

# FOURTH ANNUAL MESSAGE

*(Read in part by Governor Byrne to the first joint session of the 198th Legislature, First Session, in the General Assembly Chamber in the afternoon of Jan. 10, 1978).*

## INTRODUCTION

Remarkable! It is an accurate description of the past four years in this great State. New Jersey has come of age. Her people have pride. The quality of their lives is enhanced. New Jersey has a healthier environment, more jobs, a better educational system, a more rational and equitable tax structure, and a more open and accountable government than she did just four years ago.

True, there are great challenges still facing us: our people need more stable employment, better housing, decent urban environments free from crime and fear, and more responsive government. But you and I can never again underestimate the people's willingness and maturity to confront and assess those needs and, indeed, to implement the best solutions however burdensome they may seem. Our citizens have decisively rejected timidity in confronting our present needs; fear will never again be cause for inaction.

This year told us in resounding tones that New Jersey's people are willing to shoulder an income tax, a more equitable system of financing educational needs, while reducing local property taxes. The message is clear. It says: deal with our problems, create new solutions, demand their implementation, and ignore those who would say we are unwilling to make tough decisions.

In that spirit, I present here not just a chronicle of past accomplishments and remaining needs but an invitation to address, with me, those issues which we must face together in the coming year.

But the financial resources available to deal with these problems are severely limited. For that reason I am not proposing sweeping, costly new programs for the coming year.

The goal for the next 12 months should be to devise long-term strategies for strengthening our economy, revitalizing our cities, and improving the quality of life in our State. At the same time, we should streamline our government and redirect our resources so we can implement the strategies we devise.

We have an equal share, the Legislature and I, in the responsibility to address those issues, not necessarily with new laws, but with a careful review of past legislative responses which were too often patchwork responses to passing crises.

Final solutions to these longstanding problems may not be within our limited power. Problems facing our government today almost defy solution. But you, the members of our Legislature, and I, as equal partners, shall strive together to solve our common problems.

## STRENGTHENING NEW JERSEY'S ECONOMY

Of all the challenges we face in the coming months, none is as critical as restoring permanent strength and vitality to New Jersey's economy.

Since 1969, New Jersey's economy has lost the vigorous growth rates of the post-war era. As an older industrial state laboring under a competitive disadvantage with the Sunbelt states, New Jersey has been slow to recover from the shocks of national and international economic upheaval.

Two national recessions this decade have taken their toll on the state's aging manufacturing sector. The effects have been felt, too, in the construction trades.

Our power as an individual State to deal with what is essentially a national and regional issue has been considerably limited.

But with the help of the Legislature, we have taken decisive action. Our Economic Development Authority already has stimulated \$1 billion in investment and 37,000 new jobs. The public sector has spent some \$1.3 billion in sewer, highway, and housing projects, also producing construction jobs.

We have improved the business climate in New Jersey by creating a sound tax structure that ends a traditional reliance on anti-investment tax increases to balance the annual State budget. We have also eliminated several crippling business taxes that discouraged new job-producing investment.

Our efforts are paying off. A record of over 3 million people are at work today in New Jersey. Our citizens continue to earn the second highest per capita income in the nation. Recent economic indicators show New Jersey is recovering as fast as the nation as a whole.

But amid this encouraging news lies the challenge: to keep New Jersey prospering, to shorten our unemployment lines, to assure that every person able to work has a chance to work. We must put the best minds in business, labor and government to work on meeting this challenge. I intend to make jobs the first priority of the new Administration, and to adopt the proposal made by Senator Bateman and others that a Jobs Conference be convened to develop new ideas and an overall strategy.

This Conference on Jobs, gathering the top leaders from business, labor, government and other interests concerned with our economy, will examine the State's current economic problems and strength to determine how we can create more new jobs. We need

bold ideas, broad-based cooperation and aggressive action to keep our recovery moving. In the months ahead, I will be asking you to help me implement many proposals and projects put forth by this Conference on Jobs.

## Economic Development

Economic development programs deserve the highest priority in the next four years. Our Department of Labor and Industry estimates that elimination of the present 1.5% differential between State and national unemployment rates will require the creation of more than 70,000 jobs per year for the duration of the Administration. The preponderance of these jobs must be generated in the private sector by the expansion of existing jobs and industry, the creation of new markets and new industry, the relocation of firms from other states, and increased investment by foreign companies.

We must keep in mind that the State is new to the competition for economic development. My Administration was the first to undertake a major economic development effort in this State. It began in 1974 with the reorganization of the Division of Economic Development and establishment of the Economic Development Authority, followed by creation of the Offices of Customized Training and Business Advocacy.

The Department's efforts thus far have been shaped by crisis. During the 1974 recession, New Jersey unemployment peaked at more than 13%. By necessity the Department geared its activities to creating and keeping jobs in any manner possible. Until now there has been little opportunity for developing a game plan.

We need an economic strategy which recognizes both our strengths—such as the advanced technology and productivity of our firms and workers—and our weaknesses—such as New Jersey's vulnerability to energy supply and price decisions at the national and international level largely outside our control. Once we define this strategy, we can plan to promote those industries and create those jobs which best fit our image of New Jersey's future.

Our economic strategy, as our overall planning, must focus first on creating new business and jobs in the cities.

This means, for example, that we must create industrial parks in Newark which can put those presently unemployed back to productive work. In order to meet this goal, I ask that you authorize the Port Authority of New York and New Jersey to undertake industrial development projects in the cities of the port district. We must utilize the capital resources of the Authority to New Jersey's advantage, and no longer accept the role of stepchild to any of our larger neighbors.

Giving this new power to the Port Authority will complement the action taken by the Legislature last year empowering the Economic

Development Authority to develop urban industrial parks. The first three park sites are already being developed; private industrial developers are expressing great interest in helping to market these properties once site improvements have been completed by the EDA.

Three other proposals merit consideration by this Administration and Legislature during the coming year as part of our overall strategy to provide the most effective array of possible incentives to new job-producing investment. Their scope, of course, must depend upon resources available for such purposes at the State and local levels.

One proposal is to offer companies a 2% credit against the corporate income tax for new investment in the 28 Urban Aid Municipalities, subject to available appropriations. Alternatively, this credit could be tied to the number of new jobs that a new investment would create.

The second proposal has been advanced by the Economic Policy Council in its latest report. They recommend that urban municipalities be empowered to provide land grants to companies willing to locate new plants or new housing on abandoned or tax-foreclosed property. This unused land, which now represents a financial and social drain on the city, would revert back to the city if the company were to subsequently move away. As a first step in studying this proposal, the State will take an inventory of all such land now held by city governments to determine how much might be suitable for a land grant program, or alternatively for industrial park development by the Port Authority or the Economic Development Authority.

A third Administration proposal before the Legislature is to permit the Economic Development Authority to guarantee working capital loans made by banks to private businesses. Subject to available appropriations, this program would enable the Authority to expand its services to small and minority businesses, which are often crippled by lack of working capital in their early stages of development.

We must also encourage the cooperation of labor and business in bringing jobs back to the city. To the extent that labor unions can help new enterprises in the cities to become solidly established, by foregoing immediate demands, the long run gains for labor will be substantial. We should develop a mechanism to bring unions and prospective employers together to work out plans to spur inner-city development, perhaps through labor-management councils. Labor-employer cooperation helped to establish the Sports Complex, and it can work again to help to revive the cities of New Jersey.

