

## EIGHTH ANNUAL MESSAGE

*This is the published version of Governor Byrne's Eighth Annual Message, delivered to the 200th Legislature, First Session, on the day of its organization, Jan. 12, 1982. In his appearance before a joint meeting of both houses that day, the governor delivered a speech on the same themes that was shorter and somewhat different from the printed text.*

### OVERVIEW

Not so long ago, another governor of this State said of New Jersey that "we have too long been hidden in the shadows of the great cities to the east and the west, too long a mere corridor without our own identity, too long rich in private wealth but poor in public services, too long afraid to come to grips with our destiny."

In the decade of the 1970s—in the life of this Administration—we have emerged from those shadows, we have made our neighbors as well as our own citizens aware of our identity, we have indeed come to grips with our destiny.

New Jersey is a different State today than it was when I took this office. We have—at last—a modern tax structure and standards for educational accountability in our schools. We have—by preserving the Pinelands—built a firebreak against urban and suburban sprawl across the heart of our State. With the Sports Complex in the north and the revival of Atlantic City in the south, we have become the competitors of New York and Philadelphia, not merely their satellites.

We can boast the lowest unemployment rate among the Middle Atlantic states and the highest bond rating. We have capped the growth of spending at the local level and slowed it dramatically at the State level. Senior citizens enjoy benefits and programs available in few other states.

New Jersey is a better place to live today—a more interesting place—than it has ever been. We have built upon the progress made by my predecessors in the recent past—Governors Alfred E. Driscoll, Robert B. Meyner, Richard J. Hughes and William T. Cahill. Despite that, much of what we have tried to do remains controversial, even unpopular. Change is traumatic and these eight years have produced a revolution in the life of our State that will require time for some to accept as necessary and beneficial.

We have experimented—but never with our commitment to integrity. We have welcomed the gaming industry to Atlantic City, but only under the strictest regulations—on our terms, not theirs.

We have fallen short in some things—but never concealed our shortcomings. The business of this Administration—at times even its internal debate—has been conducted in full view of the public. The toughest conflict of interest law and regulations requiring full disclosure ensured that what we dared to do was subject to public scrutiny at every step. And the Department of Public Advocate—created by this Administration—was ever-present to measure our judgment against the public interest.

We have sought to honor the admonition of Thomas Jefferson that "The whole of government consists in the art of being honest."

A bold approach to State finances, concern for our school children and our elderly, a willingness to challenge our larger neighbors where they have long been dominant, and, above all, integrity—this is our record and our legacy to the people of New Jersey.

### MANAGING THE STATE

Nothing in the record of this Administration matters more than that we have managed State government honestly and efficiently. Integrity, coupled with fiscal prudence, has been the hallmark of our time in office.

We have sought out and attracted honest and decent people to run our State. We have insisted not merely on ethical conduct but on strict standards of financial disclosure and an end to cronyism in the award of state contracts and deposits. We have opened government through public meetings and the disclosure of long-secret public records. Model bidding procedures have ensured that State government in New Jersey was not for sale.

The new Administration will want to look at a further management improvement that I have sought unsuccessfully—reform of the Civil Service system. This would give the Chief Executive greater authority to reward high performance and to weed out those who are a burden upon the taxpayers and their fellow State employees.

In partnership with the Legislature, we have returned more than \$4.1 billion in property tax relief to counties, municipalities and school districts and more than \$1.5 billion to individual taxpayers as homestead rebates.

We have put a premium on prudence—but not at the expense of essential services or people with special needs. We have created and funded a pharmaceutical assistance program for the aged, a lifeline program of utility bill credits and payments for senior citizens and the disabled, an extensive intermediate care program for the mentally retarded, a hazardous waste control and disposal program, a tuition aid grant

program for college students, and dozens of other innovative programs.

We have done all of this, yet:

—both the State budget—and the number of State employees—grew at a lower average annual rate than during the previous Administration;

—total expenditures from the General Fund for State operations grew at a lower rate than in the previous Administration.

Only that part of the budget dedicated to State aid for people, local governments, and schools grew at a higher rate during the last eight years than it did before.

And, lest we forget, this remarkable record was accomplished at a time of double digit inflation.

Through the adoption of the innovative cap laws, we have sharply curbed runaway spending by State, county and local governments.

The average annual rate of growth in that part of the State budget which is capped—and which includes all funds to support the State bureaucracy—was almost 50% higher under the previous Administration than during the last eight years. Finally, even though the more recent budgets of this Administration have included over \$5.6 billion for a new property tax relief program, the total State budget in this Administration still grew at a lower rate than in the previous Administration.

We have compelled frugality at the municipal level as well. The existence of the caps forced many municipalities to choose among priorities for the first time. Many local officials who publicly complain of the cap laws are privately grateful for them.

County budgets also have grown much more slowly under the cap laws. The year before I took office, county budgets increased by 16% statewide; in 1981 they increased by only 3%.

At the same time, the State has developed ways to save money for local government. Our qualified bond program, a nationally-recognized initiative, has saved millions of dollars in local financing costs. Our use of revenues from the sale of riparian lands has provided a creative way to cut local school financing costs. We have coupled this innovative help with rigorous oversight of local finances. The combination has spared our cities the troubles of New York City, Cleveland and Detroit.

The same kind of creative management has yielded dividends on the State level. We invented the PICK-IT Lottery. This innovation—and other ideas implemented since we took office—have nearly tripled the revenues available for State hospitals and institutions for the disabled. New methods of funding bonds devised by the Treasury Department have

saved \$150 million for the Sports Complex alone.

The facts are indisputable. In a time of financial strain and public skepticism about government, we have avoided the mistakes of some of our sister states, retained our prized triple "A" bond rating, and earned both the respect of Wall Street and millions of dollars in savings for our taxpayers.

We have striven—as I promised on taking office eight years ago—"to prove that government can be honest... can be effective... can learn to listen... can better the quality of our daily lives." And we have kept faith with that promise.

## THE ECONOMY

Economic studies have made it clear that what business fears most is "tax lightning," those violent and uncertain swings in what business must pay in taxes. We have avoided that pitfall; we have worked for and achieved stability.

