiny, to blueprint the great construction on which we must all labor. I do not suggest for one moment that the achievement of greatness will be easily attained; the past has taught us otherwise. We have learned that the shaping of tomorrow is difficult and complex, replete with detours and roadblocks. We know the journey is long and arduous, but we also know we must continue that journey if we are to reach the mountaintop.

I already observe many peaks of excellence we have attained together. We have just completed a truly exciting year in the history of the State of New Jersey. Like all years, and indeed like all lives, the

one just completed had its share of successes and disappointments, its joys and its sorrows. Each of us can recall with pride the role we played individually and collectively in those areas of increased public service beneficial to all citizens of New Jersey.

At the same time, we must look back with regret on those areas where our efforts to solve the pressing problems of our State resulted in inaction or defeat. Realism dictates that in the year preceding the election of a Governor and an entire Legislature, approval of difficult and controversial legislation is unlikely. Nevertheless, obligation and responsibility compel me to remind you of such matters, especially in the areas of housing, parole, election reform, and tax reform, presently unattended to in spite of persistent executive urging.

While I recognize the futility of resubmitting the tax reform program, overwhelmingly rejected by this Legislature, I must remind you again of our obligation to bring about a meaningful reduction in the real estate tax in New Jersey, particularly in light of litigation pending before the courts of this State seeking to declare unconstitutional our present reliance on the property tax as a means of financing public education. Everyone concedes that the need is urgent to assist the property owner suffering from spiraling real estate taxes and tenants who pay these increased taxes in the form of rising rents. Once again, I hold myself ready to sign into law any meaningful legislation you approve which will achieve the real purpose of reducing the ever-increasing burden placed upon our property owners by an unjust system under which an inordinate share of the cost of government is paid by those owning real estate.

It is my hope, therefore, that you, as individual legislators, will offer to your colleagues, by way of bills introduced, your personal views and efforts in the field of tax reform. From those programs suggested, hopefully, there can be a consensus of men and women of good will of both parties during this coming year. I stand ready to cooperate in achieving this most desirable objective.

We can move New Jersey forward, working together with open minds and hearts in a spirit of mutual cooperation, seeking always what is best for our State and its citizens. We have done much but we have a long road yet to travel.

As we review the past, let us look to the future so that together we can lead our State and its citizens to a better tomorrow.

## TRANSPORTATION

No greater problem faces the citizens and the officials of the State than that of transportation. Together we have in the past year addressed ourselves to this all-important problem with certain successes and one notable failure. No words of mine are required to dramatize the demands on our State, not only by the residents, but by literally millions of visitors who use New Jersey as the main corridor between the north and south of this great country. As the most urbanized state in the Nation, geographically located in the megalopolis of New York and Philadelphia, the demands for the movement of people quickly, safely and economically are greater on our State than any state in the Nation.

In my inaugural address three years ago, I told the people of New Jersey:

"... I shall look for greater participation in the field of mass transportation and highway construction by the many public authorities of this State."

At that time, I expressed the view that while "authorities" had served the State well in building bridges, tunnels, and highways, an attitude had developed in the public mind that some authorities were no longer responsive to the needs of our people. Aware that mass transportation was a critical need, I committed this administration to get the "authorities" involved.

Only last month, this Legislature cooperated with us in taking the giant first step toward meeting that commitment.

With the cooperation of the Governor of New York, the Commissioners of the Port Authority of New York and New Jersey, the New Jersey Legislature, and hopefully in the weeks ahead, of the New York Legislature, we have made dramatic progress in involving the imposing resources of that Authority in the development of a \$650 million mass transportation plan.

When implemented, this plan will provide rapid transit service from Penn Station, Newark, to Newark International Airport, and thence to Plainfield. In addition, it should bring an efficient mass transit system within easy reach of residents of Union, Middlesex and Somerset counties. The plan also provides for the development of direct rail service to midtown Manhattan for the first time for an estimated 50,000 additional commuters in Northern New Jersey counties. This, in turn, should relieve congestion on our major highways and tunnels in and out of New York City. Indeed, this is an auspicious and dramatic breakthrough in the field of public transportation, and this Legislature is

to be congratulated and thanked for its cooperation in approving the necessary legislation.

In the South Jersey area, a bus feeder system to the Lindenwold High Speed Line, a direct link between South Jersey and Philadelphia, has been started. This program, which is a model for the entire Nation, combines features of bus and rail transportation and is, in its early stages, experiencing great success. State support, to some extent, for this effort will be required and hopefully will be approved by this Legislature.

In addition to the bus service, the Delaware River Port Authority has applied for a Federal grant to improve and extend the Lindenwold High Speed Line, and our Department of Transportation is working closely with PATCO to provide the assistance necessary to permit commencement of construction at an early date.

In our last Message, we pointed out the depressed financial status of our major bus operators and noted that the second largest bus company was in bankruptcy. In the past year, we have taken bold steps to combat the unbroken pattern of spiraling costs which, in turn, cause fare increases, cutbacks in service, loss of patrons and greater deficits. With the approval of the Federal court and the agreement of the trustee, the State and Transport of New Jersey entered into a plan to reorganize the bankrupt Inter-City lines. This plan has resulted in a continuation of the service that 35,000 commuters rely upon daily and which was in jeopardy by reason of the bankruptcy. Hopefully, this plan will also assist Transport of New Jersey in making itself a financially viable corporation.

In further aid of public transportation, this Legislature recently approved tax relief and reduced registration fees for public transportation-oriented bus companies. The Public Utilities Commission, recognizing the financial strain on the bus companies, has cooperated, consistent with the needs and requirements of the traveling public, in restructuring and modernizing bus routes throughout the State.

Our Transportation Department has made notable progress in a long neglected area of highway construction, improvement and additions. All of the 1968 bond monies have been authorized and programmed for planned improvement in the area of the Transportation Department's responsibilities. Regrettably, a proposed bond issue, which would have permitted immediate attention to long delayed and necessary improvements and new projects in the field of highway construction and mass transit, was disapproved by the electorate. We

have unquestionably suffered a severe setback in our transportation efforts as a result.

No facet of transportation is in greater difficulty than that of the five commuter railroads operating in or through the State of New Jersey. All five railroads, the Penn Central, the Central Railroad of New Jersey, the Erie Lackawanna, the Lehigh Valley and the Reading Railroad, are in bankruptcy. Each railroad has different trustees and four different Federal judges have jurisdiction and preside over the respective bankruptcy proceedings.

As this message is being delivered, we are less than two weeks away from a Court-ordered termination of all passenger service by the Jersey Central Railroad. This problem, in my opinion, is the direct result of the refusal of the Jersey Central Railroad to evaluate realistically the obvious need for consolidation of services of that railroad and agree on a meaningful consolidation with other railroads serving the same area of our State. This impending termination is in spite of payments approximating \$50 million paid to the Jersey Central Railroad by the State of New Jersey in direct subsidies since 1961, not to mention unpaid taxes. This threatened suspension of service faces us despite the efforts of this Administration over many months of painstaking effort, culminating in high level meetings of the trustees of the various railroads on many occasions to work out an agreed consolidation plan.

Every effort has been made and is being made to find a way to bring about a consolidation plan between the railroads so that continued service, both in relation to passenger and freight, will be a reality in the State of New Jersey. The failure of the railroads to modernize their physical facilities, their management practices, and their employment agreements, added to the obvious neglect to maintain clean and service-oriented accommodations, has inescapably and apparently irrevocably led to the unfortunate present condition of railroads in the State of New Jersey and probably in this country. The outrageous and incredible status of the Penn Central Railroad is an unfortunate but dramatic illustration of what has happened to the railroad industry in this country. Dramatic changes are absolutely essential!

#### **Mass Transit Agency**

For all of these reasons, therefore, I have concluded that the time has come for the State of New Jersey to take a bold step forward. Since I have been Governor, I have been truly impressed with the operations

of the major toll authorities in our State, the New Jersey Turnpike Authority, the New Jersey Highway Authority, and the New Jersey Expressway Authority. The commissioners of these highway authorities, under able leadership, have proven to me that effective direction can accomplish progressive changes and improvements in the field of transportation. The improvements and the planned improvements of these roads have been accomplished with dispatch and great expertise.

I have conferred with authority members, bond counsel, and financial advisers for the past several months. Encouraged by all, I am now recommending a new Mass Transit Agency for the State of New Jersey which, in effect, will be a legal consolidation of the New Jersey Turnpike, the Garden State Parkway, and the Atlantic City Expressway as subsidiaries of the parent Transit Agency.

Legislation creating this State Mass Transit Agency, having as its primary goal the development and improvement of rail, bus and marine mass transit facilities in the State of New Jersey, will be submitted to you at an early date. This Agency will thus bring the New Jersey Turnpike Authority, the New Jersey Highway Authority and the New Jersey Expressway Authority under one legal structure capable of achieving innovative and necessary projects in this all-important field throughout the entire state. The members of the new Mass Transit Agency would serve as members of each of the subsidiary toll road authorities, with the State Commissioner of Transportation as an ex-officio member. All actions of the Agency would be subject to gubernatorial veto to ensure complete public accountability.

The consolidated membership on the new Mass Transit Agency would produce coordination and control in focusing on the establishment and implementation of a unified mass transit program throughout New Jersey.

Under this proposed plan, the present toll road authorities would retain their separate identities and corporate existences — but as subsidiaries of the new Agency. Each would, therefore, continue to exercise its powers and duties under the statutes which created them and would, of course, guarantee, as heretofore, their present bond obligations. All toll road improvements presently under construction would be completed. Decisions as to future toll road projects would then be made by the new consolidated board. There would be absolutely no interference with the operation, maintenance, reconstruction and repairs of present toll road facilities.

The new Agency would be empowered to determine and undertake

mass transit projects in the entire State. This would include financing, construction, reconstruction, improvement and maintenance of all transit facilities. The Agency would be granted power under the proposed legislation to enter into contracts with others to operate mass transit facilities and for the Agency itself to operate mass transit facilities for others. The Agency would be eligible for, and authorized to receive, Federal and State aid for its mass transit projects and services.

In order to generate the necessary funds to finance new projects, the Agency would be empowered to collect fares and fees and to issue bonds to be repaid from those revenues. The Transit Agency would have the right to study the toll structures of the subsidiaries and to establish fair and equitable rates and charges as may be necessary to operate on a self-sustaining basis. The bonds of the Agency would be backed by a "moral pledge" of the State, which could be used at the Agency's option. This would improve the Agency's credit rating and produce lower borrowing costs.

Most importantly, the Agency would be authorized each year to receive revenues collected by the respective toll roads in excess of their financial obligations and in excess of funds needed for projects under construction and necessary repairs and improvements. After all requirements of each year have been satisfied, the excess earnings would be transferred to the new Mass Transit Agency and used for the purpose of supporting the issuance of bonds or paying the interest and reducing the principal of any bonding obligation entered into by the Transit Agency. This will assure that revenue raised by the Agency and its subsidiaries will be used for transportation projects.

This concept is an approach that has been suggested in the past, but one that I now believe, based upon expert advice, is feasible and will lead to the development of vitally needed mass transportation in a way never before possible in New Jersey. If this plan can be implemented, and sufficient funds are generated by the State or the Agency to match available Federal dollars, we can truly create a transportation system that will serve the needs of the people of our State and those traveling through our State. I am hopeful that the legislation referred to will be ready for presentation to you sometime in the month of April.

I am convinced that rail, bus, highway, air and water transportation must be made available in a balanced system for the citizens of our State. A comprehensive statewide plan for bus transportation is nearing completion and should form the basis for the assignment of any new buses which the State may acquire by the utilization of Federal dollars. I am also hopeful that the Port Authority of New York and New Jersey and

the Delaware River Port Authority will, in cooperation with the State, assist in the development of needed rail transportation in their areas of jurisdiction.

Highway construction must continue at an accelerated pace so that incomplete and inadequate highways, as well as necessary new highways, can be constructed to fulfill our responsibility to the citizens of New Jersey.

In this critical area of providing the kind of efficient, safe and economical public transportation that the public must and should have, New Jersey for too many years has been hesitant, timid and tied to the old way of doing things. I believe we now have the potential for a dramatic breakthrough. I am hopeful and I am, indeed, confident this Legislature will cooperate in translating this potential into reality.

### IN THE PUBLIC INTEREST

No form of government based upon liberty, justice and law enforcement can be successful unless the rights and protections of the law are extended to all citizens. Our system of government touches each of us every day and people must be safe, secure and treated equally under the law. A compassionate government must seek ways to respond to the needs and concerns of all its citizens, particularly:

- the job seeker and equal opportunity
- the citizen aggrieved by his government
- the consumer in the market place
- the home buyer
- the youngster visiting summer camp
- the citizen anxious to know what his government is doing
- and the citizen's right to be heard.

This Administration is moving in all these areas.

The "affirmative action program" recommended in my Second Annual Message has been adopted and is now in effect on State-funded construction projects in New Jersey. Essentially, the program provides for utilization of minority manpower at the journeyman and apprentice levels in accordance with goals reflecting, in part, the minority population of the community, the jobs available and other demographic factors. In addition, the program provides for an on-site job training program to prepare unskilled minority group workers for entry into the highly skilled craft unions.

In cooperation with the Departments of Higher Education, Labor, Treasury, Community Affairs, the Attorney General, federal and local officials and community leaders in Newark, such a plan was prepared and included in contracts and specifications for construction of the New Jersey College of Medicine and Dentistry. The Attorney General then successfully defended legal challenges to the plan. That plan has been described as the only one in the nation really working and has provided the model for similar agreements in other State-funded projects.

Meanwhile, the Division on Civil Rights is moving through administrative procedures to encourage similar affirmative action programs in the private sector. The obstacles in the way of such progress are many and the process long and difficult, but this Administration is committed to doing all within its power to ensure that no man will be denied a job because of his race.

We are also committed — and this Legislature has endorsed the commitment — to providing equal opportunities in all sectors for women. The Division on Civil Rights has begun to move vigorously to enforce the recent amendment to the Law Against Discrimination concerning sex, and this Administration will continue to seek out and to hire the most qualified women for positions in government, utilizing such tools as the new Women's Talent Bank.