Our Strategy entails the development in conjunction with the Capital Budgeting and Planning Commission of those capital projects that will serve as the cornerstone of overall redevelopment. In order to carry out this plan, I am asking the Capital Budgeting and Planning Commission to review the feasibility of a

bond proposal to assist local governments and others in constructing capital projects which will spur widespread urban development.

We should provide competition among our cities to identify those projects, such as transit, cultural and commercial centers, which are keys to promoting broad involvement of the private sector in bringing new economic life to our cities. When this competition is completed, the winning projects should receive priority by the State agencies for needed federal aid and construction approvals. Jersey City, spurred by the exciting redevelopment of Liberty State Park and the Hudson waterfront, should receive State attention, along with Camden, which needs a new public transit center to serve the thousands of passengers traveling on the PATCO high-speed rail line.

New Jersey should continue to build in the next four years on its enviable record of attracting foreign companies to invest within the State. Our port and containerized shipping facilities, our access to major markets and our proximity to the cultural diversity of New York and Philadelphia make New Jersey extremely attractive to foreign companies. If we can attract additional airlines to follow the lead of TWA in providing international service from Newark Airport, New Jersey will become an even more attractive site for international investors.

We should also expand efforts to stimulate increased exports from New Jersey industry, especially now that the dollar cost of U.S. goods abroad is at a record low. Working with the commercial offices of the U.S. State Department, our Office of International Trade can do more to identify which products being sought by foreign imports can be supplied by New Jersey firms at competitive prices.

Last year, we completed a study with federal assistance which identified the need for a major wholesale food distribution center in the State. The center would produce thousands of jobs, both in construction and operation, while offering more efficient handling for our farmers and reduced prices for our consumers. This year, I ask you to review these findings to develop any needed legislation which will lead to prompt construction of this project.

The economic promise of casino gambling will start to become a reality this year. The social promise we must enforce is that the State will take every action needed to guarantee that casinos are clean and honest.

We must also effectively sell the benefits of the new Atlantic City to investors across the nation. I intend to be a salesman for the new Atlantic City, and will spread the message that New Jersey offers an honest, decent environment for the investor.

As part of our economic strategy, we must target those industries which have a traditional link to the people and the resources of this State.

One of New Jersey's greatest assets is the tremendous concen-

tration of research and development capacity within our State, both in our universities and industries. Recent award of the Nobel Prize to Philip Anderson of Bell Laboratories for industrial research is a symbol of our great achievements in this area. We must exploit these achievements to their full job-producing potential.

Creation of a State Office of Technology Innovation, as embodied in recent legislation, will be a major beginning in translating our research and development resources into products manufactured by New Jersey industry. In addition to encouraging New Jersey inventors, the State should actively explore new ways through the Economic Development Authority of attracting venture capital to finance the high technology companies of the future.

New Jersey has a proud history as a fishing center, supported by industries to process and market the catch. Fishing is also important to the State's prominent restaurant industry. New federal legislation establishing a 200-mile fishing zone off our shore gives us the opportunity to again become a commercial fishing center.

Therefore, I ask you to pass legislation which would exempt the purchase of commercial fishing vessels from the sales tax. This legislation will boost efforts to restore our shipbuilding industry and assist our commercial fishermen to obtain new vessels needed to modernize their operations. With the help of the Commission of Marine Fisheries which I created last year, I also ask you to examine other problems effecting this industry, and take the needed legislative steps to improve our harbor facilities, plus the marketing and promotional capacity of our fishermen.

I am convinced that the psychology of our people has been turned around. The recession is behind us. If we continue to move forward on these many economic development fronts, we can meet our job creation goals. I ask all of you and every citizen of this State to join in telling the world the many advantages New Jersey has to offer.

## Transportation

Transportation of people and goods was and is vital to New Jersey's economic vitality and the well-being of our people. During the past 4 years, the final construction work has started on such important highways as Interstate Route 280 in Hudson County and Route 676 in Camden County. Route 169 is now under construction in Hudson County, and work has finally begun on Route 18 Freeway in Middlesex County.

But this is not enough to meet the enormous demands we see in the future. During the next four years, it is the goal of the Department of Transportation to complete the remaining portions of the Interstate Systems in New Jersey which should be built. Construction will be initiated where federal procedures permit. Work on rehabilitating existing State highways and bridges will continue

and several existing gaps in the non-Interstate freeway network will be closed.

The complete rehabilitation of our mass transit system is vital for our economic, environmental and energy concerns. We must make our transit system the backbone of our overall plan to redevelop our cities. And we must give new emphasis to public transit which connects places within New Jersey.

I ask you to continue the job begun last year to reform our public transit regulatory and subsidy programs. We must ensure that money for public transit is carefully spent, and used to promote fast, clean and efficient service for the public. We must eliminate service which duplicates existing lines, and extend new service to areas which can support it. This Legislature should take on the task of passing effective legislation which creates a new regulatory structure; defines a comprehensive planning process; establishes new subsidy controls; and provides authority to local governments to plan and implement needed transit programs. This is a difficult challenge, but one which this Legislature must and will meet.

## Energy

With the creation of the new State Department of Energy we have the vehicle for the formulation of a strong and comprehensive energy policy.

The Department of Energy should be granted full authority to determine the State's need for power and to reconcile available fuel supplies with ever increasing demands. Department decisions on policy will be made in full recognition of administrative pricing procedures so that the two work together and not at cross purposes. In response to the direction of the legislation which created the new Department, you will shortly receive recommendations concerning changes in the Department's structure and authority. I ask that you consider these recommendations and enact the legislation needed to give us a strong and effective energy policy.

The State is committed to developing alternate sources of energy. We must develop the potential of solar energy. Already we are granting tax benefits to homeowners who install solar energy systems, but that is not enough. We must actively promote the use of solar energy in our factories, in plants and in agricultural uses.

Solid waste must be looked at not as an environmental burden, but as an energy opportunity. The State is beginning to be involved in recovering and recycling waste products, but we must do more. Generating more fuel, creating more jobs, and saving untouched lands from becoming ugly landfills can all be accomplished through aggressive resource recovery efforts. With that potential, we will strive to make recycled solid waste a significant component of the State's energy resources, as well as a new job-producing growth industry.



Although promoting new sources of energy is a primary goal of this Administration, we will not sacrifice our natural resources in the name of energy exploration. We are in favor of and will actively endorse development of fuel resources on the outer continental shelf—in an environmentally sound manner. We will work with the oil companies to identify those sites which are appropriate for energy uses, and will act to attract needed business to the State.

In the final analysis, though, finding new and increased energy sources is not enough. We must strive to cut our wasteful habits at home, in our cars, and on the job. If we do not curb our appetite for energy now, we may find ourselves starving in the all too near future. It is an obligation of every resident, from a blue-collar worker to the president of a large corporation, to cut his or her energy consumption. We will stress energy conservation through public information campaigns, stricter energy codes, and improved mass transportation. We will hold workshops designed to help small businesses, industries and whole communities learn how to cut energy use. The time to save energy is now; tomorrow may be too late.