The rewards of a more rational economic policy in New Jersey have been considerable. Since I took office in 1974, we have moved from an unemployment high of nearly 12 percent to our current standing as a national leader in low unemployment among industrial states—the state with the lowest unemployment rate in the Middle Atlantic region. We have the fourth highest per capita income in the nation and the only triple "A" bond rating in the industrial northeast. These are all the products of a policy which has resisted economic gimmickry.

New Jersey is undergoing a transition from a static dependence on manufacturing to a mix of industries and employment. The process is painful. Its burden has fallen disproportionately on low-skill workers and on older workers in firms experiencing nationwide declines.

I understand their plight. But it is my conviction that New Jersey's economic future lies not with the narrowly-based industrial economy of the 1950s, but with the growth industries of the 1980s. Our goal should not be to buy time for industries with limited life spans, but to secure a place for New Jersey's workers in the economy of the future.

The State should emphasize attracting medical technology, telecommunications, motion picture and cable television entertainment, pharmaceuticals, chemicals, and the so-called knowledge industries. This is the economic future for which we have attempted to lay a tax and business climate base.

We must be doing something right. The number of international firms with headquarters in New Jersey has grown dramatically in the past five years. Scores of firms have set up new or expanded operations in New Jersey.

These corporate newcomers know what their predecessors realized many decades ago: that State tax liability and cor-

porate income tax rates are lower in New Jersey than in any other state of the industrial northeast.

The best measure of New Jersey's "business climate" lies with the innovative agencies and unique policies which this Administration has designed to create jobs. We have:

- Created the Economic Development Authority to provide tax-free financing for capital construction and job creation. Over \$2.4 billion of private investment thus has been stimulated, creating over 54,000 permanent jobs and energizing New Jersey's construction economy.
- Created the Office of Business Advocacy, an ombudsman providing a one-stop point for permit coordination.
- Created the Office of Customized Training to attract new industry and encourage expansions with State assistance in providing specially-designed training programs.
- Established the Office for Providing Technical Innovation to help bring high technology products to this market.
- Created a new State Department of Commerce and Economic Development to attract business and improve the climate for firms already here. The new Department, authorized to begin operations this month, will also include a new Office of Small Business Assistance to substantially expand services offered to this sector.
- Established an urban real estate development program which will produce industrial parks and new jobs in Jersey City, Elizabeth, and Newark.
- Reduced property taxes and repealed a long list of business nuisance taxes, including the business personal property tax on equipment and the unincorporated business tax.

Nor have we ignored the legitimate demands of our labor force. In this context we have.

- Reformed an antiquated workers compensation law with stronger benefits and protections while reducing frivolous claims and needless costs.
- Provided compulsory arbitration of labor disputes for fire and police.
- Increased the minimum wage to keep pace with inflation.
- Authorized dues deductions for employee organization representation.
- Required prevailing wages on projects assisted by the Economic Development Authority.
- Assisted the development of employee stock ownership plans.
- Established standards for migrant crew leaders.
- Extended the jurisdiction of the Public Employee Relations Commission to unfair labor practices.

These policies and programs form a strong basis upon which to build the State's economy. But much remains to be done if New Jersey is to compete successfully in the 1980s.

New Jersey will face three fundamental needs if economic growth is to remain healthy:

- New capital to modernize our aging public infrastructure and private industrial plant.
- A work force fully skilled by the educational standards of the technological era.
- A development plan which encourages investment in the State's older areas and makes wise use of scarce capital resources.

The need for capital to finance New Jersey's growth may be the most difficult problem faced by the State, especially as the Federal government's role in our domestic life is reduced.

Aging bridges, roads and utility systems are telling evidence of the limited stock of public capital. But the current mood of fiscal restraint makes it difficult to foresee how we can generate the estimated \$2.3 billion for transit and highway facilities alone. The incentive for private investment and renewal of its capital stock will be weakened if New Jersey cannot fulfill its commitment to provide reliable public services.

New and expanding firms in New Jersey will need capital to finance their operations, expansion, research and development efforts. But the State's ability to directly influence the availability of capital for private development is limited.

Tax code incentives pale in importance alongside other factors. The possibility exists of funding a State venture capital or business development firm with modest annual appropriations. But the State must consider first whether it is prudent or efficient to provide development capital to the private sector.

Public employee pension funds should be considered as a potential source of State capital—but only so long as the benefits owed current retirees are protected. If that protection is assured, future retirees may benefit—through partnerships with other investors—in the fast-growing profits of New Jersey companies.

The times will demand more from our educational system. And financing a higher level of educational quality in the State may be the paramount human resource issue of the decade. The price of failure to keep pace with the educational demands of an increasingly sophisticated economy will be high—laggard economic growth for the State and personal hardship for many of our citizens.

### Energy

The State has made remarkable progress during these eight

years in dealing with the radical disruptions in our energy situation. No other factor during this Administration has so changed our economic outlook than the sudden impacts of higher energy costs. Our future health will be largely dependent on the continued successful transition to an economy which uses energy in the most efficient ways for our highest priorities.

Conceived in crisis, our energy conservation program has now achieved permanent accomplishments:

- Over 48,000 homes have received energy conservation audits with millions in dollars of savings.
- 400 public buildings have been made more energy efficient, many with funds from the State energy conservation bond issue.
- Right-turn-on-red legislation, boiler efficiency standards, and motor vehicle emission testing have brought dramatic energy savings.
- Alternative energy forms such as solar energy and cogeneration have been supported through rate policies, tax incentives and financing subsidies.

We must continue to reduce our dependence on outside energy sources. They drain our economy of dollars needed for new investment in other public and private priorities. We should move increasingly towards resource recovery, cogeneration, solar energy and other energy alternatives, while aggressively promoting energy-efficient industries and lifestyles. And we should speak out forcefully against Federal policies which unfairly increase our costs to the benefit of other regions, such as severance taxes, energy tax subsidies and oil and natural gas deregulation. At the same time, we should take action in those areas within our own control, such as the public utility gross receipts taxes, which unnecessarily increase our energy bills.

### Agriculture

Our economy cannot remain healthy if we lose our capability to produce our own food. Once self-sufficient, New Jersey has become dependent on outside sources for food as more and more of our farms have been cleared for industry or homes. While perhaps the Garden State once could afford this trend, the future will make it increasingly important that we become more self-sufficient in food production.