Our efforts are also directed toward the particular needs of our Spanish-speaking citizens. Representatives of the Spanish-speaking community and the Division on Civil Rights have formed a committee which will meet regularly to discuss matters of mutual concern, including the hiring of qualified Spanish-speaking persons and the publication of Spanish language materials by the Division.

This Legislature adopted last year the recommendations of the Attorney General concerning citizens' suits against the State. For the first time in New Jersey, the principle that "the State can do no wrong" was abolished and the State has opened itself up to suits arising from negligence and contract.

### Consumer Protection

Strengthening of our consumer protection laws and enforcement has been one of the high priority goals of this Administration.

During the past year, the Division of Consumer Affairs has provided easy access for all citizens of the State. The Division has opened a branch office in Camden, and has trained personnel and assisted in the development of community-based consumer offices in many municipalities throughout the State.

The Division of Consumer Affairs is implementing new legislation designed to eliminate fraudulent charitable fund raising activities in New Jersey. During the few months since the law went into effect, the Division has registered more than 400 organizations raising funds for charitable purposes from the public.

New Jersey now ranks as a leader of the states in providing protection for the public. But there is more that we can do.

### **Unit Pricing**

We will support the concept of unit pricing to provide the consumer with the data needed to make an informed price choice in the market. Unit pricing exists in New Jersey on a voluntary basis. However, I believe that legislation should be adopted so that every New Jersey shopper, simply by referring to clearly marked labels on the supermarket shelves, will know exactly how much he or she is paying for an item per unit measure.

### **Price Controls on Drugs**

New Jersey is the center of the pharmaceutical industry. We are proud of this fact and particularly aware of the major contributions to the health and well being of our citizens which result from the research, development and manufacture of drugs and medications.

Unfortunately, outdated legal restrictions prohibiting effective advertising of prescription drug prices have created hardships and inequities in the purchase of prescription drugs at the retail level. My Administration is studying the feasibility of removing these restrictions on advertising drug prices and imposing government price controls on the sale of prescription drugs in New Jersey. Consumer studies have shown that prices for identical prescriptions may vary as much as 200 percent from store to store.

The citizen, who depends heavily on prescription medication, now has no adequate means of "shopping" for his drugs because of existing restrictions on advertising. However, if such restrictions were lifted without appropriate price controls, large supermarkets with a pharmacy permit could employ wholesale merchandising methods in the prescription drug area to drive smaller neighborhood pharmacies out of business. The neighborhood pharmacist renders a truly professional service, particularly to the elderly and the homebound, with personalized advice to all. I believe the continued viability of these small professional businessmen is vitally important to the health of the citizens of this State.

On the other hand, the advertising of prices, particularly long-term maintenance drugs, would hopefully force down prices which are now frequently unconscionable. Persons who depend on such drugs — many of them elderly citizens — would benefit by shopping for a lower price and buying large quantities without the need of personalized attention.

Some form of minimum and maximum price control would strike a happy balance. At the present time in New Jersey, we have price regulations for milk, gasoline, and liquor. This type of protection should be extended to prescription drugs. It would guarantee to the consuming public reasonable prices for prescription drugs and the continuation of the professional and competent services of the pharmacy profession.

### **Food Protection**

The Department of Health is implementing a tough new sanitary code to protect the consumer of food products which is unequaled in the nation. All inspection activities of food, milk, rodent control, restaurant and wholesale food establishments have been consolidated in a single agency and the number of inspectors has doubled.

For the first time, food establishments must conspicuously post a summary of inspectors' reports so the public may see the degree of the establishment's compliance with the new sanitary code.

The full inspection report must be available on the premises for inspection by any customer who so desires. The program has drawn national attention and commendation to New Jersey.

### **The Home Buyer**

Nothing can possibly be more disappointing than to pick out a new home, pay a deposit on it and plan to move in, only to find there are many problems with the house or the purchase is not going through. Worse yet, in many instances, the deposit money is not returned.

In the majority of cases, the real estate transaction is properly and efficiently conducted by a licensed real estate broker or salesman. They represent their clients well and protect their interests. However, in a few situations, the fault lies with a dishonest broker or salesman.

We are considering the establishment of a security fund through assessments to be paid by licensed real estate brokers and salesmen. While this fund would not ensure return of a full 100 percent of the loss incurred, it would provide some degree of compensation for losses resulting from the dishonest conduct of real estate brokers and salesmen. This fund could be similar to the Attorneys' Clients Security

Fund made up of assessments paid by attorneys to reimburse clients who suffer loss because of the improper conduct of lawyers.

Under current thinking, this program would be implemented either by assessments paid by licensed real estate brokers and salesmen on a voluntary basis or on a compulsory basis as prescribed by legislation. The Real Estate Commission will confer with representatives of the licensed real estate brokers and salesmen and make its recommendation on the proper approach. In addition, fines for violations by brokers and salesmen will be increased.

### **Summer Camps Safety**

I seek your support for legislation presently before you to establish summer camp safety standards to protect the health and welfare of young people attending summer camps in this State. The frequency of camp accidents requires such standards.

Amendments to this legislation are being prepared and will be submitted for your consideration to place the responsibility for adoption, promulgation and enforcement of these standards in the Department of Health. It is clear the primary problems in youth camps involve the health of the youngster or are health related. Other technical amendments will also be included.

It is truly an unfortunate paradox when the health of our youngsters is endangered at a time when they are supposedly enjoying the benefits of a stay at summer camp. By the establishment of these standards, we will go a long way towards safeguarding the health and safety of our youth.

### **Right to Know**

From our first day in office, this Administration has had a commitment to make government as open as possible. This commitment most recently has produced the opening to public view of Health Department inspection records for food establishments, hospitals, nursing homes and blood banks. The Department of Institutions and Agencies has pioneered by permitting members of the news media to interview inmates.

We are now engaged in another effort to improve the public's right to know about the operations of government. The Attorney General will at an early date submit his recommendations for improving existing State laws and regulations providing public access to government records and meetings.

Members of the Attorney General's staff are researching applicable statutes and case law in all fifty States, as well as the policies concerning public access at the county and municipal levels in New Jersey.

The staff also is surveying all records maintained by the executive branch of State government, as well as the policies, rules, and regulations pertaining to public disclosure of those records. Such an effort has not taken place in 10 years, since enactment of the existing State right-to-know law in 1963. In most cases, State agencies are still operating under regulations adopted at that time. Changes obviously are needed a decade later.

Of course, the public interest requires confidentiality in certain circumstances. Often the right of the public to know must be weighed against the individual's right of privacy.

However, with limited exceptions where confidentiality is in the public interest, the public should have the fullest possible opportunity to examine the records and documents relating to government's discharge of its responsibilities.

I believe the public has a right to know, to examine and judge the conduct of public officials and hold them accountable for their acts and to enjoy a system of government free and open to the light of public scrutiny.

### **Citizen Hearings**

I will recommend that the State create a full-time corps of trained, skilled hearing examiners to expedite the decision-making process by State administrative agencies.

The requirement that these agencies afford an opportunity for hearings in contested cases has significantly increased the number of hearings necessary in the various State departments and agencies. These include the Departments of Education, Higher Education, and Civil Service and the Divisions of Consumer Affairs and Civil Rights.

Part-time hearing officers, because of the increasing work loads and the demands of their private careers, can cause delay. Many citizens with matters before these agencies must often wait many months for disposition of their cases. At the same time, because the hearing officers are employed by the various agencies, there have been a number of legal challenges alleging that the combination of investigative, prosecutorial and hearing functions under the same agency violate the concept of due process of law.

A full-time corps of independent hearing officers would expedite the decision-making process, reduce due process challenges and be available at all times to serve the State and its citizens.

These programs I have outlined are "people oriented" and are the heart of a government of the people, by the people, and for the people.

### **PUBLIC OFFICE — PUBLIC TRUST**

If we are to provide the effective and responsive kind of government the people of New Jersey deserve, it is imperative that the public have complete confidence in those who govern and serve in elective and appointive offices at all levels. This means that we must strive always to eliminate both the potential and appearance of conflict of interest.

We have, in New Jersey, made notable strides toward that vital goal. I am pleased to report today that two priority recommendations I made to this Legislature last January in the area of "Public Trust" are well on their way to reality.

The Senate has approved legislation to require strict disclosure of campaign contributions and expenditures by all candidates for public office. I urge the Assembly to act quickly in this area so that the legislation can be enacted into law in time to protect the public interest during the important elections this year.

The Conflict of Interest Study Commission for Local Government, which I recommended one year ago, is now hard at work conducting public hearings and gathering information. We hope to have the Commission's recommendations for establishment of a uniform code of ethics for elected and appointed county and municipal officials at an early date. New Jersey already has enacted one of the strongest conflict of interest laws in the nation for legislators and State officials and employees. I look forward to the day when we can apply these same strong standards to those who serve in local government — thus making New Jersey a leader in the country in protecting the public interest at all levels of government.

Today, I again seek the cooperation of the Legislature in passing new laws designed to improve further the quality of government representation and to bolster public confidence in their governmental institutions.

### **Public Utilities**

The State Department of Public Utilities has become one of the most critical of all governmental agencies in its day-to-day impact on the quality of life in New Jersey. The Department regulates the vital utilities that supply our electricity, gas, water, and telephone service. It regulates intra-state railroad and bus service.

The list of responsibilities assigned to this Department grows steadily as life in this State becomes more and more complex and interdependent. The PUC recently has been assigned responsibility for the economic aspects of the solid waste industry and community antenna television (CATV).

The Department is presently headed by a Commission of three members who serve on a part-time basis and who have fulfilled their responsibilities with distinction. I have become convinced, however, that the day has arrived when protection of the public interest requires a board made up, in whole or in part, of members who will devote full time to their responsibilities.

The growing responsibilities of the PUC, I believe, demand full-time attention and work by the Commission members who make the major decisions and set the key policies.

But, perhaps even more importantly, a full-time Commission will remove the potential for conflict of interest and the appearance of conflict of interest. The Commission members will have one, and only one, interest — the performance of their duties in protecting the public in the supply and delivery of vital utilities and services.

Outside professional, business, and occupational interests will be set aside — removing both the possibility and the public impression that they might influence PUC decisions. I will submit to you at an early date the necessary legislation to carry out this significant advance in public protection. It would give the present commissioners, who have served so ably, the option of serving out the balance of their terms in a full-time capacity. I am confident I will have the support and cooperation of this Legislature in this all-important program.

### **Boards and Commissions**

Another area which requires review is the multitude of commissions and boards which exist through the State. As a result of the Bateman Commission study of professional and occupational licensing, significant steps were taken to protect the interests of the public and to upgrade the qualifications of persons licensed and

regulated by professional boards. However, additional work in this entire general area is required.

I am, therefore, asking the Legislature to reopen its study of the various State licensing boards as well as the multitude of commissions which have been authorized through the years. The Bateman Commission report focused attention on the disparity of compensation for members of these boards and commissions. This disparity ranges from no compensation for members of the Lottery Commission, for example, to a per-diem or per-meeting allowance for some boards such as the Board of Nursing. Others, such as the Board of Shorthand Reporters, receive a fee for conducting examinations, and some boards, such as the Board of Barber Examiners, receive annual amounts.

There is also substantial question as to the need for all these various boards and commissions. I will ask the Bateman commission to make recommendations on which boards and commissions perform a useful function and should be retained, which boards should receive compensation and what constitutes appropriate compensation.

### **Special Elections**

We have been faced with many situations in New Jersey where members of the State Legislature were successful as candidates for Federal elective positions during the term for which they were elected to State Government. It is commendable to aspire to higher office to provide additional service to the public.

Under existing law in New Jersey, however, we are limited to calling a special election to fill such vacancies. This requires the usual advertising of newspaper notices, mailing of ballots and other election procedures which result in great cost to the particular counties and eventually to the public-at-large. I believe we must consider alternatives, less expensive and more practical.

One possibility would be simplifying the procedure for special elections. Changes in the notice requirements, makeup of election districts, and other election procedures could substantially reduce costs, while still assuring adequate controls to protect the public. This, however, would be a partial solution that still would leave the basic question of special elections unresolved.

Consideration should be given to the Federal system for filling vacancies in the U.S. Senate. Under the 17th Amendment to the U.S. Constitution and existing statutes adopted by the New Jersey

Legislature, the Governor is authorized to fill such vacancies by making an interim appointment until the next general election.

This assures continued representation of the Senator's constituency without the expense of a special election. For New Jersey to adopt this system for filling legislative vacancies would require amendment of the New Jersey Constitution. It is my conviction that any interim appointee named by the Governor should be of the same political party as the legislator vacating office. It is my hope that the Legislature will give early and serious consideration to changes in the procedures for special elections and a constitutional amendment for interim appointments to fill legislative vacancies. If acceptable, the constitutional amendment could be presented to the electorate at the general election in November.

This amendment, hopefully, would provide assurance that the will of the electorate would not be thwarted, while at the same time giving the public continuity of representation at no expense to the taxpayer until the next regular election.

In these times, when the credibility of our governmental institutions and those who serve in them is under attack, we in New Jersey must continue to do all in our power to ensure that those elected or selected to do the public's business do so with only one goal — the public interest.

### **COMMUNITY AFFAIRS**

In spite of massive Federal dollars and supplemental State aid, the cities of our State experience increasing financial difficulty with each passing year. Their financial problem is compounded by increased crime, reduced job opportunities, inadequate housing, deteriorating school systems, the exodus of tax producing business and industrial institutions and, most importantly, a pervasive hopelessness that has, in some urban centers, resulted in the loss of pride that is the forerunner of a final despair and complete surrender.