## Insurance

The insurance industry is important to the economic vitality and consumer well-being of our State. A resolution of pressing insurance issues should be at the top of our action agenda for 1978. National economic conditions have eroded the financial capacity of the industry to meet a variety of insurance needs. Insurance consumers of every sort—drivers, school boards and municipalities, hospitals and physicians, and small businessmen—have faced shrinking coverages and soaring prices.

I am proud of the record of my Administration in holding down automobile insurance rates. The Department of Insurance has fought courageously for the interest of consumers. We must remain tough. But the time is right to intensify our working relationships with industry and consumer groups to do what is necessary to achieve meaningful reform. Although the technical complexity of insurance issues sometimes makes communication difficult, the importance of communication is paramount.

Automobile insurance presents the most difficult problems because our law requires that every driver obtain insurance whether or not he can afford it. Here rising prices and restrictive underwriting practices have imposed the heaviest burdens on our senior citizens, our youth, and residents of our urban areas. Those least able to afford the coverages required by law are forced to pay the most for it, regardless of driving record. As long as insurance is mandatory in this State, this is the single most important problem we must face.

You will consider in the next few months a variety of legislation addressed to the ills of the automobile insurance market. I urge

you to take proper action on these bills to accomplish three major objectives: (1) elimination of unfair rate categories and classifications, especially "assigned risk;" (2) streamlining of our prior-approval ratemaking mechanism; and (3) containment of claims costs.

Our overriding objective is that automobile insurance be available to everyone at fair and affordable price. It is intolerable that today the overwhelming majority of drivers relegated to assigned risk have good driving records. It is unconscionable that under existing rate classifications, a driver over 35 convicted of drunken driving can pay less for insurance than a driver under 25 without an accident or motor vehicle violation on his driving record.

Possible solutions can take a variety of forms. With respect to the secondary market—the "assigned risk" problem—I continue to advocate creation of a Reinsurance Facility which would guarantee coverage to every driver but impose special costs only on those drivers with poor driving records. I know that the industry remains opposed to this concept, even after extensive consultation. But I am hopeful that with continued effort we can work out the details which cause trouble and overcome a number of problems which may be more semantic than real. I am not wedded to a precise form of mechanism—or a given name for it—provided it guarantees coverage to every driver and assures that no driver with a good driving record will be charged more than the voluntary market rate.

We must continue to address the adequacy of market rates within the context of the prior-approval rating system. Experience in other states have taught us that to dismantle our prior-approval system would lead to unconscionable rate increases for large segments of the population. Improving the efficiency and responsiveness of the existing system is the appropriate target for our efforts.

A key to improving the prior-approval system is empowering the Department of Insurance to serve as a statistical gathering agent for the industry. We must authorize the Department and provide it with the computer capacity required to collect and evaluate data. The Department's dependence on industry for the data used in ratemaking is the single leading cause of delay and acrimony in the existing system. An effective regulator must have independent sources of information and should be able to review and update this information on an ongoing basis.

Finally, we must also do what is necessary to contain the underlying cost of insurance claims. Litigation should be limited to the most serious cases, medical and repair costs should be monitored and contained, and opportunities for fraud should be eliminated.

I commend the efforts of the Legislature's No-Fault Study Commission. I am confident that their recent report can provide ample basis for enactment of sound reform legislation. I know that

my recent signing of Senate Bill No. 1380 will effectively address the problem of unlimited medical benefits; and I reiterate my support for a verbal threshold.

Of course, no-fault reform proposals affect a relatively small portion of the premium dollar. The toughest cost-containment problem involves the cost of repairs and replacement parts. As a first step I will direct the Department of Insurance to begin working with the industry to develop damageability standards for rate-making. The various costs of repair associated with particular vehicles should be reflected in the prices charged to insure such vehicles. Perhaps we can also develop incentives for the use of secondhand parts and materials in making insured repairs.

In the areas of public entities insurance, medical malpractice insurance and products liability insurance, the problem of price is the most difficult to resolve. Evolution of the tort law has increased the likelihood of suits for large judgments in novel circumstances. Although the success rate for such suits is not great in the total scheme of things, the mere possibility of success deprives the insurance mechanism of needed predictability.

Reform and codification of our tort law may be an acceptable approach to increasing predictability but should be undertaken only on a comprehensive basis. As long as we retain a tort system, the victim of a hospital's negligence or a physician's negligence should not have materially different rights than the victim of a merchant's negligence or a public employee's negligence. I will support establishment of a tort reform study commission to make the comprehensive effort required.

Tort reform is neither our best nor only hope for change. The most promising approaches involve structural reform and the creation of new mechanisms to increase market capacity and reduce rates. Especially with respect to insurance for public entities, we must immediately explore a variety of possible solutions—a reinsurance facility, a municipal-mutual company, or a State fund. A key ingredient in solving the predictability problem is the manner in which reserves are established. To the greatest extent possible rates must be based on claims actually paid rather than estimates of maximum claims possible.

In all insurance matters we must bear in mind that in these times of scarcity we compete with other states for the limited resources of the multistate companies. This competition can only hurt the public. We shall intensify efforts to work with other states to devise common strategies on insurance matters.

## TOWARD AN URBAN GROWTH STRATEGY

New Jersey is the most urbanized and complicated state in this country. Approximately 89% of our people live in urban areas. Our density is the highest in the nation—averaging 1,000 people per

square mile. Like other urban areas in the Northeast and North Central states, New Jersey's cities are in trouble. A recent Brookings Institution study concludes that ten of our cities are among the 100 most distressed urban areas in the country. The litany of their problems is well known. Unemployment is disproportionately high; housing stock is in dire need of rehabilitation; urban education, although showing some improvement, is in crisis; and lack of a safe and healthy environment drives people and industry to the suburbs.

The causes of urban decay are well known and, unhappily, many of them result from longstanding federal policies and demographic changes over which our control is limited. The rapid growth of the Sunbelt region, stimulated by decades of massive federal assistance, plus the outward migration of urban residents and workers have all contributed to this malaise. However, we have established in the last few years the foundations for urban economic revival through the Economic Development Authority and the concentration of public works infrastructure projects where they are needed most. Our challenge now is to continue shaping policies that give priority to the economic growth of our cities.

We cannot ignore the problems of our cities and their people. Simple justice precludes it; self-interest forbids it. As Mayor Gibson has so aptly said, wherever Newark is going, the rest of the State is sure to follow.

Blight, crime, economic deprivation and social ills know no municipal boundaries. If they are not halted in our cities, they will inevitably spill over into our suburbs.

Neither can we tolerate a no-growth philosophy. We can ill afford the luxury of debating the virtues of growth. The aspirations of our people for a better quality of life force us to adopt strategies for sensible and balanced growth on a planned and environmentally sound basis. And there are now few who would deny that the cornerstone of such growth is the revitalization of our core urban areas.

Over the past four years, we have increased from \$24 million to \$39 million the State's contribution to its 28 urban aid communities; the Qualified Bond Act has enabled our cities to complete favorably in the private lending market; we are the nation's leader in constructing federal Section 8 subsidized rental housing, and just this year we have financed, through our Housing Finance Agency, 5500 new housing units.