Our efforts to protect our rural resources through effective planning, capped by the landmark comprehensive farmland preservation program backed by \$50 million in State bond funds, will set the stage for renewed growth in New Jersey's food production sector. We have strengthened our commercial fisheries industry, supported better food processing facili-

ties and controlled environmental and biological threats to our crops. Now we stand ready for a dramatic shift in our long decline in food production.

### THE GOVERNMENT

Our 1947 State Constitution created a modern State government, capable of dealing with the complex problems of our day. Its cornerstone was a strong executive empowered to respond swiftly to crises, to administer programs efficiently, and to manage a growing State government prudently.

I have not hesitated to use that authority. I have issued executive orders during critical gasoline and natural gas shortages; to dramatize our support of housing for all citizens; to protect the Pinelands; to conserve our water supplies in time of drought; and to alleviate dangerous overcrowding in our prisons. Some have criticized my actions on legal or policy grounds, but I make no apology for bold steps in the public's interest. New Jersey will have even greater need for strong executive leadership in the difficult period ahead and it is imperative that my successor resist any efforts to weaken the office. I have confidence in Tom Kean's commitment.

The pressures to erode the power of the Chief Executive arise invariably from narrow special or regional interests which perceive a strong Governor, motivated by broad public interests, as an obstacle. We should not forget that it was just such a narrow, special interest-dominated politics which gave rise to the call for a strong Chief Executive in 1947.

In my Administration, we have seen fundamental changes in the allocation of responsibility between State and local government in the raising of taxes; the accountability of our educational system; the protection of health and environment; and in the support of senior citizens, handicapped and the poor. In each area, State government has taken on more responsibility.

Some may say that these approaches deny municipalities "home rule." I have addressed this claim before. To the extent "home rule" reflects the desire of local people for an active hand in local government, I have encouraged it. But when "home rule" masks efforts to deny poor and moderate income persons a fair share of affordable housing, then it must be opposed. "Home rule" must not be an excuse for hoarding the tax revenues gained from development, while shifting the costs of essential infrastructure to others. If "home rule" permits the exploitation of critical environmental resources for personal profit, we have a duty to resist.

We should also be honest in looking at the State's role in allocating public and private resources.

In this era of reduced public and private capital, the case

for a leading State government role in decisions on the most efficient use of our resources becomes stronger, not weaker. We cannot hide behind calls for smaller government, for "home rule." Decisions on where we build sewers, highways, and housing are vital to the future of the State as a whole and cannot be left to local government alone. The future requires not less government, but more creative government which draws upon both the public and private sector for solutions.

We have already used such approaches in the Hackensack Meadowlands. Despite early opposition to this intrusion on "home rule," State government has developed a framework for effective long-term planning and regulation upon which the private sector is building a modern community of nationally recognized significance.

I have called for similar approaches in other regions with special problems and opportunities, such as the Hudson Waterfront and Atlantic County.

Along the Hudson, we have set the stage for massive redevelopment. The opening of Liberty State Park, after years of delay, has shown the potential for reclaiming our waterfront. I invite the new Administration to examine the various alternatives which can make the Park one of the most exciting attractions in the country and an anchor for the redevelopment of Jersey City. A regional agency to provide the long-term certainty required by private investment should be the next step.

Atlantic County would profit from a regional approach to growth and development. There may be alternatives to this concept, but we cannot allow progress to be sacrificed in the name of "home rule."

This Administration has supported the creation and use of several authorities and agencies to pursue specific goals. They have their special uses. But I caution against the proliferation of special-purpose authorities without coordination and control from elected officials. The power over policy management given the Executive branch by the 1947 Constitution can be threatened by autonomous authorities and agencies which follow their narrow self-interests. The scarcity of public resources dictates reexamination of the franchise we have given these bodies to collect revenues from the public. The time has come to determine whether their spending priorities meet broad public needs rather than institutional interests. The Port Authority of New York and New Jersey is one such agency. The Delaware River Joint Toll Bridge Commission is another. And I would include such giant agencies as the New Jersey Turnpike Authority, the New Jersey Highway Authority and the Atlantic City Expressway Authority in such a review.

We have placed much of our potential public revenues in the hands of these agencies, and it is time to determine whether these revenues should be returned to more direct control of the Legislature and Governor.

Now, more than ever, the State will need maximum fiscal flexibility to allocate dwindling resources properly among competing interests. The Federal government under the current Administration will challenge the states increasingly in the 1980s to take on responsibilities formerly handled by Washington. And, as we have already seen, the Federal government will shift such burdens but not the full funding. The promise of block grants—heralded as freeing states to run programs according to local needs—already has been broken. Much of the money from Washington continues to restrict state options. And, of course, the states cannot make the 75 cents they are getting go as far as the full Federal dollar they were promised.

As the President's own budget officer has frankly observed, the Federal government's tax cuts were inequitable. The rich, the oil companies and the multi-national corporations won lavish tax benefits, while programs for the poor were gutted. Our defense establishment was enriched while the Administration in Washington sought economies in lunch programs, food stamps, and housing programs which meet the most basic needs for food and shelter.

Another test will come from within the State itself. This is the challenge to control the casino industry. The casinos were invited as a catalyst for revitalizing the Atlantic City area by providing jobs, reviving the convention trade, and encouraging the renovation of housing. But this is an industry with an uncommon capacity to generate huge and instant profits—and the temptations that go with that kind of wealth. The danger is that this growing industry will exert an excessive influence upon the government that regulates it. We encourage the casino companies to invest in our State, but not at the price of weakening regulations which insure the integrity of the industry. Atlantic City was not meant to be another Las Vegas—despite pressure in that direction from some local media which should know better. And if we remain vigilant, it will never become one.

Finally, it is time to reform our state election laws. As I have pointed out, even elections for state-wide office today are subject to processing and counting procedures that vary widely from county to county.

This lack of uniformity is, at best, outdated in a modern state and, at worst, a source of delay and confusion that can jeopardize public confidence in the integrity of our electoral process.

## EDUCATION

What we sacrifice for education is the measure of our investment in the future. This Administration, in eight years, has invested more dollars in education than all the rest of the State administrations that preceded us for almost two centuries. I have held no commitment more sacred.

Since I assumed office, State aid to education has nearly tripled to its present level of about \$1.75 billion for fiscal 1982. It is the single largest item in the State budget.