It is obvious that many of the well-meaning Federal programs have unintentionally contributed to the very downfall they sought to prevent. Massive destruction of ratables in the name of urban redevelopment has produced vacant, unwanted, non-productive and debris-filled land. The artists' conceptions of the multi-million dollar facilities that would replace the destroyed ratables have been paid for with additional Federal

dollars and now are collecting dust in some forgotten storage bin. Our municipal officials were fooled by the assurance of so-called experts who were, in fact, unrealistic dreamers. The result has been the forced assumption of taxes, lost because of destroyed ratables, by those who remained in the city. This increase in costs, in turn, has encouraged more loss of ratables and a greater exodus from the city.

It is, indeed, a grim story — the transition from centers of business, manufacturing, the professions, arts and culture to dirty and unsafe streets with many areas of substandard and, indeed, abandoned houses.

There are those who argue for complete abandonment of the cities. "Their day is over" goes the reasoning — "Why waste more money on a hopeless task?" I do not share that view! We must find a way of solving this problem before it spreads its contagious and near epidemic virus to more suburban communities.

There are, of course, no easy solutions. Many things, however, are obvious that must be done if the cities of our State are to have a chance to survive. We must reduce, not increase, real estate taxes. The recently-defeated tax reform program would have accomplished this. I trust this Legislature will suggest a realistic alternative to accomplish this necessary and desirable end.

Secondly, we must make our cities safe. No citizen wants to visit an urban center after dark for fear of personal injury or property loss. Business is having difficulty recruiting workers, and shops, restaurants and recreational facilities are closing daily.

Thirdly, we must make our streets, our buildings and our cities clean. We must eliminate the abandoned house which has become a breeding ground for more crime.

While I do not represent that reduced taxes and safe and clean streets will solve all the problems of our cities, I am convinced that they will never be solved without accomplishing these three elemental needs.

### **Safe and Clean Neighborhoods**

Having already addressed myself to the first problem of taxes, I now suggest a new program seeking to correct the other two prime diseases that attack our communities. The first phase of this program involves a concerted effort to make our streets safe for those who live there and those who visit. The second phase will be an attempt to

eliminate the dirt and neglect that have played a major part in the downward trend of urban life.

This project will be known as the Safe and Clean Neighborhoods Program.

I will ask the Legislature to enact a \$12 million annual appropriation for 24 municipalities now receiving urban aid to provide the funding for the drive to secure and clean our neighborhoods. This program will require an equal matching of funds by each participating city. Each dollar committed to the program by the municipality will be matched by one dollar from the State with this limitation: No municipality would receive more in additional State dollars than its current allotment under the urban aid program, with a maximum ceiling of \$1 million for all municipalities.

We recognize that the initial amount of money recommended for this program is a limited one. But, we have learned from the sad experience of many Federal urban aid programs that the time to expand the financial commitment is after the program has been established and has proved to be workable and effective.

Those municipalities receiving urban aid under the present State formula would be eligible to participate in the Safe and Clean Neighborhoods Program provided:

- — the municipality undertakes activities designed to improve the safety and cleanliness of its neighborhoods.
- — the municipality executes annually a five-year agreement with the appropriate State agency stipulating specific activities and performance standards to be achieved.
- — the municipality achieves annual measurable progress in all activities supported by State urban aid.

It is ironic that, in this modern age of computers and other sophisticated law enforcement equipment, we must turn to the past for a system to make our neighborhoods safe. In this respect, we will be embarking upon what might be called "the policeman on the beat" project. In the coming fiscal year, the Safe Neighborhoods Program will center on the establishment of walking patrols in target neighborhoods of the participating municipalities. The goal of this program is to bring additional policemen, in the capacity of walking patrols, into selected areas to improve the livability of those particular neighborhoods.

This concept — the policeman on the beat — is an old and proven

method of police security. The foot patrolman becomes an integral part of the neighborhood where he works. During his daily patrols, he gets to know the residents, and he becomes familiar with almost every inch of the territory under his guard. He often transcends the role of policeman, becoming an advisor, and, perhaps more importantly, a friend to the young. He often develops a sense that enables him to know when something is amiss in the neighborhood, even when there is no obvious physical evidence to show it.

Perhaps the most vital aspect of this program is the hope that the sight of this man in uniform will restore confidence in persons of all ages. It is our hope that the elderly, especially, will be able to go about their daily business or pleasure free from the worry of attack and safe in the knowledge that there is someone near to whom they can turn for help.

Paralleling our effort to make our city streets safe will be the joint project of improving the appearance of our neighborhoods through simple and obvious devices.

The first of these will be to clean up our streets. One phase will involve the demolition of abandoned, dilapidated structures that are safety and sanitary menaces and eyesores. At the same time, we will be striving to keep the streets clean by the removal of garbage, abandoned automobiles and other trash. We will also attempt to prevent the vacant lots of our communities from becoming communal garbage dumps. It may be possible that these vacant lots can provide such beneficial uses as recreation areas or off-street parking.

Through these programs to restore pride in the community, we will hopefully encourage landlords and homeowners to upgrade their property, so that the effort in the public sphere and that of the private sector will go hand in hand toward the common goal of community improvement.

A vital corollary to the urban Safe and Clean Neighborhoods Program will be an examination by the State of how some of our existing programs may be coordinated with this venture. These will include the programs fostered by the State Department of Health, such as rodent control, the State Law Enforcement Planning Agency, the State Division of Motor Vehicles and any other governmental unit which can assist in this effort.

I also intend to present to the Legislature this year new legislation designed to facilitate municipal action in regard to abandoned structures. Part of this proposal will involve simplification of tax

foreclosure procedures and methods of rehabilitating or demolishing abandoned buildings.

I feel that this program is a practical first step toward reversing a trend which, if it is allowed to continue, may all too unhappily prove the prophets of doom correct. We can save the cities, we must save the cities. We must be willing to roll up our sleeves and all participate in the Safe and Clean Neighborhoods Program.

While the above program, hopefully, will be a step in the right direction, it must be recognized that it is not the solution to the problems of the cities. The urban problem is much deeper, much more complex, and calls for much more dramatic action than a safe and clean neighborhood program. The management of a large city is truly big business. It requires managerial skills, trained personnel, flexibility in decision making and complete cooperation among all elected officials and the boards and departments who have the day-to-day responsibility for operating the city's business.

No longer can major urban areas be operated effectively and efficiently with "politics as usual." Appointments must be made because of the ability of the appointee and not his or her political association. Programs must be adopted, not because they produce votes but because they get the job done. It is questionable, under existing political structures, whether large urban areas can be efficiently managed as a major business deserves to be managed.

I am hopeful, therefore, that, in the days ahead, the mayors of the major cities of this State will meet with me in exploratory discussions to determine whether there is a new approach that will permit the efficient management and effective utilization of tax dollars that I am certain are the desire of all. No more important problem faces the State of New Jersey than the one involving our major cities. I urge this Legislature, through its appropriate committees, to address itself to this area and to suggest, through legislation or meetings with the Chief Executive, improvements and innovative programs or methods that can be adopted to assist our hard-pressed cities.

## Housing

While we have made some progress in the field of housing, the major, and I believe necessary, effort in the entire field of housing depends, in a very large measure, on your willingness to approve the legislation now before you that addresses itself to all aspects of this problem.

As you know, I have personally presented to the Legislature two special messages on housing. For the past two years, I have continuously urged your consideration and approval of legislation that would have provided the vehicles to insure more housing. I, again, respectfully, remind you of the urgency for voluntary local planning as preferable to the inevitable court-ordered development of open areas of our State. Each year, new court decisions are making it abundantly clear that the courts are not reluctant to act in those areas that are essentially within the authority and jurisdiction of the Legislature if the Legislature fails to respond to the public need.

### **Revenue Sharing**

One of the most significant pieces of legislation affecting communities throughout the nation was the President's Revenue Sharing Plan, signed into law last October. It marked, for the first time, a reversal in the disproportionate flow of funds from the states to the Federal Government. It will return money to the municipal officials, who know far better how to allocate it to meet their most pressing problems than do the public servants in Washington, far removed from the immediate area of concern.

However, there are specific and complex guidelines regarding the spending of this money, conditions which, in effect, provide adequate safeguards against abuse. This is understandable, and necessary.

I am, therefore, directing the Department of Community Affairs to establish a unit within that department which will become our expert in the revenue sharing area, the source of information and answers to the myriad questions that will arise in the disbursement and use of these funds. This unit will act as the liaison between the Federal Government and our 567 municipalities. I am sure that the Federal revenues returning to our State will, through proper exercise and discretion, go a long way toward meeting our ever-increasing fiscal demands at the municipal level.

### **Hudson Waterfront**

I have spoken frequently of the neglect and non-use of the valuable and potentially productive area of our State known as the Hudson Waterfront.

Legislation has been introduced to provide a vehicle for the development of this and other similar areas throughout the State. That legislation has not been approved by the Legislature. Regretfully, that degree of corporate and municipal cooperation required to bring about

an orderly development of these lands also has not been forthcoming. The ownership of key parcels of the waterfront property by bankrupt railroads, which still insist on continuing ownership in spite of the non-use and non-productivity of such lands, has impeded every effort on the part of municipalities and the State to acquire these lands.

We are now seeking Federal involvement, through the Bicentennial Commission, in an exciting concept that could, indeed, make Liberty Park the showplace of the world and stimulate development of the entire Hudson Waterfront. New and continuing efforts are underway and specific legislation in this regard will be submitted at an early date.

### **LAW ENFORCEMENT AND JUSTICE**

One of the foremost priorities of my Administration has been the establishment in New Jersey of an efficient and professional law enforcement system to make life safer for all the citizens of this State and to enhance our ability to fight crime and corruption in both the public and the private sectors.

Two key elements in this effort have been the creation and the subsequent development of the Division of Criminal Justice in the Department of Law and Public Safety and that Division's sophisticated use of the statewide Grand Jury. In accordance with my request, the Legislature passed and I recently signed the law which makes the State Grand Jury a continuing institution.

Under the guidance of the Criminal Justice Division and the Division of State Police, the Grand Jury has been devoting an increasing amount of attention to investigations concerning official corruption. During 1972, the Grand Jury returned 19 indictments, involving a total of 24 defendants, resulting from such investigations.

The Division has made significant strides in a number of other areas, including the establishment of both civil and criminal antitrust functions. In the near future, the Division will complete its goal of assuming from the county prosecutors the responsibility for handling all criminal appeals for the State.

This Legislature has responded to the desires of this Administration by providing for full-time prosecutors in 13 of our most populous counties. During the next year, we will continue our efforts to provide full-time prosecutors for all 21 counties.

In accord with our efforts to establish a tradition of professional law enforcement in New Jersey, I will shortly ask the Legislature to provide

a certain number of tenured positions for assistant prosecutors. I believe it is vital to an efficient system of criminal justice that we attract and hold experienced professional criminal lawyers in our prosecutors' offices to provide the kind of continuing expertise and talent so necessary in the effective administration of any public agency.

### **The SCI**

The State Commission of Investigation, in only three and a half years of full operation, has made substantial contributions to the battle against crime and corruption. Its major actions have aided significantly in the total effort that is blunting and beating back the underworld in New Jersey. It also has been instrumental in achieving improvements in laws and governmental operations.

The Commission certainly has fulfilled the expectations that its continued presence would benefit New Jersey's crime fighting stance and that it would establish a record of being non-partisan in concern and action.

I will soon be submitting legislation to extend the life of the Commission another five years from the present expiration date of December 31, 1974. I urge prompt approval of the extension so that this valuable fact-finding and public exposure agency will have the assured continuity needed to retain and recruit a highly experienced and expert staff.

### **Traffic Safety**

One of the State's most serious problems is the mounting incidence of traffic accidents and violations. The Division of State Police will address particular attention to these problems during the coming year.

The Division has established a Tactical Patrol Unit dedicated to enforcing traffic laws and providing police services at those places and at those times where they will have the greatest deterrent effect on highway accidents. This program is designed to complement the efforts of local police. During the coming year, the program will be expanded throughout the State. State Police experts will develop the data and provide the technical expertise to identify the target areas for patrol. A \$260,000 federal grant will provide the equipment and the State of New Jersey will provide 60 men. It is hoped that this "target-area" approach will suggest ways that we can effectively reduce the toll of traffic accidents and deaths in New Jersey.

### **Administrative Traffic Courts**

One of the most serious problems facing our courts and our law enforcement agencies concerns the traffic offender. The only experience most of our citizens have with the criminal justice system is in the traffic court. Despite the competence and dedication of the municipal judiciary, our present system of dealing with traffic offenders has been inadequate. Putting a traffic offender through the criminal justice system does not make him a better driver, nor is it desirable for highly trained professional police officers, lawyers and judges to spend hours of time in full-dress adversary proceedings on a traffic summons.

I will shortly ask the Legislature to give the Division of Motor Vehicles authority to establish an administrative "traffic court" on an experimental basis here in the City of Trenton. If the program proves workable, I will ask the Legislature to permit its establishment throughout the State in other municipalities.

I believe that this program of administrative adjudication of traffic offenses will have the most far-reaching beneficial effects for our courts, for law enforcement and for traffic safety.

Under this system, minor traffic offenses would no longer be processed through the courts but rather would be handled by a staff of specially trained hearing officers in the Division of Motor Vehicles, who would be attorneys.

These administrative hearings would guarantee every traffic offender his right of due process without subjecting him to many of the trappings of an adversary proceeding. It would free municipal court judges and others for more important tasks.

One additional result of such a system would be that many municipalities would realize a reduction in costs for operating municipal courts or avoid additional expenditures to meet increasing caseloads. The State would return to the municipalities, without any reduction, the revenue from fines they presently retain.

But most important, a system of administrative adjudication of traffic offenses will enable the hearing officer to review each case in light of the offender's complete driving history. This will enable the Division of Motor Vehicles to remove problem drivers from the road immediately or to order them to enroll in a rehabilitation or re-education program much sooner than is now possible. Of course, this will significantly enhance the safety of the motoring public.

## **Criminal Justice**

I will also ask the Legislature during the next year to examine the existing system for assessing fines in criminal offenses with an eye toward increasing the area of the court's discretion in meting out monetary penalties.

Such a step will, I believe, have particular application in cases involving corrupt public officials and others who have profited from crime and corruption.