Our Mortgage Finance Agency must now, by law, make 20% of its loans in urban aid communities and has implemented a \$100 million bond program for urban home purchases. We have a tough anti-redlining law to ensure against discriminatory lending practices in marginal and declining neighborhoods. We have a Neighborhood Preservation Program and have enacted legislation authorizing five-year tax abatements for improvements to residen-

tial properties. We have provided tax reform to benefit urban areas, and we are redirecting our Economic Development Authority to concentrate on urban investment. We have made great strides to improve urban education and health care delivery.

There have been dramatic success stories: Hoboken is undergoing a renaissance and Atlantic City is on the threshold of a casino-inspired rebirth. Pockets of progress are evident in Newark, Jersey City and other urban areas. We must seize other unique circumstances offering potential for urban growth and move forward.

Our cities can build on their transportation and commercial bases and attract new business and new housing. Each city has its own saleable characteristics: Jersey City—its waterfront; Newark—its potential as an academic complex, plus its transportation and port facilities; Elizabeth—its port; Paterson—commercial and office facilities; and Trenton—its government activity.

Assistance to urban areas has too often been in the form of fragmented forays into a specific problem. In this fashion there has been a tendency for State actions to contradict urban assistance goals, fostered by a lack of coordinated planning for urban regrowth. What I want to do in the next twelve months is to create a comprehensive urban growth strategy that redefines our efforts and corrects past deficiencies masked in well-intentioned programs.

To formulate a comprehensive urban growth strategy, I will create an Urban Growth Strategy Task Force of cabinet officials, leading private citizens and local officials. To coordinate its activities, I shall appoint an Executive Director reporting directly to me. To assist him, I shall direct the Division of State and Regional Planning in the Department of Community Affairs and all other departments and agencies of State Government to provide any and all needed assistance.

Within six months, I expect this Task Force to (a) define, with appropriate public input, an urban growth strategy, (b) complete an inventory of all existing State-sponsored activities having any impact on urban growth and (c) propose a methodology, within fiscal constraints, to stimulate urban growth.

Within these broad guidelines, the Task Force will then evaluate those proposals made here or previously proposed for urban revitalization, including:

- Alternative mortgage instruments to increase accessibility to the private lending market for homebuyers.
- Reverse Annuity Mortgages to assist our senior citizens in holding on to their homes by borrowing against their equity to meet taxes and maintenance costs.

- Community Schools to centralize and personalize services offered to urban dwellers.
- Urban Homesteading, which has operated successfully in many cities, to permit people to purchase foreclosed homes for minimal cost contingent upon the promise of refurbishing them, and
- Continued utilization of Green Acres funds to establish urban greenbelts and recreation areas.

We should also:

- Target water and sewer construction funds to encourage urban growth and to prevent haphazard and patchwork suburban sprawl.
- Emphasize and encourage urban locations for health care facilities, State offices and other such service providers.
- Enact a loan redemption program to encourage young professionals to practice in urban areas.
- Consolidate local government and school district services.
- Mobilize our law enforcement capabilities to deal with the drastic impact of urban crime, particularly upon lower income earners and senior citizens.
- Establish transportation planning goals by updating our 1972 master plan to reflect an urban growth orientation.
- Orient the Economic Development Authority to urban industrial growth by allowing loans for working capital and by expanding the identification and development of industrial parks.
- Ensure that our tax system impacts on businesses in a way which encourages new or continued location in urban areas by expanding our urban investment tax credit proposal.

All of the foregoing proposals and many more represent realistic objectives for this Administration. They do not suggest a major influx of new State dollars; rather they entail the use of current resources on a more rational and sensible basis.

Make no mistake: this Task Force will be charged with challenges of monumental magnitude.

The Task Force will confront issues which are sensitive, controversial and difficult: land use reform, consolidation of services, fiscal outlooks, housing incentives, transportation philosophy and economic stimuli.

Local cooperation and assistance in devising needed strategies is indispensable. I propose that local urban growth strategy commissions be formed—as they have already in some of our cities—to coordinate local efforts with those of the State. And I suggest that incentives, for example in the form of State aid, be offered to those cooperating localities. Each of our cities is unique in some ways; any overall strategy must accommodate, and indeed harness, that uniqueness in cooperation with local officials.



## MAKING GOVERNMENT MORE ACCOUNTABLE AND RESPONSIVE

As we address the challenges of the economy and the cities, a third critical challenge presents itself.

If we are to properly tackle the problems of our State, we must keep the institutions of government young and fit. We must keep them strong and flexible enough to deal with today's problems in an aggressive way.

The continual danger is that our agencies, programs and policies become entrenched, remote and cumbersome—that they fail to do the job they were established to do.

In the past four years, we have done much in this area but we have only begun.

When we took office four years ago, the people of New Jersey were caught in a fiscal morass that not only undermined the economy of our State but threatened the well-being of many older citizens and working families.

Runaway spending had spread uncontrollably through State and local government. Local property taxes were spiraling upward at an intolerable rate. State government, too, was raising its taxes nearly every year—taxes that struck hardest at those least able to pay.

Through tight budget controls, we reined in State spending and cut in half the rate of increase in spending for State government operations. Together with the most cost-conscious State Legislature in recent State history, we held State expenses to an average 6.9 percent annual increase compared with the average 15.6 percent growth during the prior Administration.

With heroic efforts, the Legislature moved once and for all to put the crisis in State school financing behind us and to achieve property tax relief that had eluded others for more than a decade.

A State personal income tax based on ability to pay, with no loopholes and dedicated exclusively to property tax relief and education, is now permanently installed as the centerpiece of a more rational State tax system.

The growth of the local property tax has been checked, and some regressive State taxes have been abolished or marked for phase-out. Our top credit rating has been restored.

In an unprecedented action, the Legislature also has imposed strict spending limitations on both State and local government. These spending "caps" have helped assure that the tax relief provided by the State income tax is not eaten up by new rounds of excessive government spending.

I urge now that the "caps" continue with some flexibility for at least another year while the Executive Branch and the Legislature carefully study their impact. I believe strict spending limitations have worked and have forced government to make careful spending decisions, and more efficient use of taxpayers' money.

The State Economic Policy Council has found that the 2-2½% income tax has brought new stability to the State tax structure. But I believe strongly that tax reform should be a continuing process. I urge you to study the recommendations of the Leone Tax Policy Committee and act on many of them.

We know that taxpayers in some communities continue to dig into their pockets to pay annual property tax bills of up to \$2,000 a year on modest homes.

We know that some communities still bear an inordinate burden for court costs and social service programs provided by their county government. These should be the burden of all the people in the State.

If our limited resources allow, we must consider amendments to that property tax relief program to address these conditions.

In short, we have been tight with a buck during our first four years, spending taxpayers' money as prudently as if it were our own. But more can be done.

I will seek new ways to further conserve, consolidate and economize in State government.

I will propose new methods to streamline the bureaucracy and improve the management of government.

I will identify programs that do not work and redirect the money and manpower from those programs into new efforts that will work.

What New Jersey needs as we approach the 1980's is not more government, but better government; not more spending, but wiser spending; not more programs, but more effective programs.

With the help of the Legislature and the support of our citizens, I intend, first, to improve the planning and policy making in State government.