Our parochial schools, as well as our public schools, have benefitted. We have included the parochial pupils in our program of diagnostic services and helped them with the cost of bi-lingual and compensatory education and speech therapy. And we have changed the transportation aid formula for the parochial schools to more accurately reflect the annual rise in costs, as we so for public schools.

The Public School Education Act of 1975, better known as the T&E law, is one of the most extensive educational reform laws in the country. It has set standards of excellence unparalleled in the history of the State and unique in the nation.

It has opened a traditionally sacrosanct system to public view and created a way for the educational community to respond to the weaknesses identified.

Because its accountability requirements are revolutionary, the law has, at times, been difficult to implement. Controversy has always been a by-product of change, and T&E has created its own amount of controversy. But the results are worth the effort.

Since the inception of T&E, the department has found that:

- Programs for the gifted and talented have grown from 60 serving 4,000 pupils to 450 serving 35,000 pupils.
- Minimum standards have been set in basic communication and computation skills and significant progress made in attaining those skills.
- State-funded compensatory services have been provided to 220,000 educationally disadvantaged children.
- 31,000 students received bi-lingual or English as a Second Language Instruction in 1980, an 8 percent increase in such instruction in 1976.
- Approximately 142,000 children with special education needs have been provided Individualized Educational Plans (IEPs) compared to 130,000 in 1975.
- During the past three years, more than 1,000 classrooms have been brought up to a standard or removed from service.
- 175,000 students in grades 9-12 are currently enrolled in wage-earning occupational programs compared with about

152,000 in 1975.

Decentralization of decision-making from the State to the county and local levels under T&E will strengthen local autonomy. The responsibility for school improvement will be placed upon those who reap its benefits—the local districts.

As we expand the process, districts that have consistently demonstrated excellence should be relieved of the routine regulatory requirements of law and code. And, we should increasingly target the State's resources and energies to schools and districts of high needs as they work toward becoming fully approved.

With the success of T&E, we have taken a giant step toward modernizing our educational system. One measure of that success is the rise in Minimum Basic Skills test scores—which measure facility in reading and mathematics, especially among elementary school students.

But more remains to be done—at the slight decline in Scholastic Aptitude Test scores at the high school level suggests. We must continue to ask whether our high school diplomas have any real value in the marketplace of the future—or even the present. If not, then we must make sure that they do. And we must contemplate doing that with less help from Washington.

## Higher Education

At one time, New Jersey was notorious for exporting its students out-of-state for their college training. But no more.

Today, more than 60 percent of our full-time undergraduates—more than 154,000 students—receive their college schooling here in New Jersey. That is just the reverse of the ratio educated at home in the mid-1960s.

But our institutions of higher learning will command even greater attention in the years ahead to ensure access for those who are qualified and to make certain the education offered equips them for the modern world.

We have in the past several years reorganized the way our institutions are governed and funded, and have succeeded in upgrading the education they offer.

Under legislation just enacted, our county colleges will receive State funding on the basis of the programs they offer, not the number of students in a classroom. This should encourage our county colleges to better respond to the needs of its students.

The College of Medicine and Dentistry will enter the 1980s with additional autonomy to operate more efficiently and economically. It will also carry a new name, "The University of Medicine and Dentistry," that symbolizes the breadth and depth of its offerings. We can be proud, too, of our

medical school in South Jersey, although we lament the Federal cutbacks that halted its planned expansion.

We have improved the manner in which the State aids the fine independent colleges of our State. And we have revised our tuition aid programs to more directly assist those deserving students who do not have the financial resources to attend college. Our State colleges have progressed as separate liberal arts colleges, while Rutgers continues to represent our State among the leading broad-based public research universities of the nation.

Finally, the Board of Higher Education adopted, after years of study and comment, a Master Plan to guide the State and its institutions toward excellence.

## TRANSPORTATION

New Jersey's growth depends upon efficient transportation for we are the hub of a system of regional and national markets.

The State's transportation system alone represents an investment of some \$26 billion—and many portions are nearing or have already reached the end of their useful lives. All of us routinely encounter signs of this deterioration—the pothole-marked roads, the bridges posted with weight restrictions, train and bus breakdowns and delays. Continued neglect of these systems will seriously threaten the State's social and economic well-being.

Unfortunately, the Federal government is now retreating from its responsibility to provide transportation for people and commerce. Without money, no amount of ingenuity will restore our vital transportation systems. There are ways to finance our transportation needs through gasoline tax revenues, regional transit taxes, assessments on developers of major traffic-generating facilities, and more efficient use of existing public authority revenues. With the will to get it done, we can renew and rebuild the transportation network needed for New Jersey's social and economic health.

This Administration has tried to do as much as possible with limited funds. Our record includes:

- Creation of NJ TRANSIT, the Statewide public transit agency and purchase of Transport of New Jersey.
- Development of the \$600 million TRANSPAC program, the largest transit capital improvement program in the State's history, including \$120 million from the Port Authority of New York and New Jersey and \$480 million in Federal grant funds.
- Purchase of 425 miles of commuter rail and 142 stations, representing the third largest commuter rail system in the country.

- Electrification of North Jersey Coast Line from South Amboy to Matawan, and re-electrification of Erie-Lackawanna Line to be completed in late 1982.
- Rehabilitation of 822 track miles, 25 rail stations and 10 more currently underway including Hoboken and Metuchen.
- Improvements to Penn Station Newark, including:
  - 7 escalators repaired and returned to service.
  - \$16 million in terminal rehabilitations underway.
  - A study of joint development potential around the station. (Prudential is committed to Gateway III).
- Purchase of 1,133 new buses and plans for 400 additional new buses to be delivered in '83.
- Purchase of 300 new coaches for Raritan Valley, Erie-Lackawanna and North Jersey Coast Lines and the Northeast Corridor; and 117 cars on order for Raritan Valley and North Jersey Line.
- Legislative and voter approval of the \$475 million Transportation Bond Issue in 1979 to provide for critical State highway, public transit and local road capital improvements. More than 600 road and transit projects are completed or underway as a result of these funds.
- Award of \$48 million in State aid grants to counties and municipalities for local projects from the 1979 Transportation Bond Issue.