Work on the new penal code is continuing. Recommendations have been made and are being reviewed. A project of this magnitude requires input from all affected groups. Different positions and points of view are natural and are, in fact, necessary to provide balance for the amalgam of ideas necessary for a finished product. I sincerely request all those who have given so much time and effort to this necessary work to continue in their efforts to bring this job to a fruitful conclusion.

The Capital Punishment Study Commission, which I appointed earlier in my Administration, has labored long and hard. It is my understanding a report will be completed soon. Their efforts will assist us in finding the right direction in this troubled area.

We must and shall continue to devote maximum effort to combatting crime and corruption in all its forms—but always mindful that with law enforcement there must be justice.

## **ENVIRONMENTAL PROTECTION**

The public demand for a decent environment grows stronger each year, and this awareness is translated into expectations of governmental action to clean the air and water and protect the land. We have been striving to meet these expectations. New Jersey is achieving a national reputation as a state which cares about the quality of life it affords its citizens. This is a reputation of which we can be proud. It is one we must maintain.

Our reputation can be credited in large part to landmark legislation passed by the last Legislature. These acts included the Water Quality Improvement Act, the Pesticides Control Act, the Clean Ocean Act, the Noise Control Act, and the Wetlands Act. These acts are being administered by the Department of Environmental Protection, itself a creation of the 1970-71 Legislature.

One of New Jersey's main environmental problems is air pollution, and over 60 percent of the pollutants in the air are emitted by motor vehicles. In order to control these emissions, the State last year embarked on a new program to inspect automobiles to determine if their exhausts complied with air pollution standards. Starting this July, cars failing the test will be required to have their emissions reduced before they can pass annual inspection. We expect this program to have a substantial effect on restoring air quality.

While important steps were being taken to clean the air, there was also major progress in the struggle to upgrade the quality of our streams. The State assists in the creation of regional sewage treatment systems by providing funds made available by the Water Conservation Bond Act. During the past year, over \$34 million was committed to 54 governmental applicants for the construction of new or improved systems.

The Department of Environmental Protection also reorganized the Bureau of Water Pollution Control to ensure compliance with water quality regulations and to assist municipalities in upgrading sewerage systems. A new section was created to deal exclusively with the enforcement of regulations and standards so that swifter and more effective action against polluters could be assured.

In addition to clearing the air and the water, it is necessary to ensure adequate recreational opportunities in natural settings if we are to have a livable environment. The Green Acres Bond Issue, approved by the voters in 1971, is one important way to ensure that open, natural lands will be kept for the enjoyment of this and future generations. During the past year, \$20 million was committed from this bond issue for the purchase of over 20,000 acres of land. In addition, \$10 million was allocated to counties and municipalities to assist in the acquisition of lands for local projects.

More than simply the preservation of lands by government ownership is required, however, if we are to have a decent environment. The Wetlands Act, which became law in 1970, is being implemented. The coastal wetlands of three counties are now under regulation, giving a high degree of protection to 40,000 acres of these ecologically unique, fragile, and valuable lands. The remainder of the State's wetlands will be regulated within a few months.

The proper management of the State's riparian lands continues to be a major concern of this Administration. The environmental impact of any proposed use of riparian lands is intensively evaluated by the Department of Environmental Protection. The lands are not leased or

conveyed unless the applicant clearly demonstrates that his proposed project will serve the public interest and will cause only minimal harm to the environment. These tide-flowed lands are subject to the public trust, and must be protected accordingly.

The manner in which land is used is an important determinant of the quality of the environment, particularly in New Jersey, the most densely populated state in the nation. Certain environmentally critical areas within the State deserve and require a special degree of care. These environmental regions transcend political boundaries so that shared governmental responsibility for charting the future of these areas is required. The State must help to ensure that these critical lands are used in environmentally sensible ways. By virtue of their unique qualities, they are important to the people of the entire State, not just to those fortunate enough to reside close to them.

New Jersey's waterways have repeatedly taught us the painful and expensive lesson that the flood plains of the State are environmentally crucial. In 1962, the Legislature adopted a program to delineate the State's flood prone areas. The objective of the program was to provide a warning to those who would build in flood plains that they were in danger of inundation. The warning has been widely ignored.

The intensive development of flood plains in the Passaic Basin has not only degraded the environment of that area, but now threatens thousands of people with loss of life and property in time of floods. A project of flood control in the Passaic Basin, which, if adopted, would cost more than \$700 million, is being advanced as a solution. The expenditure of that sum would probably be unnecessary had not the flood plains been thoughtlessly developed. Implementation of the flood plains law, enacted by this Legislature at my urging, will lessen the need for projects which are costly, not only in terms of dollars, but in terms of land that must be covered by impounded waters.

Unless there is rigorous enforcement, however, all the laws, rules, and regulations established to protect the environment will not achieve their aims. The Attorney General has established an Environmental Task Force which numbers 13 Deputy Attorneys General, an increase of five over last year. During 1972, they prosecuted 118 environmental cases. Penalties assessed during the year totaled \$886,000. This strenuous effort will be continued.

### 1973 Legislative Program

I would, respectfully, remind you that there are pending before this Legislature several important pieces of legislation which this

Administration actively supports and believes will be environmentally beneficial. These include the amendment increasing the penalties for riparian violations (A 435), which would help protect these vital coastal lands from unlawful development; the Cleaning Agent Control Act (A 433), designed to regulate the contents of detergents to protect consumers as well as streams and fishlife; the proposed Act to Promote Recycling of Beverage Containers (A 1435), which would help reduce the amounts of solid waste produced in the State; the Waste Control Act (A 1132), which would regulate the amount of solid waste disposed of in New Jersey that originates in other states; and the Major Coastal Area Facilities Review Act (A 1429), which would offer a measure of protection for the irreplaceable New Jersey shore.

The coastal region is one where misuse of a precious resource can exact a high price. This tidal-influenced area is singularly productive, not only in terms of the ecological food chain, but also in terms of recreational and industrial potential. The area is under intense and constant development pressure which threatens to destroy its precious environmental assets. This pressure must be balanced against environmental demands. This balance cannot be achieved piecemeal, but must be accomplished on a region-wide basis and this is the intent of the Major Coastal Area Facilities Review Act.

Another area of environmental concern is the Northwest region of the State which will feel the primary impact of the proposed Tocks Island recreation area. This is a rural area blessed with scenic beauty, and, unlike much of our State, is sparsely populated. It was apparent that the proposed dam would provide certain benefits for which we do not have readily available alternatives. But the cost of these benefits would be the probable despoliation of rural areas of Warren and Sussex Counties if the project were to proceed as presently planned.

That is why, at the September meeting of the Delaware River Basin Commission, we specified seven conditions which must be met before New Jersey can approve the proposed Tocks Island Dam. These conditions are designed to protect the environment and economy of the area.

To guard against the intrusive and tawdry development which would be the natural consequence of the completion of the Tocks Island project, a regional system of controls over the utilization of land should be instituted. Some of the municipalities in the area do not have even rudimentary zoning ordinances. The Tocks Island Impact Area Protection Act, which will soon be introduced, must be passed if the project is to proceed.

The Act would guide development to avoid the loss of those

amenities which now make this region unique. It would require that the State adopt guidelines for local land use planning and zoning designed to permit reasonable development consistent with the constraints imposed by the regional environment. It would authorize State enactment of zoning ordinances for those municipalities which do not adopt conforming plans and zoning within one year of the publication of appropriate guidelines. Shared regional responsibility for land-use decisions would thereby be established, while still affording local governments a primary role in deciding their own futures.

The Skylands Region, in the northern parts of Bergen and Passaic Counties, is similar to the Tocks Island primary impact area. Primarily a rural, recreational and watershed area, it will be undergoing severe development pressure as highways are extended into the area and more visitors arrive. The landscape features which attract these visitors must be maintained if the environment and economy of the area are to be healthy. The purity of the water from its watersheds must be safeguarded. Therefore, legislation similar to that recommended for the Tocks Island impact area will be presented for your consideration. It will provide shared responsibility for land use decisions in the Skylands Region.

### **Economics and the Environment**

Economic and environmental considerations are often thought to be mutually exclusive, or at least competitive. In truth, they are not opposed, but mutually reinforcing. The costs of pollution to society are great, although not fully understood, especially in the area of public health. Yet, the economic system is now designed to reward polluters, who inflict costs on society by reducing the quality of the land, the air, or the water. Normally, the worst polluters are the marginal or inefficient operators.

The economics of pollution need to be modified so that the costs created by polluters are paid by them and by those who buy their products. We should build incentives and disincentives into the economic system to encourage efficient operation in an environmentally sensible fashion. The approaches we suggest today for study are an attempt to begin to do this.

These would be innovative measures. Our Federal system is designed to encourage the states to experiment, to be laboratories for change. These ideas are offered in a spirit of experimentation, recognizing that traditional measures alone are insufficient to protect the environment. They are offered in the expectation that, by using the

tax system and price system to protect the environment, we will build environmental considerations into decisions now made on narrow economic grounds. Hopefully, they would reduce the need for the often inefficient method of corrective governmental regulation, frequently as a reaction to crisis.

### **Energy Crisis**

One of the environmental areas of tremendous significance to New Jersey that could benefit from such economic analysis and experimentation is our developing energy crisis. This problem is of critical concern in this State and across the nation, and answers must be found soon on how to balance the necessary search for electrical power with the equally vital need to protect the environment.

I, therefore, suggest that the Legislature establish a joint committee of its own members to study the energy crisis in New Jersey. The joint committee should have adequate financing and staffing in order to conduct a comprehensive study of the problem.

One of the areas of investigation of the committee should be the difference in rates charged large industrial and small residential users of electricity, and whether the present rate structure encourages waste by the largest users.

The Committee should explore possible ways to create economic disincentives to the waste of power, such as a surcharge on very large amounts of electrical use. The revenue could be dedicated to the preservation of open space or other environmental purposes. The Committee might find that this could be one way to spur industry into avoiding waste of power and into developing more efficient machinery that would not require as much electricity.

It is obvious to all that the present capacity of our utilities cannot support the projected future demands of our consumers. Either we have to produce more or reduce demand. To permit the demand and overuse of existing facilities to continue is to invite disaster. Time is running out and I urge that this study and these decisions be made priority matters of this Legislature.

### **Land Conservation**

Another of our deep concerns is the disappearance of open space, including farmlands, to which I refer in the section of this message on Agriculture — Open Space. We must find ways to encourage the preservation of open space for future generations.

Private citizen groups have been instrumental in protecting the environment and developing a community environmental conscience by urging the adoption of necessary legislation and acquiring threatened parcels of open space for preservation. A number of states have taken positive steps to encourage the private acquisition of recreation and conservation lands.

One possibility for consideration is a narrow property tax exemption for privately held open space which would facilitate the acquisition and retention of such lands for public use and enjoyment. Any such proposal would have to contain adequate safeguards to prevent abuse and include provisions for payments in lieu of taxes to local governments. Such a concept appears to have merit, but before any recommendations are made, we would want to get all the facts and analyze the legal implications of such a proposal.

As suggested, the tax exemptions would be available to those conservation and environmental groups which qualify as non-profit organizations under the Internal Revenue Service regulations. To be eligible for exemption treatment, the development rights to the land would have to be conveyed to the State, or with the approval of the Department of Environmental Protection.

In addition to preserving open space, citizens groups have been active and effective in other phases of environmental protection. And they should be. The environment does not belong to government; it does not belong to any one individual. It belongs to everyone; it is a common good. Hence, it is the duty of all to protect it.

#### **State Executive Order**

Several times in this message, we have mentioned the need to assess proposed projects from an environmental standpoint. The State must lead by example. I, therefore, will issue an Executive Order which will require review and approval by the Department of Environmental Protection of all major projects built or funded by the State before they are allowed to proceed.

Environmental impact reviews have already been given to the Sports Authority Complex and to some of the work of the New Jersey Turnpike Authority. The system developed in these experiences appears workable. It is necessary to apply it more widely if State activities, as well as private activities, are to have a minimal adverse environmental impact.

We must also provide lands in their natural state, undeveloped and untouched, for less intensive forms of recreation. These lands must be

preserved from harmful intrusions. I am, therefore, directing the Commissioner of the Department of Environmental Protection to take all the steps necessary to have the Mullica River System declared a part of the Federal Wild and Scenic Rivers Program. Once in the program, protection will be afforded to one of the most attractive resources in the State. Its inclusion in the program will prevent the construction of serious encroachments on the river system by Federal licensees. If State legislation is required, we will make the appropriate recommendations.

Protecting our streams from depredation will not do any good unless the water in those streams is clean. We have been far too slow in building modern facilities to clean our waste water. For more than 10 years, the policy of the State has been to encourage local governments to join together to correct water pollution on a regional basis. Regionalization has a number of advantages over reliance on local systems. The larger system enjoys economies of scale, can provide higher degrees of treatment, with more complex and expensive equipment, and can employ well-qualified personnel. Despite these advantages, local governments have moved reluctantly and slowly to form the necessary regional units.

We will recommend an amendment to the Water Pollution statutes which would give the Department of Environmental Protection the authority to draw service lines defining a region. It will also spur the creation of regional authorities operated by local officials. If they do not form an authority, the courts will have statutory direction to order the formation of the authority by local officials.

#### **The Future**

In addition to these specific recommendations, it is appropriate to reflect on the goals and problems of environmental protection, and their importance to the future of New Jersey as a whole.

There was a time, not very long ago, when the attraction of new industries and new residents to the State automatically was viewed as a real and positive achievement. That was a time when the construction of a new power plant was always hailed as progress, and when the extension of a new superhighway through an area was welcomed without question as an economic benefit. That time has passed. Now we realize that, as the most densely populated State in the union, we have to husband and protect our natural resources: The air, the land, and the water. We realize now that the growth and development of the State must be controlled if New Jersey is to be the kind of State in which we want to live.

This new realization does not mean that all growth must be stopped. It does mean, however, that we must consider seriously the adverse impact of future developments in the State before deciding whether and in what form we allow them to proceed. More important, it means we must begin to make some very basic decisions about the future of the State. Those decisions must be made on the basis of the natural constraints on growth.