In virtually every department of State government, people are planning new directions and new efforts to improve the quality of life for the people of our State.

But those planning efforts are not properly coordinated. Priorities are inadequately defined. Insufficient attention is given to assuring that new programs and new policies are carried out effectively.

I will create within the Executive Office staff an Office of Planning and Management to help set priorities for State Government, reach policy decisions, and carry them out.

The goal of this office will be to sidetrack duplication and wasted effort, focus the limited resources of State government on priority issues, and generally to make government work more effectively and productively.

Government must be simplified and made more understandable to the people that it serves.

Why, for instance, are several agencies in several different departments assigned to deal with recreation, or employee relations, or urban revitalization?



I propose with the aid of the Legislature to streamline and reassign the duties of the State government agencies in a more rational way.

Related government responsibilities now located in various far-flung agencies should be housed under one roof. The end result should be greater coordination of government efforts and a reduction in duplicated efforts.

I urge you to act on the proposed creation of a body of administrative law judges to make our hearing officers and their procedures more professional.

Similarly, we must reduce the number of boards and commissions that make and suggest policy throughout State Government. Under an Executive Order issued last July, each department must review all the boards and commissions within its jurisdiction and justify their continued existence.

In the next few months, I will present a compilation of these reports to the Legislature and recommend the elimination of those agencies whose continued existence cannot be justified.

Many of these boards and commissions are fossilized hold-overs from another era. Boards that are inactive, cumbersome and unnecessary should be buried with dignity. Others that show promise or purpose should be revived and rejuvenated.

For example, I propose a single full-time Gaming Commission to oversee all types of gambling in the State except casino gambling, which is regulated by the Casino Control Commission. Both an Executive Branch task force and a legislative committee have noted the need for revision of the operations of the Racing Commission. That Commission should be merged into the Gaming Commission together with the Legalized Games of Chance Commission which regulates bingo games and raffles, the State Lottery Commission, and the functions of the Director of Alcoholic Beverage Commission regarding boardwalk games. If New Jersey ever considers other forms of gambling, such as jai alai in Newark, the Commission would be ready to deal with them.

I propose that we review the operations of the Division of Alcoholic Beverage Control. That agency now is charged with both licensing and law enforcement regarding the liquor industry. In the area of casinos, we have separated those functions. If that approach proves effective in casinos, I propose we adopt it for the liquor industry as well.

Where we can, we also should promote closer cooperation among the three highway authorities. If we can't join them into one agency, at least we should set up a joint purchasing procedure and other cost-saving procedures.

In addition, the many agencies of State government that are empowered to regulate the activity of businesses and individuals in New Jersey must be thoroughly reexamined.

Can some be consolidated or eliminated? Are there new creative

ways of regulating that these agencies can employ? Are they adopting too many confusing and contradictory administrative rules?

The answers in all too many cases are yes, and I will ask the Legislature, the regulators and the regulated industries themselves to join with me in streamlining the regulatory process. We also should review the entire administrative code with an eye toward making it simpler and more coherent.

A major review of the Civil Service system has been completed recently. Let us examine the recommendations of that study and introduce new ways to reward exceptional employee performance.

New Jersey has been a leader in Affirmative Action during my Administration. I signed Executive Order No. 61 to increase our commitment to hiring women, the elderly, the physically handicapped and minorities. I remain firmly committed to the principles of equal employment and Affirmative Action at all levels of government and at all levels of activity in New Jersey.

While we are improving State government efficiency, we must also turn our attention to local government. Are there ways to reduce expensive duplication in our 567 municipalities and 611 local school districts? Can local government be given more incentives to consolidate services?

In November the president of the New Jersey League of Municipalities asked, "How can 567 municipalities maintain a parochial attitude with costs continuing to escalate? How about consolidating engineering departments, consolidating road departments or consolidating detective bureaus or traffic bureaus?"

We may not be able to consolidate fire chiefs, but we may be able to consolidate fire engines. We must take another look at the Inter-Governmental Local Services Act to see if it provides enough incentives to meet the problem.

At the same time, we must not only make government more efficient but also streamline the way we elect our government officials. Not since the days of Woodrow Wilson have our election laws undergone a major overhaul. Let us review and take action on the carefully thought out recommendations of the Election Law Revision Commission. At least one improvement, however, is worthy of immediate enactment: we should extend the hours during which our polls are open until 9:00 P.M. to ensure that voters who want to vote can vote.

Our new public financing law seems to have worked effectively in reducing the influence of big money contributors in general election campaign for governor.

But, we ought not to let private financing go unchecked in the primary campaign. Let us extend spending limits to the gubernatorial primary as well.

In the past four years, we have already made our government honest, and more efficient. But it also must be more responsive.

Too many times we have heard reports of business people and

private citizens shunted from agency to agency for the answer to a pressing question.

By the same token, too many people sit home distressed by a particular problem, unaware that State government stands ready to help them.

Our Office of the Public Advocate has been created to help people get answers, and when they don't like the answers to help change them. We must make greater efforts to inform our citizens of these and other services available from government.

We must make the State government more responsive to the people's needs. The great majority of State employees are, in my view, competent and dedicated public servants, but as in any large bureaucracy there are some who fail to do their part. We must develop new ways to make the bureaucrats act, and to give the public answers to its questions and problems.

To make the bureaucracy more responsive, I will extend the 90-day concept, which previously has been successfully implemented by the Department of Environmental Protection for construction permits and is now being imposed on other departments with permit responsibility, to a variety of other State actions which involve the public. I am directing the Cabinet to identify those programs and functions in their departments which can reasonably be given deadlines for performance. I think, for example, that the public has a right to expect that letters to State departments be answered in a reasonable period, and that license applications, permit reviews, project approvals and other State actions be completed promptly and efficiently. We will inventory these actions, and then fix deadlines for their performance. If the deadlines can't be met, we will be in a better position to know why, and whether more or new personnel are needed. The end result, I hope, will be a more effective and responsive government.

## IMPROVING THE QUALITY OF LIFE

In a recent poll, 75% of those sampled said they like living in their New Jersey communities. A vast majority of those polled consider the State a "good" or "excellent" place to live and that same majority considers the quality of life to be the same or better than most other states. Nonetheless, we must continue to improve our efforts to make our State's neighborhoods safe, clean, and healthy places in which families continue to want to work and live.

### New Jersey, A Good Place to Live

I believe that one of the most important factors influencing a family's choice of residence is the quality of its educational system. During the past four years, our public educational system has endured periods of crisis, turmoil and change.

## Education

New Jersey statutes now guarantee a thorough and efficient education for every pupil through a system of goals, set locally by parents and schools. State-wide minimum standards are used to trigger remedial services so that all students will acquire a minimum level of proficiency in the basic skills prior to graduation.

The Thorough and Efficient law has required a period of adjustment. Many of the requirements which have been imposed through its administration have been too cumbersome and time consuming for teachers, diverting them from classroom duties to perform administrative tasks. I am directing the Department of Education to respond to these concerns, in part by continuing to reduce the inordinate amount of paperwork generated by the T & E process, and to confine the system to its absolute, basic requirements. The legislation requires us to identify the shortcomings in the educational process and to correct them. Any paper work not absolutely necessary to achieve that simple objective must be eliminated. I want the Department of Education to head for a goal of *one* form for one child.