New Jersey's history as a corridor state makes us especially sensitive to the need for new roadways. This Administration has opened 76 miles of major new State and Interstate highway sections, including Interstates 78, 195, 280, 287 and 676 and State routes 15, 18 and 24.

But we have also built 70 miles of bikeways in recognition of a changing life-style and we have produced the first Transportation Master Plan since 1972—in recognition of the need to prepare for still greater change in the years ahead. The new Master Plan is in draft form to ensure that the public is heard before the final version is adopted.

The new Administration will want to look at a special regional transportation problem that have consequences for a large part of the State—(1) the need for a rail link from New York and our urban areas to the new and growing Sports Complex in the Meadowlands, and (2) the need of a growing Atlantic City for improved rail service. The full development of each of these regions awaits such rail improvements.

## HUMAN SERVICES

This Administration has acted in the belief that the public sector has a critical role in protecting and aiding the vulnerable, disabled, and disadvantaged of our society. With the

shift in national priorities, I believe New Jersey should reaffirm that belief. Programs which ease the suffering of the disabled and disadvantaged and protect the dignity of the vulnerable should not become secondary priorities.

This Administration is proud of its accomplishments in improving the quality and quantity of services to its less affluent and able citizens.

### Vulnerable Citizens

Senior citizens are particularly vulnerable, often isolated and neglected. Thus, as our population ages, senior citizen programs become more significant.

Among the significant programs to aid the elderly initiated under this Administration, are:

- A \$200 property tax deduction for those who qualify, which will benefit 178,000 people in 1982.
- Homestead rebates for all senior citizens, with 300,000 homeowners obtaining benefits in excess of \$65 million.
- Half-fare programs for seniors on trains and buses; in 1981, 645,000 persons were issued eligibility cards for this program, funded with \$6.5 million from the State;
- New Jersey's Pharmaceutical Assistance Program, the first of its kind in the nation, which helps the elderly to pay for prescription medication; some 290,000 persons are helped at a cost this year of \$44 million;
- The Lifeline Utility Credit Program, which assists 180,000 senior citizens to pay utility bills; benefits exceeded \$27 million this year.

During my Administration, the amount of State assistance to senior citizens has gone from \$90 million in 1974 to \$304 million in 1982, an increase of more than 200 percent.

Children are equally vulnerable. And here, too, we have shown that we care. In 1972, New Jersey had approximately 23,000 children under protective supervision. By 1982, this has grown to 47,000 children, with in-home services, crisis capability, and expanded out-of-home placement opportunities. Just as dramatic has been the increase in support services for families which require them. Wherever possible, this administration has kept children with families; where not possible, we have found alternative, home-like settings (permanency planning) and have guarded against inappropriate placements ("Child Placement Review Act").

### Disabled Citizens

One group which through no fault of its own needs special assistance is the mentally and physically disabled. A major

thrust of this Administration has been to eliminate the institutional segregation of disabled citizens through programs which allow them to live in the community. For example, State-supported community residential programs for mentally ill and mentally retarded citizens have grown from \$7.3 million in 1973 to \$47.4 million in 1982.

Perhaps more distressing is the growth of alternative institutions which segregate the disabled—for example, boarding homes and, some would argue, nursing homes. Progress has been made in protecting the interests of these citizens through the Office of the Ombudsman for the Institutionalized Elderly, the Public Advocate's Office, the patients' bill of rights legislation, and State regulation of boarding homes. Yet, a comprehensive, non-institutional service system for New Jersey's disabled remains a goal rather than a reality.

### Disadvantaged Citizens

The economically disadvantaged face a difficult, if not impossible, task: subsisting in a society where they are often unable—because of family commitments, insufficient education, or discrimination—to find employment. I have placed special emphasis on ensuring an adequate income for New Jersey citizens. This has been done by (1) initiating a state supplement to federal payments; and (2) initiating two income support programs, one fully State-funded, that aid the working poor.

In summary, this Administration has displayed an unshakable commitment to aiding and protecting those who need assistance. Despite the tenor of the times, I believe the people of New Jersey respect that commitment and intend to honor it in the future. Yet rising costs require a new look at priorities in human services—including who we can serve and what services we can provide. At the same time, we must seek solutions in more economical community settings and rely less upon expensive government institutions.

To the extent that we waste funds, we will reduce the number and variety of services we can provide or the number of needy we can serve. Fiscal constraints will dictate new methods—but not new values.

### NATURAL RESOURCES

For decades, New Jersey took its natural resources for granted. Land, air and water were thought to be unlimited in what they could provide and how much waste they could absorb. Wealth was calculated by how much we could extract from resources that were thought to be self-replenishing and self-purifying.



We have come a long way in changing that attitude—though perhaps not far enough. Wealth generated by our resources must be weighed in light of how much is forever lost or damaged.

We have succeeded during this Administration in preserving and protecting our true wealth. It was not an easy task, nor free of controversy. Local boundaries could not contain the problems, nor could local governments be expected to offer more than local solutions. By acting at the State level, we have ended the era of exploitation. It is a luxury New Jersey can no longer afford. Henceforth, our use of natural resources must proceed only when it is clear that the short term benefits outweigh the long term costs. We will all be wealthier that way.

The State has made significant strides in managing its resources during the 1970s, and has earned a national reputation for its innovations. Some programs, such as Pinelands Preservation, toxic waste protection and recreation, have become models for other states.

But other, less publicized programs, have had equal consequence for the health and environment of our State and its people. For example:

- New Jersey's cancer and toxic substances control program is possibly the most advanced in the nation. We were one of the first states to track hazardous wastes from origin to disposal, and our hazardous waste strike force has indicted or convicted 25 corporations for illegal dumping. Our Spill Fund was the first in the nation to deal comprehensively with the risks of oil spills and toxic waste, cleaning up toxic waste dumps.
- With the approval of the \$350 million Water Supply Bond issue last November and creation of the Water Supply Master Plan, New Jersey has become one of the few states to map and fund its water supply needs for the future. The new water supply authority will implement projects needed for the coming years.
- We have embarked upon resource recovery. A statewide Solid Waste Master Plan has created 22 districts to oversee disposal and to foster resource recovery. The approval of the Natural Resource Bond Act provided State money for resource recovery projects. The "bubble concept" of air pollution control, a nationally emulated system for controlling stack emissions while saving industry money, has been developed.
- Our endangered species wildlife project was the first in the nation to secure Federal funding.
- The Hazardous Waste Facilities Siting Law has provided public safeguards and participation in the location of hazardous waste sites.
- Liberty State Park—New Jersey's first urban park—was

created on 800 acres of the Jersey City Waterfront, and has become the most visited park in the State.