We have begun this process. We must not let decisions based solely on economics guide our future. Balance must be our standard. We must shape our future by deciding what growth will be allowed.

Therefore, we announce today the appointment of a Special Advisory Council on the Future of the State, charged with reporting to me by the end of 1973. The Council, which will represent all segments of society, will grapple with the issue of what the future of New Jersey is to be, will make value judgments on the kind and degree of development of the State, and will submit recommendations on the specific measures necessary to achieve the desired goals. The Council will also take into account the recommendations of the State Planning Task Force recently created by Executive Order.

There are those who will say that the regulations already in force, the new legislation proposed today, and controls on development which will be proposed in the future will injure our economic well-being and prevent raising the standard of living of those who now live in poverty. Those critics are wrong.

The economy and the environment are not like guns and butter. We can have a sound economy and a quality environment, if we have the will to take the steps necessary to achieve both. We have an environmental crisis today because of failures in the economic system and short term goals. The correction of those failures will improve both the environment and the economy, in the long term.

New Jersey's character has too long been shaped by others. It has too long been a cask tapped at both ends. Let us join in a vision of the future of our State. It can truly be a Garden State. Our skies can again be blue, and our fields green. Once again our children can play outdoors in air that is healthful to breathe. Our shores can stretch from Cape May to Sandy Hook as a white inviting strip bordering a blue and shining sea.

We can shape our destiny. We can give to our children a decent environment. We can achieve all this if we recognize the wisdom of Nature's seamless web, and live within it. Not only can we achieve all this, we must, if life is to go on and be worth living.

## INSTITUTIONS AND AGENCIES

During the first three years of this Administration, I have been deeply concerned with the need for improvement in the quality of care which New Jersey provides for those members of our society who have been unable to provide adequately for themselves. Government today has assumed enormous responsibilities in connection with the physically and mentally ill, young children from broken homes, the poor, and those offenders who must be institutionalized and rehabilitated to return to society in a useful capacity without causing harm to themselves and others.

We have made considerable progress in these three years. The Commissioner of the Department of Institutions and Agencies is now directly responsible to the Governor, and the Commissioner himself administers a more modern and more efficiently organized department that is better able than ever before to coordinate the State's efforts in these vast areas of responsibility. Much more, of course, remains to be done.

### Hope for the Convicted

In our system of jurisprudence, we have gone to great lengths to protect the "rights of the accused." Legal representation by the public defender, where necessary, is assured at trial and appeal and at most other critical stages in the legal process. Much effort and expense are invested in the right of due process. This is only as it should be.

A similar dimension of concern, however, is needed in our processes of justice after conviction and after imprisonment. "Hope for the Convicted" requires rehabilitation, education, training, jobs, up-to-date probation programs and meaningful parole practices.

Much has been spoken about and written on the need to rehabilitate persons convicted of crime. One of the most important contributing factors to rehabilitation is meaningful and lasting jobs. A person, who cannot find work and make his own way, cannot be effectively rehabilitated. The resultant lack of confidence, loss of self-respect and insecurity are poor breeding grounds for rehabilitation and self-improvement.

Presently, certain archaic impediments exist which prohibit previously convicted persons from obtaining employment in areas such as hotels, restaurants and establishments providing entertainment and recreation. If any of these has a liquor license, employment of convicted persons is effectively precluded. This is so even when the job sought is one with no real connection with alcoholic beverages.

I will, therefore, recommend legislation to enable the Director of Alcoholic Beverage Control, in his discretion and under standards set by him, to issue work permits to previously convicted persons. One type of permit would be for persons involved in the dispensing or preparation of alcoholic beverages. Another type would pertain to other areas of employment. By this legislation, we will be opening up an area of employment opportunities in our efforts to rehabilitate.

For additional assistance in the job area, I will ask the Department of Labor and Industry to designate a counselor at each State Employment Service Office to work exclusively with ex-offenders. In this manner, the State Parole Board and County Probation Departments will have a specific person to deal with for the mutual benefit of all concerned. In addition, I will request additional staff for the Mercer County Parole Board office to handle college placement for the Mercer County College. This will permit inmates, who have been paroled, to complete studies which they had already started with Mercer College when they were confined. These persons will also be able to utilize the Mercer College placement service to obtain jobs.

I commend this Legislature for its recent passage of our plan for a comprehensive school district for State correctional institutions. As a result of this legislation, we are working toward a total offering of programs to encourage inmates to complete their primary and secondary educations. College level courses will also be available. The concepts developed for this new school district will be coordinated with traditional programs offered by the Departments of Education and Higher Education and with vocational training involving the Department of Labor and Industry and other agencies.

Another forward-looking proposal, which has been submitted to the Department of Health, Education and Welfare in Washington for approval, involves the use of a closed circuit television network for prison education. This will have the very obvious advantage of utilizing the best minds and materials even when they are located in remote sending centers.

Studies made during the past year, notably those of the National Guard medical-dental teams and the New Jersey Medical College, have verified the immediate need for expansion of medical and dental services within our correctional institutions. Therefore, the budget for 1973-74 will include recommendations for new medical and dental positions to meet these basic needs.

The problems of prisons are, like all of the other problems of the Department of Institutions and Agencies, essentially people-oriented. In

order to improve the relationships between prisoners and corrections officers, it is essential that I seek additional trained personnel to serve as corrections officers. Any lasting success which we will enjoy in penal reform depends on the dedicated men who have the awesome and direct responsibility for seeing that day-to-day life in prison goes well. Their efforts cannot be hampered by inadequate staffing.

Just as the inmates are seeking, and should receive, additional educational opportunities, so should the corrections officers. Toward that end, we are presently exploring with the U.S. Department of Labor funding which will permit present officers to take time for education. We are also seeking Federal funds to improve the recruitment and training of newly appointed men who make the transition to this demanding job.

In my Second Annual Message, I pointed out the need for a full-time parole board. This is now a reality and permits more individualized consideration and attention to parole applications. I also recommended removal of legal obstacles which prevent the parole board from considering rehabilitated inmates who are excellent parole risks. Your attention was also directed to the disparity of sentencing, which results in different sentences throughout the State for similar offenses and individual offenders.

A bill to accomplish this needed parole reform is presently pending before the Legislature. Its main thrust is to relate parole to a determination of whether the individual has paid his debt and has been sufficiently rehabilitated so that he can assume his proper place in society without endangering the community. When we keep an inmate in prison long after he has been sufficiently punished and after he is no longer a danger, we destroy his hope and incentive to improve. In the long run, society suffers when he is eventually released. I strongly urge the Legislature to pass the parole reform legislation to correct these flaws in the present system.

### **Probation**

Of course, for persons convicted of crime, probation can and should be, in many cases, a viable alternative to incarceration in a penal institution. For the individual involved, it represents a last chance to make it — out on the street. For the State, it is a means of diverting substantial numbers of offenders from institutional custody without relinquishing all means of control over their activities. Economically, probation represents a substantial savings, since the cost of incarceration is estimated to be at least ten times the cost of providing

probation services on a per capita basis. In theory, the concept is most attractive. In actual practice, however, implementation leaves much to be desired.

Probation in New Jersey has been a neglected stepchild. Probation services have been fragmented among the several counties, with a great disparity in the quantity and quality of service provided. Probation supervision is, in fact, no supervision at all in many instances. This is no reflection on the efforts and great sacrifice of many probation officers.

A unified probation system and a uniformly high quality of service throughout the State can only be accomplished by a complete restructuring of our entire probation mechanism. The administration, operation, and funding of all services must be centralized under one responsible State agency. Such an approach would require an immediate expenditure of \$18-20 million in State funds to assume the present system with its existing deficiencies. Upgrading of the system would require additional funds. The tax reform program rejected by this Legislature would have provided these funds. While the present financial situation of the State is inadequate to meet this need, I feel compelled to bring this subject to your attention so that it will receive appropriate consideration as we set our order of priorities for future action.

Probation is one area we cannot afford to ignore. Investment in probation will pay rich dividends, for we are, in fact, investing in human lives.

### **Youth And Family Services**

Of course, the problem of our correctional institutions is only one of the concerns of the Department of Institutions and Agencies. It is of particular importance for the future of the children of our State that the Division of Youth and Family Services, which I recommended in last year's message, is now an accomplished fact. Its primary thrust will be to assist the family in trouble by focusing on preventing family disintegration rather than reacting to crisis situations after problems have become acute. While its period of operation to this point in time is brief, the new division has initiated a number of ambitious programs.

Approval already has been received by the Division for a four-year \$440,000 federal grant from the U.S. Department of Health, Education and Welfare to develop one of the nation's first Management Information Systems (MIS) for a State social service agency. This computerized system, tied closely to a strong research, planning and program evaluation capacity, will give the division the data and statistics

needed for good management decisions, case control, child-tracking systems, and intensive evaluation of new and existing programs.

The new division has also begun work, in cooperation with the Attorney General's office, the New Jersey State Bar Association, and other interested organizations, on preparing a codified and comprehensive statute on children and family services that will provide the legal framework within which the division will operate.

One of the prime responsibilities of the Division of Youth and Family Services involves the fast growing field of day care. A separate bureau has been constituted to improve the level of day care services. Programs to develop a broader scope of residential placement for children, who cannot remain in their own homes, will include the development of more community-based residential facilities (group care homes) that are service and treatment oriented rather than custodial in nature.

### **Welfare**

In my inaugural address, I promised to place the State's "fiscal house in order" and, in my First Annual Message, I pledged to work toward welfare reform in New Jersey. We have directed attention to the swollen public assistance rolls and the resulting dollar burden placed upon those who must support the system.

It continues to be my firm belief that the massive welfare problem and financial burden know no city, county, or State boundary. We must continue to press for Federal acceptance of what is a national crisis, created not by the citizens of New Jersey but by national economic and social factors. Nonetheless, we must continue to deal with this problem as best we can on the State level in the face of congressional refusal to assume responsibility and what may be an increasing Federal effort to impose severe fiscal limitations on the states.

As a first step, a Welfare Advisory Council was formed. The recommendations of the council, which have been introduced into the system, include a flat grant system of benefit payments. This system avoids disparity of payments among welfare recipients and inordinately high rent payments which existed under the previous system of benefits. Changes have also been made in the eligibility computation of welfare benefits for families where both parents are in the household. These changes shorten the stay on welfare rolls of people who are able to meet their own needs.

While the number of welfare cases continues to rise in New Jersey and other urban states, through these reforms in New Jersey we have been able to reduce by one-third the rate of increase in the number of cases and to reduce by one-half the increased costs of welfare programs that were projected if we had retained the old system. This has meant a savings of \$10 million in previously projected costs. The Federal Court has recently upheld the constitutionality and propriety of these changes.

Development of these reforms has been assisted by the work of our newly-established Office of Research and Evaluation in the Department of Institutions and Agencies. This office has made it possible to devise new programs and project accurate results on the basis of credible statistics and data. Our successes in this area have underscored the need for additional improved management techniques. Toward this end, programs are now being reviewed and studied to distribute welfare checks by banks to assure accurate identification of welfare recipients and to minimize check cashing problems and losses from the theft of checks.

Through these various new programs and procedures, we can cut back on welfare abuses, streamline the distribution of welfare to the State's needy citizens and increase efficiency, while lowering the cost of the welfare system as a whole.

### **Medicaid**

Another area in which we have seen significant improvement is in the delivery of health care services. Approval has been obtained from the Federal Government for a three-year Medicaid demonstration project for the City of Newark and Martland Hospital.

Under this program, the Federal Government will assume 50 percent of the cost of medical coverage for persons in Newark who are unable to meet the costs of medical care but are otherwise ineligible for regular Medicaid benefits. This is the largest project of its kind approved for any state and will result in savings of \$12 million annually in costs to New Jersey. It will provide data and experience to upgrade future health delivery systems. And as an immediate benefit, it will provide a financial mechanism that will permit the creation of a greatly-improved health care delivery system for Newark, one that will use existing facilities to a greater degree rather than require the construction of new facilities. It is anticipated that, under the program, 100,000 Newark residents will become eligible for comprehensive health care.

Another innovative program currently under review is concerned

with standards for intermediate care facilities. This will provide a level of care for patients who require facilities not as extensive as those in skilled nursing facilities but more extensive than those provided in most sheltered boarding homes. Implementation of such a program would provide a more meaningful classification of Medicaid patients in relation to their physical conditions and would enable the State to realize a greater rate of return in Medicaid expenditures.

Medicaid has also been extended to schools for the retarded, State psychiatric hospitals and county-operated nursing homes. Similarly, the New Jersey early and periodic screening program has corrected and treated many childhood disorders before they become critical. This program is rated among the most comprehensive in the nation.

Through provident use of the Medicaid program, county and State costs for governmental medical expenditures have been reduced by \$41 million in fiscal 1972. A surveillance system has also been established in New Jersey to protect the Medicaid program against fraudulent activities, and to recover both funds improperly paid and third party claims. The system is used by the Federal government as a model for other states.

Our continuing efforts to improve the Medicaid program will benefit not only the patients who are the recipients of medical care but also, in the long run, the State's taxpayers as well.

### **The Mentally Retarded**

New Jersey has ample basis to be proud of the development of community alternatives to residential placement for retarded children. The Bureau of Field Services provides community supervision and guardianship services to literally thousands of cases which, in the absence of this resource, might require prolonged residence in State Schools for the retarded.

The Bureau of Day Training provided service to 901 cases at the end of 1972 and with the six additional day training centers under construction, the goals for the next fiscal year involve the provision of day training services for an additional 304 clients. Availability of the day training program assures that education is provided at all levels for mentally handicapped children in the State. Children admitted to day training are those who have been declared neither educable nor trainable by the public schools. This service assures both relief for the families and training for the children, while the child continues to have the advantages of familial and community life.

The Division of Mental Retardation, the State agency responsible for the administration of the Developmental Disabilities Services and Construction Act of 1970, distributed \$852,378 of Federal funds last year to 33 agencies providing a variety of community services to the retarded, epileptic, and the cerebral palsied. We are seeking to continue these services during the coming year.