In implementing the law, the Department of Education has been placed in a role of monitoring and evaluating the T & E system. It is now time to redefine the Department's focus, taking steps to better serve its constituents, to redirect its resources towards assisting those districts in need through curriculum development, dissemination of successful programs and teaching techniques, and creation of innovative teaching methods.

To improve the quality of urban life, urban education requires the highest priority. If we are to see a revitalization of our cities we must strive to make them communities where families will want to live, free from apprehensions about the quality of education which their children receive. The Department of Education will direct its resources to the research, planning and development of ways in which the quality of urban education can be upgraded and absenteeism and vandalism reduced. The Community Education concept, such as we have in Elizabeth and Atlantic City, is one such innovation. We need many more creative approaches to respond effectively to the crisis confronting our urban schools. The Department must also direct existing resources to improving management in those districts in direct need of State-provided skilled professionals to assist in the establishment of business-like management practices.

One of the most difficult management problems facing the public schools today is the need to provide impasse resolution in collective bargaining. Far too many days of school are lost or disrupted each year as a result of unresolved labor disputes. As evidenced by the Matawan situation, our children are the losers when schools are closed. I urge the Legislature to pass a measure requiring bind-

ing arbitration between teachers and districts.

Our young people who are confined to state hospitals, institutions, or correction facilities have been excluded from the benefits of T & E. I convened a Task Force to address this problem and it has presented you with a proposed legislative solution. I urge your prompt action on this proposal to guarantee all children in our state an equal opportunity for a thorough and efficient education.

We are entering a new period in higher education in New Jersey. Over the past ten years, we have built a comprehensive system of public colleges and universities.

### Higher Education

In the year ahead, our goal is to maintain and improve the system, preserving the investment we have made in the higher education system during the past ten years.

We must look at our system of higher education realistically. If the student demand is not there, we must adjust to it. We must discourage a delivery system which encourages non-academic faddish courses just for the sake of increasing student count. If colleges are going to increase enrollment by teaching students to play tennis, the level of support for such activities should be limited.

In my last Annual Message, I called for the development of a consolidated student aid program to improve access and equity within the higher education system. I still believe that such a plan is needed in New Jersey and hope that we will be able to fund it.

I have encouraged the Chancellor to move forward in several other important areas. We must be careful not to establish educational boundaries among the major sectors of the higher education system. We must not allow our colleges to become enmeshed in unproductive competition for students. Quality and unity of purpose through diversity of programs should be our objective as we plan for the future.

To reach these objectives, we must develop new approaches to finance our colleges and universities which are not dependent upon enrollment expansion. I look to the Chancellor to develop alternative approaches enabling us to redeploy resources from financing enrollment growth to strengthening academic quality.

The higher education system in New Jersey has adopted a notable program for assessing and remedying basic skills deficiencies among students. We cannot afford to waste time arguing about whether the basic skills problem should be addressed in the public schools or in higher education. We must address it at all levels of our educational system and solve it by mutual efforts. In this connection, I encourage the Chancellor and the Commissioner of Education to continue the cooperative endeavors they have begun in recent months.

I will encourage the introduction of several major pieces of higher education legislation next year, included among which will

be measures to revise State funding of independent and community colleges.

The Physician Dentist Loan Redemption Program which allows medical and dental students to decrease their loan indebtedness through service in under-served areas, has been previously introduced and has my full support. It promises to help alleviate our medical personnel shortage, particularly in urban areas.

Another step I have taken to stem the flow of the medical profession from urban areas is to direct the Medical Assistance Program to review the feasibility of providing greater fees to urban medicaid providers.

Imminent federal legislation limiting the certification of foreign medical school graduates promises to exacerbate New Jersey's maldistribution and undersupply of health manpower. I am awaiting the report of my Commission on Professional Health Services which will propose recommendations to increase the utilization of existing professionals and to create new categories of health care professionals.

### Health Care

Health care has developed to a point where we can prolong life or improve its quality in many ways: through prevention and treatment of illness resulting from disease or accident, and by the maintenance of life with artificial means such as new drugs and sophisticated medical equipment. The cost of providing these services is immense: therein lies the dilemma facing our society in the area of health. State government should be involved in the health care field in two respects: (1) it must ensure the availability of adequate health care services for all its citizens, and (2) it must ensure that these services are provided at a reasonable cost.

We have come a long way in the past four years, but there is much more to do. We have mandated immunization for every child, vigorously supported the establishment of health maintenance organizations which focus on the much less expensive preventive aspects of health care, mandated minimum standards for local health agencies, and developed a new statutory formula for State aid to local health agencies to target certain critical diseases and the needs of the elderly and the poor, particularly in urban areas.

The problem of containing spiralling health care costs has been treated with aggressive certificate of need and rate-setting programs. The certificate of need program prevents the use of State or health insurance funds to pay for new but unneeded health care facilities and equipment. The rate-setting program seeks to ensure that health care facilities make every effort to minimize the rates they charge to Medicare, Medicaid, and Blue Cross payors.

This cost-containment program has held hospital cost increases to 9% while nationally the average increase has been 15%. We must further refine these programs to make them more efficient



and effective in controlling hospital cost increases. We need legislation to explore better ways to administer cost containment and certificate of need programs. We must enact legislation to permit the rate-setting program to cover all payors of hospital service—that is, private payors and private insurers, as well as Medicaid, Medicare, Blue Cross and governmental payors. We will ensure that rates are timely and fairly set. As soon as available funding permits, we must expand our Medicaid and Medicare programs to permit hospitals to be reimbursed for the cost of all care which they provide to indigents.

The newly enacted Local Health Services Act and the Public Health Priority Funding Act will enable us to upgrade the delivery of health care services by local health agencies, particularly in urban areas. Every effort must be made to enable these agencies to deliver those services which they can most capably and appropriately provide.

Because of the fantastic developments in medical technology in recent years and the expectation of even greater developments in the imminent future, we must immediately confront the problems presented in cases such as that of Karen Ann Quinlan. A definition of death should be established.

The Cancer-Registry bill which I signed last fall marked a major step in our fight against cancer. It will permit researchers to know the background of each individual case of cancer in this State so that the real causes for cancer can be traced.

We have made a good start in working with the federal government to provide assistance to this State.

The federal government responded to our application for coordinated assistance from all pertinent federal agencies by establishing an unprecedented federal task force to focus on the cancer problem in New Jersey. That task force helped us to pursue specific federal grants. One result is a cervical cancer screening program which will provide a more effective detection program and lead to the continuation of community services for cervical cancer detection. A consultative services program is another product of this effort; this program will now enable twenty-five highly trained industrial hygienists to visit factories and work with employers to reduce hazards to workers. The Departments of Environmental protection and Health are carrying on carcinogen detection programs.

We must continue to develop comprehensive research programs to track down the real causes of cancer in this State and eliminate those causes.

We cannot demand immediate results from our cancer prevention programs. What we must demand of ourselves is a willingness to avoid cosmetic and ineffective steps which may, in other ways, such as loss of jobs, be in fact harmful; we must be ready to wage a persistent, often frustrating and often ungratifying cam-

paign against the causes of cancer. We have begun that campaign and the Cabinet Committee on Cancer Control will continue to wage that effort.