- The Pinelands—one million acres of wilderness, filled with distinctive forests, scenic rivers and rare wildlife—has been protected under State legislation that ensures the environmental stability of this unique and irreplaceable area of our State.
- New Jersey was one of the first to establish a Statewide air monitoring network to assess air pollution control efforts. New Jersey is first in Statewide mandatory auto emissions testing and enforcement and is the only state that tests every car to assure clean exhausts and better fuel economy.
- Construction has begun on two major environmental facilities: the world's first Pesticide/Toxic Substance Laboratory Complex and the Pequest Trout Hatchery Natural Resource Education Center.
- A Statewide Pre-treatment Management Program for industrial wastewater and the disposal of industrial residual wastes was developed. It is the first program of its kind in the country—like so many in New Jersey.

While we are justly proud of our accomplishments in the environmental field, it is a pride coupled with caution. For New Jersey has become the laboratory in which industrial America will determine whether it can maintain the purity of its environment amid the growth and spread of industry and people.

It is a test that may, in the end, weigh more heavily on the scales of our future than even the problems of State funding. For if we cannot offer pure water, air that is fresh and soil free of the toxic residue of industry—then who will want to live here?

## CRIME

No problem of the modern state so preoccupies the public—or produces so much collective hypocrisy—as that of crime. As a society, we cry out for longer prison terms and swifter incarceration, but as taxpayers we refuse to pay for new prisons or balk at permitting them in our communities. And we remain insensitive to the economic and social causes of much crime even as the cost of that insensitivity grows.

Every attempt to deal rationally with our crime problem runs aground on the rock of these contradictions.

I do not claim that government alone can cure the problems of crime and growing street violence. But recognizing the need to try, we have in the past eight years produced some solid achievements.

- Reform of the State's criminal code eliminated archaic

statutes, provided rational penalties and efficient procedures.

- Overhaul of our parole process also brought new fairness and certainty to the system.
- Vigorous prosecution of organized crime, and the strict controls on the casino industry, provided a continuing warning that New Jersey will not serve as a willing home for corrupt elements of our society.
- Development of a correctional master plan, and the authorization of new funds for construction and rehabilitation of our prisons and jails, has demonstrated our commitment to the safety and security of the public.
- The Metro Task Force experiment, under which State Police were assigned to high-crime areas in Trenton, illustrated how State resources could effectively supplement local crime-fighting efforts.
- Creation of a Federal-State Hazardous Waste Strike Force was the first of its kind in the nation to battle illegal dumping threatening the public health.

Nevertheless, we recognize that the economic and social factors underlying the rapid increase in crime are not all within government's control through law enforcement. It is easy to propose simplistic suggestions, including the death penalty and arbitrary controls on judicial sentencing discretion. These may bring short-term political benefit but they ignore the long-term nature of our problems.

Our future leaders will have to face the crisis in corrections policy. We cannot continue trends which mandate lengthy sentences without the political will to build needed jails and prisons. The Task Force report which I have been given on prison needs shows that our options are limited. We must explore alternatives to incarceration for non-violent offenders, perhaps through community service.

I can offer little hope that this plague upon modern society will ease in the years ahead. Indeed, to the extent that unemployment rises and the economy remains sluggish or worse, the problem could magnify and the demands upon State resources in wealth and ingenuity increase dramatically.

## COMMUNITY DEVELOPMENT

The rescue of our cities is a national problem that tests our ingenuity almost as greatly as it does our financial resources, especially now as the Federal Administration turns its back on our older, urban areas.

We have tried to create a series of anchor projects around which private development might grow. These include:

- Liberty State Park in Jersey City. This project could trigger development of the entire Hudson River waterfront from

Hoboken south almost to Bayonne.

- The Route 18 extension in New Brunswick. This project was central to the giant Johnson & Johnson expansion in that City.
- The Newark Industrial Park and the proposed new State Office Building. Together, these projects will provide jobs and hope for our largest urban center.
- The State House Office complex and the new State facilities planned for downtown Trenton. These are solid foundations upon which the future of our capital city can be based.

We have helped restore the historic Hoboken rail terminal and intervened—with money and State supervision—to save the city of Camden from fiscal collapse. We have fostered payments in lieu of taxes on State-owned property in municipalities across the State. We have redistributed utility gross receipts tax revenues from low-tax havens to distressed areas. And we have absorbed at the State level an increased share of the welfare cost to counties and municipalities.

New Jersey's urban problem is significant. But I believe we stand on the edge of a period that will see the rebirth of our cities—one that will unleash billions in spending for development downtown and along our waterfront areas that will rival the Baltimore renewal. It awaits only a restoration of our economic health and a return to reality in interest rates.

## Housing

No aspect of the urban problem presses more heavily on our people than does housing, a major victim of our current economic decline. We have helped prepare New Jersey for this crisis with a series of actions that are national firsts:

- The first new home warranty and builders' registration program.
- The first Statewide program for the comprehensive improvement of neighborhoods.
- The first "lifeline" utility program.
- The first state bureau of housing inspection.
- The first program to administer the Green Acres Urban Parks and Recreation Recovery Program on a Statewide basis.

Some other housing achievements these last eight years include:

- The largest neighborhood preservation program in the nation.
- The largest bond issue sold by any state housing agency. This was the \$158,900,000 bond issue of the Housing Finance Agency to finance the construction of more than 3,000 housing units.

- One of the nation's largest programs for housing senior citizens in a private-home community with nursing, health and meal services.

We have made housing more available during one of the nation's worst housing recessions.

The Mortgage Finance Agency has raised more than \$700 million for below-market financing to buy 8,000 units under the Neighborhood Loan Program and more than 15,000 housing units under the Loan-to-Lenders Program. We have improved 4,700 homes under the Home Improvement Loan Program. The Housing Finance Agency has raised \$948,250,000 for construction of 126 developments containing 23,180 units. A \$10 million construction program has been instituted at schools for the mentally retarded.

We have restored older but still solid urban housing stock.