The use of Federal monies has been of invaluable assistance in the development of many of the programs I have mentioned thus far. Nonetheless, to ensure that New Jersey will realize its greatest potential in acquiring federal funds, an office of Federal Liaison has been established in the Department of Institutions and Agencies with the sole responsibility of identifying and obtaining available Federal monies.

We are not only continuing and improving our services to the needy, the sick, the disabled and the imprisoned, but we are also aiding and encouraging them to become self-sufficient. At the same time, we are insisting on modern business methods in our administration of these varied and expensive programs. All of us can truly be proud of the work being done and the dedicated services provided by thousands of devoted, competent and loyal administrators, staff members and attendants in our New Jersey institutions and agencies.

## NARCOTICS

The drug-crime cycle is a critical and continuing problem in New Jersey and the New York and Philadelphia Metropolitan areas. We must be ever vigilant and aggressive in our war against the merchants of hard drugs and seek new and more effective legal and enforcement weapons. We are pleased to report that this problem is being attacked energetically by our State, Federal and local law enforcement agencies working in close cooperation.

New Jersey can be particularly proud of the leadership its State Police have demonstrated in this vital area. Under this Administration, 50 additional men have been assigned to the State Police Narcotics Bureau, with excellent results.

The additional manpower has enabled the Bureau, for the first time, to regionalize its enforcement campaign. This approach, organized into three geographic regions of seven counties each, has permitted the State Police to focus more on the middle and higher-level drug pushers. It also has encouraged closer cooperation between the State Police and local law enforcement authorities.

In 1969, the Narcotics Bureau made 1,495 arrests, of which 516 were for illegal sale of narcotics. Last year, the Bureau made 3,200 arrests, of which 1,420 were for drug pushing. The amount of illegal drugs seized by the State Police in 1969 totalled \$310,900. In 1972, the figure jumped to \$2.7 million, a nine-fold increase in three years.

The State Police Laboratories have added an invaluable scientific dimension to the fight against illegal drug trafficking. In the last three years, we have increased the number of chemists in the Laboratories from 14 to 54. This has permitted the State Police to open a regional laboratory in Little Falls, and another is under construction in Hammonton.

Another important weapon is the special training in narcotics law enforcement provided by the State Police in Sea Girt. Nearly 4,000 law enforcement personnel, most of them local police officers, have been graduated.

Yet, despite this progress, the flow of illegal narcotics continues at a pace that creates a severe sense of frustration. We recognize that we have a long way to go in our effort to combat the increasing challenge to our society posed by drugs and associated lawlessness.

Two years ago, New Jersey began to operate under a new and enlightened statute controlling the manufacture, sale and use of dangerous substances. The time has come to review the operation and effectiveness of this law and to determine whether it requires strengthening to aid the drive against narcotics pushers.

Therefore, I will ask the Attorney General to investigate immediately this entire area, consulting with the courts and law enforcement authorities at all levels. The Attorney General will report to me as quickly as possible with his findings and recommendations. If any legislation is recommended, I will seek the cooperation and support of this Legislature.

In the other critical area of the narcotics problem, we have, in the first three years of this Administration, established a firm foundation of effective treatment and rehabilitation programs in the fight against drug abuse. We cannot report yet that we are winning the fight. However, we now have the tools necessary to know the enemy and to wage the battle. It is time now to expand these programs to experience maximum benefits from these established programs.

Programs initiated by the Division of Narcotics and Drug Abuse Control during the past year include the State's first therapeutic school for adolescent drug abusers, the Chelsea School; pilot programs for the

treatment and counseling of inmates within correctional institutions; and, in cooperation with the Board of Parole, placement of paroled drug abusers in appropriate treatment programs.

In addition, we reached agreement with the Veterans Administration Hospital in East Orange to coordinate the treatment and rehabilitation of veterans with drug problems. Agreement was also reached with the Federal Narcotics Addiction and Rehabilitation Agency to provide, in an integrated program, in-patient care and after-care services to New Jersey patients of the Agency.

Increased federal funds, secured through the efforts of the Division, have enabled the capacity of the residential and out-patient treatment centers to increase by 20 percent to 1,200 in-resident patients and approximately 6,000 out-patients. The number of people in methadone maintenance treatment was doubled last year, and the number of treatment centers is now over 100.

We have recently contracted with the Federal Government to expand 17 treatment centers throughout the State to be totally financed on a per capita basis by the Federal Government. This is a new funding concept designed to provide immediate care and treatment for narcotics addicts who are on waiting lists to receive treatment. We will receive approximately \$1 million in federal assistance designed to remove immediately a substantial number of addicts from the drug-crime cycle.

Our Division of Narcotics and Drug Abuse Control has also recently completed a two-year survey of 5,600 high school students in Northern New Jersey to determine patterns of drug abuse. This survey, which attracted nation-wide attention, will provide the information necessary to ensure proper direction in our future efforts to combat drug abuse.

The battle is long, arduous, hazardous and, at times, discouraging; but the victory is attainable and we have set our sights on that ultimate victory.

## EDUCATION

The future welfare and prosperity of this State and this nation rest on a foundation built from the quality of education we provide for our children. This education is not the sole responsibility of any one segment of our society. It is the concern of all of us and we must continue our commitment to provide the best possible education for all the children of New Jersey.

Quality education has become very complex and expensive, and it has become increasingly difficult for our local school districts to pay for the education of our children. Fortunately, federal revenue sharing funds have made it possible for us to increase State aid to local school districts by \$40 million for the coming school year, thus, in some measure, reducing the tax burden on property owners in our communities and school districts.

I am happy to report that, despite the great financial pressures on our educational system, significant progress has been made in many areas, including special and vocational education, teacher training and State technical assistance to local schools.

Special education continues to be one of the most pressing needs on both the local and the State level. During the past year, we were able to expand the number of special education instructional material centers from three to seven, thereby providing much greater assistance to local school districts in meeting the needs of handicapped children. The Department of Education is continuing work on the development of regional day schools for deaf and other low-incident handicapped children. Special education poses an unusual challenge to the public school system, but the potential rewards to the children involved and to the State as a whole are great indeed. We must continue our commitment to the education of all handicapped children.

As a result of a \$494,000 federal grant, the Department of Education has established the Teacher Corps Correctional Education Program, which will provide instructional personnel for eight state correctional institutions. The Departments of Education and Institutions and Agencies are developing a broad education program for the correctional institutions, a project which must be given high priority and full legislative support.

## Vocational Education

The State must continue to respond to the growing demand for vocational education at all levels of public education. During the past year, the three pilot districts in the Governor's Career Education Project have expanded their efforts in the development of a K-12 Career Education system, and new pilot districts are being added to the project. The Department of Education has developed a new task force to coordinate career education efforts among the Divisions of Curriculum and Instruction, Vocational Education, and Research, Planning and Evaluation. In addition, 18 county offices now have career education coordinators to assist in the establishment of K-12 programs in their respective areas.

More than 37,000 elementary school children have participated in the Technology for Children project since its inception. Approximately 60 teachers have been trained in the use of technology for children, and during the current school year, the program will be implemented in 76 new school districts involving an additional 500 teachers.

Other significant developments in the field of vocational education include a 30 percent growth in technical education programs and the awarding of contracts for construction of the Center for Occupational Education/Experimentation/Demonstration, which will be ready for occupancy by 1,000 additional occupational trainees by the end of 1973.

### **School Bus Safety**

During the past year, the Department of Education has greatly expanded its efforts to promote school bus safety throughout the State. This school year, a safety seat package will be tested in 100 school buses in various parts of the State to determine the feasibility of safety seats and restraint systems.

In addition, the State Board of Education, working in cooperation with the Division of Motor Vehicles, has developed stringent new bus inspection regulations, which are now in effect. These efforts have kept the State of New Jersey in a position of national leadership in the field of school bus safety, and the Department will continue to seek methods of ensuring that our school buses are as safe as they can be.

The number of children participating in food programs sponsored by the State increased by 31 percent last year. There were 415,000 children in the National School Lunch Program, 175,000 of whom received free or reduced price lunches. Nineteen thousand children participated in the School Breakfast Program and 7,000 in the Special Food Services Program. The State received \$16,470,000 in federal funds for these programs last year, more than double the amount allocated the previous year. Every effort will be made to make certain that every needy child in this state has an opportunity to participate in these food programs.

While the public school system is, of course, the primary educational concern of State government, we have become increasingly aware of the role played by non-public schools in educating the children of this State and of the need for providing financial assistance to ensure the continued viability of these non-public schools. During fiscal 1972, 740 non-public schools received financial assistance pursuant to the Non-public Elementary and Secondary Education Act, benefiting

approximately 280,000 pupils throughout the State. Two forms of financial assistance are provided under the act. Parents of non-public students received partial reimbursement for the cost of secular textbooks and instructional materials, in the amount of \$10 or \$20 per pupil, and total aid of this category exceeded \$3,370,000. In addition, non-public schools were provided with over \$5,875,000 in instructional materials, equipment, supplies and auxiliary services.

The State has now embarked upon its first state-wide Assessment Program. Last November, achievement tests in basic skills were administered to all fourth and twelfth grade students. In the coming year, I will propose that the testing program be expanded from two grade levels to three, so that we can simultaneously monitor progress at the elementary, junior high and high school levels. I am confident that such an expanded assessment program will reveal much valuable information about our educational problems and about the relationship of expenditures and achievement in all the school districts of the state.

We must continue to give education the highest priority in all our plans, for our children represent the future of New Jersey.

### **HIGHER EDUCATION**

Among the several areas of State-supported public services which have shown improvement in the past few years, none has been as dramatic and enduring in its effect on the citizens of the State as those which have occurred in higher education.

Our public college enrollments have risen from 60,000 full-time students to 140,000 from 1967 to 1972.

We have built or are in the process of constructing more than 8.5 million square feet of space at a cost of about \$525 million to accommodate the higher education needs of New Jersey's citizens.

At the same time, we have made great progress in removing economic barriers to education by increasing our grant in aid programs to low and middle income families from approximately \$5.5 million (15,600 grants) per year in 1967 to approximately \$23.5 million (32,500 grants) per year in 1972. During the same period, students who received guaranteed loans rose from 16,000 (\$15.8 million) to 45,019 (\$50.3 million).

If accomplishments in this area were confined to dollars spent,

buildings built or students enrolled, the record would be satisfactory but not distinguished. But happily it is not so. There has been a comparable increase in the quality and variety of educational offerings in our public colleges and a general upgrading of the total system during the period.

These years have been marked by the recruitment of highly qualified faculty, a wider variety of educational offerings at all of our colleges, the establishment of two completely new conventional colleges and a quite innovative college to grant external degrees, a major thrust forward in medical and dental education, improved libraries, the infusion of new educational ideas and techniques, the opening of educational opportunity to those who have previously been denied it, and an ever increasing quality of scholarship and teaching.

Early in this Administration, we set out to provide superior medical and dental education since it was my conviction that we were not producing enough doctors and dentists through our existing medical and dental educational facilities. We took an immediate step to remedy this when we unified the New Jersey College of Medicine and Dentistry and the Rutgers University Medical School into one educational organization — the College of Medicine and Dentistry of New Jersey.

In 1970, the College had a total enrollment of slightly more than 500 students. Today, that number exceeds 900 and when the College construction is completed, enrollment will increase to about 2,000. At that time, the College will graduate approximately 360 doctors and 120 dentists each year.

There is under construction now in the City of Newark a \$160 million complex which will provide excellent physical facilities for the Medical and Dental School. I am pleased to report that construction is well underway and is proceeding on schedule.

From an academic point of view, only a few years ago the New Jersey Medical School in Newark was in danger of losing its accreditation. Recently, however, in a comparison of the clinical competency of senior medical students from 79 medical schools throughout the country, the New Jersey Medical School in Newark ranked 30th. These students ranked sixth in obstetrics and gynecology and 19th in surgery on the same examinations. This is a remarkable accomplishment and both the students and faculty involved are to be highly commended.

One of our most serious problems in the delivery of health care was that New Jersey residents desiring medical education were forced to turn to out-of-state institutions. It is heartening that of the more than 900

students today attending the College of Medicine and Dentistry of New Jersey, nearly 800 are New Jersey residents.

Striking growth in enrollment has occurred at Rutgers Medical School in Piscataway which, this year, expanded from a two-year to a full four-year degree granting program. Enrollment at Rutgers has increased from 16 students in 1966, and 32 in 1969, to the present body of 202 and is projected to climb to 232 in 1973-74.

It is true, however, that during the next five to ten years New Jersey will continue to face a severe shortage of doctors. South Jersey, specifically, will feel the effects of this problem since there is, as you know, no New Jersey medical school in that area. Consequently, we will continue to make every effort in Washington to press the Federal government for the location of a new Veterans hospital in South Jersey. It is our hope to establish the Veterans Administration hospital as a teaching facility for a third medical school.

#### The Future

If the immediate past has been characterized by dramatic progress and significant growth in our State Higher Educational Facilities, the emerging situation of the seventies requires a more measured and deliberate approach. While enrollments in higher education will continue to grow through 1980, it is expected, based on expert opinion, that the rate of growth will decline significantly. It appears likely that a good deal of the enrollment growth will be accounted for by part-time students entering college for the first time or continuing their education.

In addition to this decline in the growth of enrollments, we can expect that the demand for resources from other elements of the public sector will limit funds available for higher education.

These two factors present a challenge to government and the academic community which might be summed up in the following question: How can we provide a vital educational system responsive to changing social needs, meet rising costs and do these things with the same or shrinking resources?

The question of how best to finance higher education in a way which is educationally sound, socially responsible and fiscally prudent is a matter challenging both Federal and State officials. Many authorities, the Congress and the Carnegie Commission to cite but two, have indicated the complexity and compelling nature of this problem. I intend, in the coming months, to establish, in cooperation with the Board of Higher Education, a special broadly representative commission to consider this important issue and make recommendations upon which we can base future policy decisions.