## Environment

All New Jerseyans want and deserve a clean environment, while recognizing our economic need to attract and retain industry. When New Jerseyans were asked in a recent poll what they liked most about living here, more people chose the abundance of our natural and recreational resources, while still being within close proximity to New York and Philadelphia. We must do everything we can to preserve what is left of our natural environment—the coastal ocean shore, the wetlands, the countryside and the mountains.

We must continue to protect our precious undeveloped land resources. I am charging the newly created Pinelands Review Committee to review the present legislative structure which protects our Pine Barrens. I want the Committee to recommend to the Legislature specific revisions which will strengthen land use control in order to guarantee adequate protection for this vital recreational area and eco-system.

It's a politically unpopular issue—trees don't vote! But during my campaign, I promised not to be dissuaded by the pressures to develop the Pine Barrens. I intend to live up to my pledge. The Pine Barrens are threatened by increasing suburbanization from Philadelphia and a revived Atlantic City. We must also protect the Pine Barrens' vast underground water reserves upon which the fragile eco-system depends.

I led the fight in Congress to enact an amendment to the Clean Air Act using national, rather than State standards to control pollution emissions so that states such as ours with high air quality standards would not lose industries to those with weaker standards. Air pollution in our cities has been greatly reduced in the last four years, by 32% for particulates and 16% for carbon monoxide. This Administration had led the nation in the use of federal funds for the construction of wastewater treatment plants, devoting \$1.3 billion federal dollars and \$120 million State bond dollars to this purpose.

In a recent report issued by the U.S. Environmental Protection Agency, this region was cited as having the greatest improvement in the country in air quality since 1970. One factor cited by EPA for this improvement was New Jersey's aggressive program to reduce automobile-related pollution—our inspection and maintenance program to reduce auto exhaust emissions.

During the last legislative session we enacted the tough Water Pollution Control Act and Water Quality Planning Act. However, with the imminent start of offshore oil drilling we must improve our capacity to monitor the ocean's quality. State technical support

is needed to monitor oil spills, fish kills and other changes in ocean quality. The appointment of new technical staff could be funded by the interest earned from the oil spill fund created by the new Oil Spill Compensation and Control Act.

The pressure to develop our wetlands remains unabated. Given the scarce resources in close proximity to our popular shores, the need for such development must be carefully evaluated. Atlantic City is facing this dilemma now. Wetlands, properly defined, must be protected. Economic needs must be evaluated with regard to long-term interests, for once lost, wetlands can never be regained.

I have endorsed the Land Use Transfer of Development Rights bill. This bill allows municipalities to designate areas for development and preservation, permitting the private sector to transfer development rights from areas to be preserved to those appropriate for intense development. I again voice my support for this measure as a constructive and fair mechanism to guide orderly land use and development.

Urban land use and development is a priority of this Administration. I support legislation to authorize mini-grant park programs in cities. I intend to initiate other urban development programs which can be accomplished without legislation. For example, efforts will be made to stimulate the creation of various types of recreational areas in our cities such as pocket parks or fishing ponds.

We are currently preparing a Water Supply Master Plan which studies our water supply needs for the next decade and proposes ways to meet those demands. This study will address the burdens placed on local governments in supplying safe drinking water to our citizens. I will ask the Capital Planning Commission to study these needs and recommend a broad program to support local projects from the provision of water quality supplies and new supplies to meet industrial needs.

The newly established Department of Energy will soon be proposing regulations for energy conservation which must be submitted to the Legislature for its review. This month, the Department will propose its reorganization, presenting a plan which incorporates the functions of various other agencies which more appropriately belong in the Department of Energy. I am hopeful that you will support these recommendations and regulations as this new Department emerges from its infancy.

The local police departments of this State work hard to provide protection for the people of New Jersey. But with greater assistance, their efforts can be made even more effective. We must provide a mechanism to establish suggested standards for operating procedures, and to provide day-to-day advice to police officers and departments. I have asked the Attorney General's Office to develop a proposal for such a mechanism.

## Crime and Corrections

Approximately one year ago, you and I created the Department of Corrections. We acted in recognition of the needs of the correctional system in this State which had too long been deprived of full-time attention. We have now had one year to reflect upon that system and have reason to be proud. Faced with problems unique to large industrialized states, the New Jersey correctional system enjoys a national reputation. However, we must work diligently to insure that the system keeps pace with humanitarian interests consistent with legal mandates. We must also see to it that we have sufficient correctional institutional space so that no judge should ever decline to put someone in jail for lack of space.

A comprehensive revision of Title 20 of the New Jersey Statutes is long overdue. Our laws simply do not reflect the present structure of our institutions for the mentally ill, the mentally retarded, the handicapped and the incarcerated. The present structure of our laws had led to confusion on the part of both those committed to our care and those who are caring for them.

Our sentencing structure is similarly obsolete with statutes which do not reflect the standards which govern today's society. There are also wide discrepancies in the length of sentences imposed which make our criminal justice system seem both arbitrary and unfair. These wide discrepancies cannot be justified in any circumstances. Our experience with the present paroling system is reflective of the experience on a national level which prompted the federal government to undertake substantial revision of its system. We must move to correct our system so that it adequately reflects our societal commitment to rehabilitation and reintegration of the offender.

A careful assessment of the entire probation system is needed. We must evaluate whether the system and its staffing structure are actually providing services which are of value or relevance.

I have stood before you on several occasions and have urged the implementation of the model penal code. A penal code is the cornerstone of a progressive criminal justice system. We can wait no longer for our system to reflect a coherent and consistent judicial philosophy, one with swift penalties and sentencing, for both punishment and parole. You have taken some steps in this direction. There is much that is controversial in these reform measures, but our society's security and future require us to lay aside our differences in the interests of achieving a quick, just, definitive and more human system.

In the last four years we have made substantial progress with the problem of juvenile delinquency. Less than two months after I entered office in 1974, the new juvenile code took effect. That code distinguished between juvenile delinquents, committing adult type

offenses, and juveniles in need of supervision, charged with offenses such as truancy, incorrigibility, or drinking alcoholic beverages. I think we have done a good job in implementing that new law, but not without some problems which must be addressed in the next four years.

Our juvenile justice philosophy must first reflect that the future of our society rests upon the quality of our youth. By the same token we must protect society from those young people who threaten us.

We have taken steps to balance these sometimes competing concerns. For example, the Legislature revised the juvenile court law to permit publication of information concerning the more serious juvenile court cases, permitting citizens to know the identity of these offenders and to evaluate the response of the juvenile courts.

While we deal appropriately with violent juvenile offenders, we must work even harder to prevent juvenile crimes in the first instance. The abusive treatment of many children is appalling. Child pornography is but one additional example of the manner in which the American society treats its children. Substantial steps were taken during my first four years to deal with child abuse and child pornography problems but many problems must still be addressed.

Many groups of citizens and agencies attempt to cope with juvenile problems. Though well-intentioned, these groups often tend to overlap and conflict in their efforts. I am asking my State Commission on Children and Youth to review the operations of every public and private agency affecting our children. I want all parents and their children to know where they can go to receive assistance. This is the first step we must take to deal with the overall problems of children in New Jersey and to develop an overall youth services delivery system.