The Neighborhood Preservation Program has rehabilitated more than 10,000 units and helped bring decaying urban neighborhoods back to life. The Safe and Clean Neighborhood Program has provided millions of dollars to improve neighborhoods. The Urban Pest Control Program has greatly reduced rodent infestation and the attendant risks to health.

We have made housing cheaper to own and operate.

The real estate tax deduction for senior citizens and the disabled has been increased to \$250. Income limitations will have been raised from \$5,000 to \$10,000 by 1983. New energy and solar conservation programs help reduce the cost of lighting and heating. More than \$6,900,000 was allocated last year to increase energy efficiency in homes of low-income elderly or disabled persons. More than 12,000 homes have been weatherized. Our "lifeline" utility credit program ensures that elderly or disabled persons can meet their utility bills.

We have made housing safer.

We supported adoption of the Uniform Construction Code Revision of 1980, the Hotel and Multiple Dwelling Act of 1979, the New Home Warranty and Builders' Registration Act of 1978, and the Rooming and Boarding House Act of 1979. We have instituted tough regulatory and enforcement systems.

We have protected the legal right to housing.

The Truth-in-Renting Act of 1981 ensures that residential leases are understandable. The Planned Real Estate Disclosure Program protects owners of condominiums, co-operatives, and other arrangements where owners share common facilities or interest. The Senior Citizens and Disabled Protected Tenancy Act protects our senior citizens from eviction resulting from condominium or co-operative conversions. Our anti-redlining legislation prohibits the arbitrary denial of mortgage loans to property-owners in poor or minority neighborhoods.

While we have made progress, a crisis in housing availability

and costs exists that results from many factors beyond the State's control. We are becoming a society where only the rich can afford a home.

We need new financing mechanisms for housing of all types. The great financial resources of our banks, our insurance companies and our pension funds must be put to work.

And we should resist housing trends which see the State divided between rich and poor. I have spoken out against local housing barriers which exclude the poor. This is "home rule" at its worst.

## THE CONSUMER

We live in an age of litigation born of the complexity of modern life. And this Administration has provided the consumers of New Jersey with a law firm of their own—the Department of the Public Advocate, the only government-funded "public interest" law firm in the nation.

It has not been idle. These past eight years, the office has participated in landmark lawsuits to protect indigents, medical patients, the disadvantaged and otherwise unrepresented groups.

It has fought the public's fight on such issues as energy conservation, nuclear power, the environment, housing, public safety, and health, utility and insurance rate increases. Often, it has opposed the initiatives of the very Administration that created it—in just the kind of feisty fashion I intended. For example it has:

- Resolved bureaucratic red tape problems for nearly 100,000 citizens and stimulated administrative reforms, including improved Division of Motor Vehicle customer services.
- Saved insurance, utility, and other rate payers more than \$2.5 billion over seven years.
- Successfully challenged utility plans for construction of unneeded power generating facilities while protecting customers from the costs of unused and unusable nuclear generators.
- Encouraged numerous health care reforms, including a requirement that nursing homes provide reasonable numbers of beds for indigent and Medicaid patients.
- Compelled developing communities, including Atlantic City, to provide housing for low and moderate income persons and spurred numerous tenant right reforms.
- Litigated nearly 20,000 psychiatric hospital commitment and periodic review hearings, winning approximately three out of four cases at huge savings to the State.
- Established unprecedented right-to-treatment actions for mental patients and helped curb widespread patient abuse.
- Set the national model through the Public Defender Sys-

tem for representing indigent criminal defendants, a system which has saved in excess of \$30 million annually when compared to the pre-1967 system financed by counties.

I hope that the protection of the public interest by a State-supported legal staff will remain a tradition in New Jersey. It is in everyone's best interest.

### Insurance

This Administration has made broad advances for the consumer in both motor vehicle and general insurance.

Our success in deregulating some insurance lines has improved the competitive position of New Jersey companies, stimulated competition within the State, produced coverages more tailor-made to consumer needs, and reduced rates.

In the motor vehicle insurance field, we have taken the first steps toward reducing the disparity in costs between the city and suburban auto owner. We have made it clear that we will insist upon proven variables in rates setting—such as accident rates—rather than upon such inequitable measures as sex, marital status and place of residence. It is a long overdue reform.

One reform that is even longer overdue in motor vehicle insurance is an increase in the law suit threshold under the State's no fault law. The present \$200 threshold no longer deters even frivolous court actions. The public interest demands that we raise the threshold—despite the ill-advised opposition of some negligence lawyers.

### Health

The rate-setting commission on hospital costs created by this Administration has become a national model for the control of sky-rocketing hospital charges. Its benefits have been felt by all New Jerseyans, young and old, black and white, city-dweller and suburbanite.

Our generic drug program, in the same fashion, offered millions of dollars in savings to New Jersey consumers by providing a cheaper alternative to brand-name drugs. This was an especially satisfying reform because its benefits accrued so heavily to our elderly.

There were other areas of State activity on behalf of the consumer, too, such as the creation of a consumer Hot Line information service, improvement in the milk pricing regulations, and a deregulation of liquor pricing. The latter reform saved an estimated \$50 million annually.

State government must remain alert for such opportunities to ease the burden on consumers—especially as inflation and recession continue to dominate our economic life nationally.

### Our Image

Few states have been so burdened by their image as has New Jersey. This Administration has challenged that stereotype successfully—by its commitment to integrity and by its willingness to challenge its larger neighbors in the battle for major investment.

The Sports Complex in the Hackensack Meadows is an example. The complex was little more than two gaping holes when I took office. Powerful governmental and financial interests in New York were determined that the Meadowlands project would go no further. Despite that opposition, New Jersey has demonstrated that our State has the vision, the wealth and the skill to conceive, finance, construct and manage vast enterprises. That demonstration has altered permanently the relationship between New Jersey and New York.

It is time all of us in New Jersey grasp the enormity of that change and what it can mean in jobs, leisure, economic growth and an enhanced sense of ourselves and our State.

Our neighbors realize it. The Giants, the Cosmos and the Nets have come across the river. The Hambletonian Trotting Classic is now a Meadowlands fixture. Indoor soccer, the circus, horse shows, olympic-level track competition, and perhaps even major league hockey will soon be on display at the Meadowlands. And, in time, we will have our own major league baseball team.