The period immediately ahead in New Jersey higher education is likely not to be one of great physical growth but a period of consolidation. In a very real sense, these years will be more difficult than the past five years, but the future rewards to New Jersey of increased quality and diversity of higher education will have an impact as great as the rapid enrollment growth of the past.

## INSURANCE

Working in cooperation last year, this Administration and Legislature provided New Jersey with one of the most novel, yet practical and workable, programs of insurance protection for victims of automobile accidents.

The program, which went into effect only one week ago on January 1, will result in savings to the public of at least \$87 million.

This achievement was the product of the combined efforts of the Automobile Insurance Study Commission, the Administration, particularly the Department of Insurance, and the Legislature.

This new approach to automobile reparation combines elements of "No Fault" insurance with some necessary safeguards derived from our tort system. It allows automobile accident victims to receive full and adequate compensation promptly without suffering the financial hardships caused by the inordinate delays of the old tort system.

One need only look at the difficulty our sister states have had in enacting a "No Fault" plan to appreciate the truly outstanding accomplishment we have achieved in New Jersey. But we cannot rest here. The State Commissioner of Insurance has been directed by me to monitor the new system carefully in the next few months to determine if the system can be improved and additional savings and benefits to the public realized.

Of particular significance, the Commissioner will examine the advisability of extending this "No Fault" concept beyond its present limitation to private passenger cars to cover all motor vehicles. He also will explore the possibility of extending the program to provide insurance protection for property damage from motor vehicle accidents in addition to the present coverage of personal injury.

Upon receipt of the Commissioner's recommendations and after appropriate study, I shall submit legislation for your consideration.

## Inequitable Insurance Costs

One other aspect of automobile insurance has concerned me for some time — the exorbitant premiums charged to certain groups of drivers because the present rating system adds surcharge upon surcharge until insurance is priced beyond the reach of many and places a financial hardship on all.

The inequities of the present rating system can readily be demonstrated. For example, it may cost as low as \$143 per year to insure a family car without a young driver in certain suburban areas of this State, while the cost of insuring the same vehicle by a 19-year-old worker residing in a major city may be \$1,014. If this young man should commit two moving traffic violations within a three year period, such as exceeding the speed limit by 5 miles and making an illegal turn, his insurance premium may be surcharged an additional amount. He also may be classified a bad insurance risk by his insurance company and forced to seek insurance through the Assigned Risk Plan. In such event, his insurance might cost him as much as \$1,500 per year.

These apparent inequities are compounded because overhead charges, such as administrative expenses and commissions, are set as a percentage of the premium charged. Thus, the young city worker in the above example is paying, as part of the \$1,014 premium, \$65.91 for administrative costs and \$202.80 as a commission, whereas the owner of the other vehicle is paying only \$9.30 in administrative costs and \$28.60 as a commission. These differences are charged even though the work involved in administering the two policies and in selling the policies is basically the same.

Now that we have compulsory insurance in New Jersey, it is more important than ever that adequate insurance coverage be provided at a cost that every citizen can afford. Many of our basic rights, such as the right to live where one chooses and equal opportunity of employment, are unobtainable unless adequate transportation is available. In many parts of this State, despite considerable improvements in mass transportation, the only adequate form of transportation is the automobile.

We have asked the Commissioner of Insurance to closely scrutinize the insurance rating system in order to eliminate whatever inequities exist. If these inequities can be removed only through legislation, you can expect to receive such recommendations from me in the near future.

### **Title Insurance**

At present, the laws in this State do not provide for adequate regulation of the title insurance industry. A bill, supported in principle by this Administration, has been introduced to give the Department of Insurance authority with respect to the licensing, qualification, regulation, examination, supervision and dissolution of title insurance companies and the examination and regulation of rates for title insurance.

It is important that this insurance regulation gap be closed. Many of our citizens know only too well from first hand experience of the high cost of closing title on a new home. Part of this high cost is attributable to the price of title insurance. It is expected that a substantial reduction in the cost of title insurance can be achieved by giving the Department of Insurance power to set rates and prescribe rules for title insurance.

### **Flood Insurance**

Protecting the property owner against financial loss from floods has been one of the greatest problems of the past year. Although we in New Jersey have not been as seriously hurt as those in our neighboring State of Pennsylvania, the threat of flood is a serious one.

After the inception of the National Flood Insurance Program and at the direction of this Administration, the Departments of Insurance and Environmental Protection have actively promoted this program by originating seminars and participating in activities designed to make the citizens of New Jersey more aware of the existence and operation of this very worthwhile program.

This interest and activity is evidenced by the number of New Jersey communities eligible for flood insurance and by New Jersey's high standing in the National Flood Program.

In addition to this active participation, the Department of Insurance, after meeting with representatives from the Federal Insurance Administration, has commenced studying the feasibility of providing flood insurance coverage for all New Jersey citizens by adding such coverage as a named peril to the extended coverage endorsement attached to most fire insurance policies.

The practicality of this proposal is supported by the topographic nature of New Jersey and by the fact that New Jersey is almost universally prone to flooding either by tidal water or surface flooding.

### **Unfair Claims Practices**

I have long been convinced that the public has some legitimate complaints against certain insurance carriers who have engaged in questionable claims practices. The public is entitled to accurate information with respect to insurance policies and to prompt, efficient investigation of claims. Above all, the public has the right to expect prompt and equitable settlement of claims.

A bill will be submitted to you which will define unfair claims practices and will extend the authority of the Commissioner of Insurance to investigate claims practices and procedures and to penalize companies found to be in violation.

### **Protection Against Insolvency**

The citizens of this State have been spared, for the most part, the hardships resulting from the bankruptcy or insolvency of an insurance company. Of the more than 200 insolvencies that have occurred nationwide since 1945, only one involved a New Jersey company and the protection provided by our Motor Vehicle Liability Security Fund, with respect to the insolvency of automobile liability insurers, was a lifesaver for policy holders in that case. New Jersey's Workmen's Compensation Law also provides a Security Fund to protect policy holders and workers from such insolvencies.

There are, however, no provisions in our laws at present to protect policy holders, claimants, and beneficiaries from the insolvency of insurance companies selling other types of insurance. In addition, the protection already provided can be greatly improved.

I will submit a bill to you for your consideration in the near future which will provide the necessary protection. Essentially, insurance companies doing business in this State will be required to participate in a plan which will mandate them to pay a proportionate share of the claims against the insolvent company. In addition, the bill will also provide a means for the detection and prevention of insolvencies.

It shall continue to be a high priority of this Administration that the insurance protection afforded the people of New Jersey shall be the best available anywhere.

## BANKING

This Administration has sought to change the traditionally impersonal image of banking and finance to meet the needs of the people of New Jersey in an era of rapid social and economic change. We have tried to accomplish this by strengthening our banking laws and institutions. We will continue this effort.

In recent years, most banks have faced up to their social responsibilities, but some have not. We must ensure that all financial institutions act with due regard for the public interest.

### Conflicts

To build further upon the foundation of social involvement started by this Administration, I will propose new legislation to eliminate conflicts of interest among directors of financial institutions. For example, there are areas in New Jersey where men, who are members of the board of directors of a local bank, also control the savings and loan association or savings bank in the same community. I do not believe that one can take an objective approach to the problems and responsibilities of one institution while sitting on the board of a competing institution. The practice is inherently dangerous, and it is certainly not in the public interest. I will, therefore, ask the Legislature to enact measures prohibiting such conflicts of interest.

For many years, it has been an accepted practice for some lending institutions to require a prospective borrower to retain an attorney selected by the institution or to require the borrower to pay a legal fee for the institution's attorney to review the transaction as a condition for obtaining a mortgage loan. The selected attorney would often be a member of the board of directors or in some other way connected with the institution.

It may be neither wise nor practical to prohibit a board member, who is also an attorney, from handling closings for the institution, and the institution should certainly have the right to be represented by an attorney of its choice at a mortgage closing. We must, however, ensure that the borrower also can be represented by the attorney of his choice without being penalized by being required to pay for the lender's legal expenses. The Department of Banking has sought the advice and assistance of the New Jersey State Bar Association in dealing with this problem. After reviewing the Bar Association's response, I will take whatever measures are necessary to curb the abuses in this area.

The Banking Department will also investigate similar practices in relation to trust accounts and business loans, as well as the possible

need for measures to prevent real estate agents and insurance brokers connected with financial institutions from taking undue advantage of their positions. Lending institutions are designed to serve the public, and we must be assured that they will do just that.

### Mortgages

I have often stated that housing is one of the most serious problems facing New Jersey. Because of its impact upon the availability of housing, the mortgage market is one of the most crucial aspects of the banking industry.

One of this administration's key efforts to improve the availability of mortgage loans in this State has been the creation of the Mortgage Finance Agency, the first agency of its kind in the nation, to supplement the use of private capital in mortgage loans. Since November 1971, the Agency has marketed three bond issues, totalling \$91,245,000. Approximately 75 percent of these bonds were purchased by investors outside the State of New Jersey, clearly indicating that these bonds are bringing in new money that would not otherwise have been available for mortgage loans in this State.

It is too early to assess the final impact of these three bond issues, but the results to this point are highly encouraging. The program has already resulted in the closing of more than \$52 million in permanent mortgage loans affecting 3,202 units of housing in all 21 counties of the State. It is hoped that funds from these first three bond issues will help to finance an additional 2,000 homes. Continued operation and expansion of this program will, I am sure, have a positive effect on the availability of housing in this State.

The mortgage loan industry is, indeed, an extensive business in New Jersey. The complexity of the mortgage loan market and the fluctuations in the availability of money for mortgage loan purposes have increased the role played by mortgage brokers in financing housing. In the past, a small number of brokers has been charging exorbitant fees and commissions on conventional mortgage loans. Our present laws prohibit the taking of points on conventional mortgages, but some brokers have attempted to circumvent the law by charging a "processing fee." Although violations of the law are being prosecuted when they come to the attention of the Department of Banking, much of the damage has already been done by that time. I will, therefore, propose legislation calling for the licensing and supervision of mortgage brokers, as well as the promulgation of strict regulations and effective penalties for violation of these regulations.

I have also directed our Commissioner of Banking to examine fully the laws relating to mortgages and escrow accounts and, in particular, to study the possibility of requiring the payment of interest to the borrower on tax escrow accounts. It appears that, in many cases, requirements for large tax escrows have inhibited homeowners and unnecessarily frozen funds which should otherwise be available to them.

The banking industry plays a vital role in the economic life of this State, especially in relation to the availability of housing. I will continue to insist that financial institutions act responsibly and with due regard for the public interest.

### **LABOR AND INDUSTRY**

Many signs indicate New Jersey's economy is on the rise. Construction contract awards have been very strong, pointing to a good year ahead for our building industry. New businesses have been incorporating in the State at a healthy pace. Gross State Product, personal income, employment, automobile and retail sales have all been at record levels in recent months, and the Economic Policy Council has forecast that the State's expansion will be even greater in 1973, with a nine per cent rise in total output of goods and services.

New Jersey's Gross State Product is expected to increase by \$4 billion during 1973 to reach the \$50 billion mark, and personal income is expected to rise by \$3.4 billion to a total of over \$41 billion.

While the above indicators are encouraging, and although business activity has advanced over the past year, the State's unemployment rate remains high. It has improved only slightly during the past year. The reasons for this must be fully explored.

We have requested our Economic Policy Council and the Department of Labor and Industry to study this situation and recommend alternative courses of action to bring the unemployment rate down. Even after this has been accomplished, our task will not be complete since we will still be faced with the challenge of generating jobs to keep pace with projected population increases.

#### **Income Security**

New Jersey has long been committed to providing unemployment compensation for those who want to work but are unable to find employment. The vast majority of the people of this State want to work

and will work if decent employment is available. Convinced of this fact, I recently signed legislation which allowed our "extended benefits" program to go back into effect. That program is designed to help employees weather periods of high unemployment by providing 13 extra weeks of benefits beyond the basic 26 week program.

The high level of unemployment claims has caused a serious drain on the Unemployment Insurance Trust Fund. The Department of Labor and Industry is studying several alternatives designed to stabilize the Fund. We will shortly be presenting to you legislation designed to accomplish this purpose.

Legislation has already been introduced to implement a recommendation of the Governor's Management Commission for mail payment of unemployment insurance claims. A pilot program in the Burlington local office has shown that administrative costs can be reduced by this program. More importantly, we expect that the system being tested will enable the unemployed worker to have more time for job hunting by eliminating time spent travelling to and standing in the claims line at his local office. In addition, closer scrutiny needs to be given to cases where a worker moves out of this State and then claims benefits against New Jersey.

It is equally important that workers injured on the job receive just compensation promptly for their injuries. New Jersey was one of the first states to enact a workmen's compensation law. While that legislation was a model for the rest of the country at the time of its enactment, it remains relatively unchanged today. In fact, New Jersey's system has come under attack from several quarters in recent years. Our workmen's compensation system appears to no longer fulfill its primary mission of providing workers fair compensation for injuries in a prompt efficient manner.

The Commissioner of Labor and Industry has implemented changes in administrative procedure in order to streamline the system, reduce the backlog of pending cases and correct other inefficiencies. For instance, additional hearing time has been scheduled each day and the long-standing practice of allowing superfluous medical testimony in settled cases has been eliminated. In addition, the Division of Workmen's Compensation is presently introducing a computerized system of recording and scheduling all cases in the State. While these administrative changes are for the better, it is clear that a study of the system as a whole is necessary.

Recently, we appointed a blue-ribbon panel of national workmen's

compensation experts to study our system in depth. Upon receipt of the Study Commission's recommendations, we will submit the necessary legislation for your consideration.

### **Employment Opportunities**

Last year, legislation was enacted to prohibit unlawful discrimination against the physically handicapped by an employer unless the nature and the extent of the handicap reasonably preclude the performance of a particular employment.

This is a significant step, but more must be done to encourage employers, both public and private, to hire handicapped individuals. The Department of Labor and Industry and the Department of Civil Service have been directed to develop programs to see that more of our handicapped are given the opportunity to demonstrate their skills and get jobs.