Last March I released a three-volume study entitled *Marijuana: A Study of State Policies and Penalties*, conducted for the National Governor's Association. The findings indicated that in those states where the possession and use of marijuana were decriminalized, there has been almost no subsequent increase in use. In addition, there were substantial cost savings to the criminal justice system.

Since 1973, ten states, including New York, have enacted marijuana reform statutes. President Carter has removed criminal penalties for the possession and use of marijuana in the Administration's pending Federal Criminal Code Reform Act. I join the President in his belief that criminal penalties for the possession or use of small quantities of marijuana serve no useful purpose. While I do not condone the use of marijuana, I also do not condone the irreparable harm our current law creates for the lives and careers of New Jersey's citizens who face criminal charges for minor marijuana offenses.

## Courts

The need for court reform is pressing. A unified judicial system is an ideal we continue to pursue, although financial constraints prevent the immediate realization of this ideal. Under this plan the State would relieve individual counties of the financial and administrative burdens of the court system. We could thereby eliminate the meaningless and often confusing jurisdictional distinction between different courts in our State—such as that between trial divisions of county and superior courts. Financial constraints prevent us from accomplishing all of these objectives in the coming year. Moreover, there are definite steps which can be taken to alleviate the immediate problem of New Jersey's congested courts. As an example, individual judges might, as in the federal system in New Jersey, be assigned cases from the moment of filing with each judge then responsible for each case until final disposition. Renewed effort should be given to truly effective and more efficient pretrial procedures. Greater use of innovative programs such as mandatory settlement panels and other types of arbitration procedures, in lieu of, or prior to trial should be explored.

Because the ancillary costs for each judicial position add tremendously to the costs of our judicial system, it is impossible to increase the number of judges in proportion to the number of cases. Each new judge generates an average of six in support staff. I will work closely with the Chief Justice in the coming year to determine, within the bounds of fiscal constraints, alternatives which will expedite court procedures to relieve backlogs.

## Senior Citizens

During my first Administration we made great strides in bringing needed programs and services to senior citizens. My commitment to this ever-growing segment of our population will not decline. We gave senior citizens property and other tax relief, 3700 new housing units, an 80% drug reimbursement program, special easy access buses and reduced bus and train fares.

The Public Health Priority Funding Act of 1977 which I recently signed gives areas with high senior population special funding for local health services.

In order to allow more senior citizens needing medical attention to live at home rather than in an institution, I am directing the Department of Human Services to evaluate the feasibility of expanding New Jersey's Medicaid Medical Day Care Program beyond the current four Medical Day Care Centers. Medical day care, substantially less expensive than full time nursing home care, provides medical, social, transportation and meal services seven days a week to Medicaid patients who would otherwise have to enter nursing homes.

I am directing the establishment of a talent bank for senior citi-



zens. The number of people 65 and over is increasing, not only in the cities but throughout New Jersey. These senior citizens have time, valuable experience and a reservoir of talent to offer. The establishment of a Talent Bank to match needs to skills will enable the State, local communities and private organizations to draw upon this reservoir of experience.

I have directed the Department of Banking to carefully consider the adoption of the reverse annuity mortgage concept. With a reverse annuity mortgage, a senior citizen whose single asset is his home can draw upon its equity for income. This type of mortgage would help the senior citizen by supplementing his social security, allowing him to maintain his property and avoid neighborhood decay.

The Department of Human Services serves 650,000 New Jersey citizens, many of whom live in the cities. I am directing the Department to undertake a review of social service expenditures to ensure that urban centers are receiving their fair share, and that we recognize with compensatory funding the special social problems confronted by our older cities. Emphasis will be given to investing State resources in those city programs which can attract federal dollars and thus have a double impact.

## NEW JERSEY'S SELF IDENTITY

During the last four years we have helped to restore a positive self-image for New Jersey. New Yorkers now watch New Jersey major league sports teams competing in the magnificent Meadowlands complex. No longer is New Jersey perceived simply as a corridor between Philadelphia and New York. For every city and town has special characteristics which must not be lost in our quest to revitalize our urban economy. Experiences in the revitalization of Atlantic City and Hoboken contain important lessons in how to capitalize on the unique resources offered by each city.

But much more must be done to improve New Jersey's image. Tourism is our second most important industry.

The Office of Tourism and Promotion has been upgraded to a Division. I have charged the new division with the task of providing creative and innovative ways to promote New Jersey, especially in the summer months when we get our usual influx of visitors.

Casino gambling will help us draw tourist dollars to other places and attractions in our State, in addition to the shore. Tour packages based in Atlantic City can move groups to ski areas like Great Gorge, historic sites like Washington's Headquarters in Morristown, other convention centers like Cherry Hill, and entertainment areas like Waterloo Village.

While tourism is vital to the growth of our economy and employment, its indirect impact on our self-image is critical. Our cities will gain pride in this State as they experience the image of a new New Jersey—a State where families from throughout this nation

choose to come for vacation and recreation, whether visiting a reborn Atlantic City, our beautiful pine forests or other natural recreational resources.

Inextricably linked to an improved State image, is the concern I expressed many times during my first term. New Jersey is one of only two states in the nation without its own VHF station. There is thus no major station dedicated to coverage of our State's political, economic or social news issues. Instead, New Jersey citizens view prime TV coverage of Philadelphia or New York public issues while important New Jersey issues receive inferior, if any, coverage.

For example, during our last election when every seat in the Legislature was contested, the total campaign coverage from New York's VHF stations one day before the election over a five-hour period of news was only 150 seconds!

With its own VHF station, New Jersey's image and self identity would be enormously improved. The final decision, however, lies with the Federal Communications Commission, subject to judicial review. The Coalition for Fair Broadcasting has aggressively and conscientiously spear-headed this effort. I am proud to announce that I have been asked to join Senators Case and Williams and Mayor Gibson as a co-chairman of the Coalition. I enthusiastically accept this honor. In assuming this co-chairmanship, I am committed to lending this Administration's full support to the Coalition's efforts to guarantee our State adequate television coverage.

The arts enhance our cultural diversity and stimulate our economy as well.

We have initiated a new Motion Picture and Television Development Commission to bring these industries to New Jersey. Because of our cooperative efforts and diverse geographic settings, the response by the industry has been positive. The success we have experienced shows that cultural development has a role to play in both our economic growth through the creation of new arts-related jobs and in improving our State image. Our State Arts Council has authorized a study to fully evaluate the economic impact of the arts. I look forward to discussing with you an increasing role for the arts.

## CONCLUSION

In all these areas we must continually demonstrate that government is competent and worthy of trust; that it is a source of pride, not a source of shame; that government works for people, not against them.

Public confidence in our institutions of government is still too low. Some who have held high office have betrayed the public trust. Others have raised public expectations too high and disappointed those who had faith in them.

But we hold the power to help solve problems, to restore public trust in the institutions of government that have guided this nation and this State for two centuries.

When we leave office, I want to leave our children a government that is more responsive and responsible, a government that is compassionate and concerned, a government that is prepared for the challenges of the 1980's

None of this will be easy. It is not a job for the timid or faint-hearted. We are sure to meet opposition all along the way. But that hasn't bothered us yet.