In other areas, too, our State is coming of age. After decades of inattention, we have acted to preserve the Pinelands, a unique and irreplaceable natural resource. Atlantic City is engaged in a great experiment to reclaim its place among the nation's leading resorts. Last year, more people visited Atlantic City than any resort in the country.

Increasingly, foreign business finds New Jersey an attractive location. Only 200 foreign firms were housed here when I took office; today the figure is approaching 600.

Manufacture is declining, it is true, but high technology industries are flocking to the State, evidence of their high regard for the quality of our workforce, our educational institutions and our business climate.

It is a time when New Jerseyans can speak justifiably of their State with a new pride. But too often the media which serves us—much of it based out-of-state—seems to have missed that new pride, to have settled too easily for the old stereotype. At best, it seems not to understand our needs and our problems; at worst, it seems motivated by economic interests of its own.

For example, we were condemned by some for admitting casinos to Atlantic City when the alternative would have been

the continued decline of that city. Yet, this same few belittled our efforts to develop the Meadowlands—an enterprise which threatened their own economic interests in New York City.

The old stereotypes no longer apply. Our State is prospering. This Administration has remained free from taint. Even our recent gubernatorial election—the closest in our history—confounded our critics by proving the most accurately counted in our history. New Jersey works. It's time our detractors—at home as well as across our borders—acknowledge that fact.

## THE CHALLENGES

As I prepare to leave office, I am acutely aware of how quickly these years have passed, of how much remains to be done in spite of our best efforts. It is, I suppose, the price fate exacts from those it favors with high office.

But for my successor and for the Legislatures of the 1980s, these unresolved problems comprise the challenge that will test their fitness to serve our State.

We can group these challenges in four areas:

- The aging of our population, dividing young and old in the fight for scarce resources.
- The increasing division between rich and poor, city and suburb.
- The demands of the new technology.
- Financing the future.

I. Our people are growing older and the consequences that poses for State government are many. Pension, housing and health benefit costs will impose new drains on the State's budget and economy. It is imperative that we devise ways of meeting these costs without placing an excessive burden on our younger working people.

As our population ages, we will reap the benefit of a more skilled workforce. But that will not relieve those in State government of the need to reassess the long-term impact of pension costs—they are close to out of hand now.

II. Our cities have aged more rapidly than our population—but without the care we have lavished on our elderly. Now we face the prospect of a deepening urban poverty alongside spreading suburban wealth. It is a socially volatile mix we should do our best to avert.

We are not without ideas. Improved transportation, such as a rail link to the Meadowlands Complex, would help put the poor within easier reach of new jobs. We should encourage access for the poor to low-income housing nearer the growing suburban job markets. The process of gentrification—returning

a young and prosperous middle class to our center cities—can also help generate an urban revival and should be encouraged.

And, we should insist that our urban schools fulfill an obligation to educate their charges so that they will prove an asset and not a liability to our urban life.

III. The new technology threatens to aggravate the gap between rich and poor, between urban and suburban child, unless we demand excellence from our city schools—and get it. But it will put pressure also on our colleges to produce graduates equipped for the technological age and will demand a greater integration of research in our colleges with the needs of private industry.

At the same time, the new technology offers a chance for advances in teaching efficiency—perhaps even some kind of breakthrough in upgrading the disadvantaged. And we as the nation's most urban state must be quick to encourage and recognize any such opportunity.

Finally, State government must resist the temptation to offer irrational tax windfalls to lure high technology industries to New Jersey. It's bad policy; and it doesn't work in the long run. Our investment should be reserved for programs that will assure us the kind of workforce, the kind of educational system, that will attract technology and produce people capable of operating a complex society.

IV. Above all, we face the challenge of financing the future, of encouraging the private capital needed to create jobs and of finding the public capital needed to repair our aging infrastructure. All sources of capital should be examined—in pursuit of a strategy that harnesses public and private pension plans, insurance assets and our large banks in a coordinated strategy to invest in New Jersey and its needs.

State government will encounter new demands for housing, day care, transportation, education, environmental protection. With the Federal government, long our partner in progress, now withdrawing its support, State government will be pressed to look elsewhere—to new and increased user fees, regional transit taxes, the capture of authority revenues. Or it can choose to reject those demands.

You will be judged by the wisdom of that choice.

The Federal government will not be a source of solace in the years immediately ahead. Its priorities are found not in our people but in the Pentagon. And as it raises the temperature of Soviet-American relations and increases the risk of nuclear confrontation, it poses a special peril for the people of this region. For we live on the nuclear bulls-eye. We should continue to challenge the new Administration's mistaken priorities and not be cowed in that challenge by cheap appeals to a false patriotism.

There will be other challenges as well—including the need to maintain the State's new-found appeal. We have escaped the shadow of New York and Philadelphia at last, but to maintain that identity will require enterprise in attracting people and industry.

And, above all, there is the challenge of integrity, without which the rest is meaningless. Tom Kean, I am confident, will steer this State on a straight and narrow course.

## CONCLUSION

Eight years ago, on assuming this office, I said that "it is time to stop looking beyond our borders and to look to the people of New Jersey—to ourselves." That advice seems even more fitting today when the hand of the Federal government is being withdrawn.

More than ever, you will be on your own in the search for money to meet the genuine needs of this State.

But there is another test you, as members of New Jersey's 200th Legislature, will face that deals less with money than with a sense of the public interest and your own integrity. Most of the bills that come before you will serve the interest or convenience of limited segments of the public. Those bills genuinely in the public interest will be—ironically—controversial.

Bills for clean air will be opposed by some with an economic interest in polluting the air. Bills on low cost housing will be opposed by those who don't want it here; bills to reduce litigation by those who live by litigation; bills for rational development of an area by those who insist—usually for some economic interest—on "home rule."

As legislators, you will have a place in history. How you will be remembered is something you can determine in the months ahead.

I will be remembered, I suppose, as controversial. But I find the words of Woodrow Wilson, words I employed in my inaugural address eight years ago, compelling counsel for any public man:

"If you think too much about being re-elected, it is very difficult to be worth re-electing."

They are words to live by. And sometimes, even those who live by them manage to win re-election against the greatest odds. The real satisfaction, however, is in the knowledge that you will be worth re-electing.