Additionally, we plan to continue our campaign in behalf of returning Vietnam Veterans to make sure that they are provided with the benefits and services they have earned and to which they are entitled. The Jobs for Veterans Task Force and the Department of Labor and Industry will continue this all-out placement effort for veterans.

### **Pension Protection**

Safeguards are also urgently needed in the area of private retirement systems. All too often we have received complaints from people who receive no benefits from these pension plans. In some instances, the employee is terminated prior to completing the required length of service. In other cases, companies have relocated to another area of the country to draw upon a different labor market. Some plans have suffered from inadequate funding, resulting in insufficient money to pay benefits. Poor management and investment practices have also been obstacles. In a few instances, unprincipled trustees have used pension funds improperly. All too often, the working man ends up short-changed and in deep financial trouble after a life of toil.

Unfortunately, this is not a problem that can be completely corrected at the State government level. Most large employers are national in scope and most union contracts involve more than one state. Consequently, individual states cannot, on their own, regulate the substantive features of the various pension systems such as vesting, funding, guarantee of benefits, transfer of pension benefits and enforcement. Federal legislation is ultimately required.

However, we in New Jersey should not sit back and await the action of the Congress, which has been too long in coming. I recommend that the Legislature appoint a commission to determine what action may be appropriate on the State level. This commission should consist of representatives of labor, industry, the public-at-large, members of the Legislature, and the Division of Pensions.

It is our firm belief that New Jersey should, as a minimum, establish uniform registration and reporting requirements for private retirement systems. Further, standards of conduct for fiduciaries of these systems should be structured. In this manner, employees will know exactly the benefits to which they are entitled and some assurance can be given that these benefits will, in fact, be received.

This commission would be asked to make appropriate recommendations to include in Federal legislation. Armed with this knowledge, together we can petition and actively support the appropriate legislation in the Congress.

### **HEALTH**

A primary goal of this Administration has been to provide high quality health care for all our citizens at a reasonable cost. The problems relating to health are of a continuing and, at the same time, changing nature requiring our constant attention. It is a tragic fact that a serious illness can cripple a family economically and can scar them emotionally for life.

While it is inevitable that we cannot overcome all of the ills that befall the men and women and children of our State, there are many things we can do by way of treatment, care, and rehabilitation to alleviate the ravages of illness.

During the past three years, we have implemented several programs which have helped to provide superior health care in modern facilities, while at the same time slowing the growing cost of health care.

Last year, you approved legislation creating the New Jersey Health Care Facilities Financing Authority. This Authority provides a mechanism which allows the private and public hospitals and other health facilities of this State to market tax-free bonds as a less costly method of financing new facilities. It is estimated that a financially

sound health care facility will be able to save as much as 2¼ percent in its annual interest rate. Such savings have the potential to reduce debt service charges by as much as 30 percent and will directly benefit every user of a health care facility which avails itself of this method of capital financing.

This program was complementary to the Health Facilities Planning Act, which was recommended and passed during my first year as Governor. Hospitals desiring to build new facilities are required to demonstrate that there is a need for the projects before they can be built, thus assuring that no unnecessary construction takes place. During the first year and one-half that this program has been in operation, the Department of Health has stopped the expenditure of over \$75 million in unnecessary construction, not counting the enormous operating costs which would have been associated with these projects if completed.

Another aspect of this program is the budget review process of the Advisory Committee on Hospital Reimbursement of the Department of Insurance. Pursuant to this legislation, no hospital service corporation, such as Blue Cross-Blue Shield, or governmental agency can reimburse a hospital for health care unless the Commissioner of Insurance approves the rates charged as reasonable. This year the budgets of 100 private sector hospitals were carefully scrutinized. Potential cost savings from this process could be as large as \$26 million, representing the difference between the amounts for which hospitals originally sought approval and the amounts which the Commissioner found to be reasonable.

Today, I want to reveal a new program which is the next logical step in the evolution of a modern health care system. The Commissioner of Health, at my direction, is presently seeking to obtain Federal approval of a program which would allow the Department of Health to coordinate all planning and governmental support for health facilities and services in New Jersey. Upon receipt of Federal approval of this proposal, legislation will be submitted to you for your consideration.

The area of mental health is a matter of deep concern, and we have taken a forward step through the Institute of Mental Health Sciences at the Rutgers Medical School. It represents a new departure for the State of New Jersey, combining in one location a community mental health center, short-term in-patient beds and the knowledge of an academic medical center. Besides providing excellent services to its patient population, the Institute's efforts to find new ways of delivering

community-based mental health services can in the future provide a model for the entire State.

During the past year, we began programs, after the passage of enabling legislation, to provide financial assistance to individuals and their families for the care and treatment of hemophilia, and, in the case of children, for all other terminal illnesses. We have also created a commission to study Sickle Cell Anemia and other genetic diseases of the blood and to suggest methods of fighting these debilitating diseases.

Administration-supported legislation to modernize antiquated laws pertaining to the immunization of school children against disease and the treatment of venereal disease is awaiting your approval. At present, the law requires immunization against certain diseases such as small-pox. Modern medical science has discovered that the risk from immunization is sometimes greater than the chance of contracting the disease. This legislation will allow the Public Health Council to review constantly new medical findings and to determine against which diseases the public should be immunized. The second bill gives the Department of Health flexibility to develop programs to treat all forms of venereal disease. At present, the Department is restricted to the use of outmoded procedures for only the most prevalent types of venereal disease.

This year, legislation will also be submitted to update State support for local health services. This legislation will correct the inequities and inefficiencies of the present State Aid Program and will be more responsive to the priority needs of local government.

Once again, I am asking you to take a hard look at the structure of public health in this State. I again recommend legislation, now pending as the Local Health Services Act, which will attempt to ensure that every locality of this State is served by an effective local health department. This legislation would continue and strengthen the tradition of home rule, and at the same time, provide basic public health and sanitation services for every citizen, no matter where he lives.

## AGRICULTURE — OPEN SPACE

Our agricultural lands represent a valued natural and environmental resource, which, as we all know, is rapidly disappearing. It is estimated that, between 1962 and 1972, the number of farms in our State has decreased by approximately 44 percent and that New Jersey

has, therefore, lost approximately 6,000 farms. This represents a loss of a half million acres of valuable agricultural land to other uses, and this irreparable loss continues almost on a daily basis.

In 1971, the Open Space Policy Commission noted that the State Government must develop new policies to preserve these agricultural lands, and we have, as you know, established a Blueprint Commission on the Future of Agriculture in New Jersey to recommend methods by which this valuable land can be preserved. This Commission, composed of a distinguished and dedicated group of citizens, is diligently working on this problem with our Department of Agriculture, and will submit its report and recommendations at an early date.

One of the most important factors contributing to the decline of farming in New Jersey is the ever-growing competition for land. Farms are eyed by speculators as ripe territory for tract housing, for shopping centers or for the misnamed industrial "park." It is little wonder, given the financial rewards for speculation, that so much farmland has been lost. It is obvious that the present Farmland Assessment Act has failed to slow significantly the rate of farmland conversion, and, in some cases, has actually assisted speculators in their profit-making schemes.

I will, therefore, move with great dispatch to give the report of the Blueprint Commission the most serious study and consideration, and will submit at the earliest possible date the legislation necessary to carry into effect their reasonable and achievable recommendations.

In the meantime, one of the areas under consideration is a proposal for an Open Space Conversion law which would serve as a disincentive to land speculation, including farmland, by reducing the economic gain. The concept of such a proposal is to reduce wanton speculation in open lands, which promotes shoddy land use, harms the environment, and threatens to obliterate the State's agricultural community.

Those who hold open lands for a short period of time would be allowed, under such a concept, to realize a reasonable profit on their investment, but the speculative profit on short-term transactions would be recaptured through a surcharge. The monies derived from this surcharge would be dedicated to a special fund to be used for preservation and acquisition by the State of open space and for retirement of Green Acres Bonds.

Another possible alternative would be simply to strengthen the present Farmland Assessment Act to achieve the purpose for which it originally was intended — the preservation of farm lands.

Working together, this Administration and this Legislature must seek new and aggressive programs to preserve the priceless agricultural legacy that has earned New Jersey the title of "The Garden State."

## DEFENSE

In an age when many of our institutions are undergoing fundamental changes, the Department of Defense has demonstrated that it can utilize its personnel and material assets in a wide range of valuable services to the State and local communities that go beyond the normal involvement of the military. In this regard, the Department of Defense of New Jersey has truly led the nation, and its leadership is serving as an example for other State militia.

We are proud of its service to the youth of this State. Last year, approximately 1,500 boys and girls attended summer camp programs operated by the Jersey Guard. Just one year ago, the "On-going Governor's Youth Program" was established, and this activity now involves more than 1,000 boys in 40 armories throughout the State.

In the year ahead, with the cooperation of Federal authorities, we expect to provide for 800 boys during the summer at Sea Girt, 200 boys at a day camp at McGuire Air Force Base, and 500 girls at a WAC supervised camp at Fort Dix, in addition to the 1,000 boys in the "On-going Governor's Youth Program."

In addition to its service to youth, our National Guard was the first unit to assist in the removal of abandoned vehicles from city streets. And it was the first to deliver food supplies in bulk to the survivors of the East Pakistan disaster. In other emergencies, including the recent earthquake in Nicaragua, the New Jersey National Guard has been in the vanguard in assisting the victims of these disasters.

Another arm of the Department of Defense, the Division of Civil Defense and Disaster Control, has provided necessary emergent services in times of hurricanes, floods, power emergencies, and other disasters affecting our State and other states during the past year. All Federal disaster assistance has been coordinated by this Division.

In another dramatic demonstration of its desire to help their fellow citizens, the Guard, utilizing skills acquired for military purposes, provided professional medical and dental services to the inmates of the State's prisons at Trenton and Rahway, thus carrying out an administration commitment to create a more suitable environment for rehabilitation.

Helicopter crews have now been trained to aid the Department of Environmental Protection in forest fire emergencies by utilizing special equipment for air delivery of water to critical areas.

I am happy to report that the Guard is about to embark upon a new adventure in sharing. Plans are now being drafted for a learning exchange program with the Department of Education, under which the facilities and the instructors of the National Guard will be utilized to augment the vocational training programs of our local school systems. This will enable some of these schools to bridge a gap, which, too often, resulted in a lack of these training programs because they could not afford to provide the skilled personnel and specialized equipment necessary. This program will offer pre-vocational experience to high school students in many fields, including photography, audio visual aids, automobile maintenance, aircraft maintenance, radio and electronics. Several pilot projects are planned for the near future, after which the program will hopefully be implemented on a statewide basis.

While the primary mission of the Department is, of course, to maintain a high degree of military preparedness, it is at the same time expanding its commitments to serve the communities of this State, and especially its young people. All of us can, indeed, be proud of the work of the New Jersey Department of Defense.

### THE JUDICIAL SYSTEM

I reaffirm to this Legislature today my conviction that no real court reform can be accomplished until there is a merger of the County and Superior Courts. As I said in my message last year: "This duplication of jurisdiction, administration, and administrative personnel is wasteful and an anachronistic luxury we can ill afford." The appropriate legislation to amend the Constitution to permit merger is presently before the Legislature and I earnestly urge its passage.

Another step in our efforts to update the judicial system requires a change in the size of juries. Legislation has been submitted to amend the Constitution to permit six-member jury trials in all civil cases and in criminal cases which do not involve punishment by death or life imprisonment. In these latter capital cases, the 12-member jury will be retained. This change will go a long way toward helping to reduce congestion, delay, and costs. Again, I ask the Legislature to give favorable consideration to this legislation.

The commission to study the proposal for a family court has

prepared an interim report with general recommendations. It is my understanding that a final report, with detailed recommendations, will be submitted within the next few months. A more definitive position must await our review of these recommendations.

The caseloads of the courts continue to increase at an alarming rate. This will unquestionably be relieved by the "no fault" legislation which has recently gone into effect. However, it is impossible at this time to gauge the number of cases that will require court determination. Another proposal mentioned elsewhere in this message, "Administrative Adjudication of Traffic Violations," also has the potential in the future to ease court caseloads. We are also studying a possible restructuring of the municipal court system. This may provide additional relief.

One of the oldest legal maxims holds that "justice delayed is justice denied." We cannot permit our system of jurisprudence to work inequity on the public. More judges are presently needed to help reduce the backlog of cases and to attempt to keep abreast of the continuing influx of new cases. This will be true even with the adoption of the reforms and recommendations outlined above.

Legislation has been introduced to permit the appointment of six additional Superior Court judges, by removing the statutory restriction that they must be limited only to litigation involving meadowlands' title disputes. Legislation has also been introduced to provide 18 additional Superior Court judges. More judges also will be provided for the county courts.

These additional judges will help restore our judicial structure to that position of preeminence it enjoyed some 25 years ago when the 1947 New Jersey State Constitution was enacted.

### CONCLUSION

I would be dishonest with you, the citizens of this State, and myself if I did not candidly face up to the sound of the political clock that ticks so loudly in this Chamber. In this election year, the promotion of partisan self-interest must be anticipated and will soon be expressed in the spoken and written word to the people of our State.

Against this background, no great power of prophecy is required to predict that there are those who will disagree with some of what I have said, much of what I have said or all of what I have said. My sincere hope, however, is that if sparks fly between us, let them produce flashes of insight and wisdom.

Let us hope that the critics of both parties are prepared to come forward with responsible alternatives, and let us all, in respectful debate, weigh the merits of the paths New Jersey should follow in striving to achieve its destiny. Hopefully, all candidates will direct their fire at the critics, the cynics, and the uninformed so that they will put aside their crutches of non-involvement and participate in a constructive and intelligent dialogue.

I share the faith of our late great President we so recently mourn, Harry Truman, who believed that given the facts and an understanding of those facts, the voters of America come to the right decisions.

Bolstered by this faith, motivated by common decency and armed with common sense, let us together attack the problems of today without concern for personal political well-being — assured that what is morally wrong can never be politically right and what is morally right can never be politically wrong.