Discussion Points (Cont'd)

1. P.L.2019, c.32 established several multiyear schedules for gradually raising the State minimum wage from currently $8.85 per hour to not less than $15 per hour. The increase may affect department staff, third parties that provide services to or on behalf of the department, and programs with means-tested eligibility criteria. In FY 2022, the general State minimum wage will rise to not less than $13 per hour on January 1, 2022. The general minimum wage schedule will increase to at least $14 per hour on January 1, 2023; and $15 per hour on January 1, 2024.

- ***Questions:*** **Please quantify the fiscal impact to the department in FY 2022 of the increases in the minimum wage of department employees from $12 to $13 per hour on January 1, 2022. Relative to the current compensation levels, please provide the same information assuming an hourly minimum wage of $14 and $15.**

  There is no fiscal impact because there are no hourly employees currently making less than $15/hour and there are no full-time employees making less than the full time salary equivalent, ($27,405).

- ***Questions:*** **Please quantify the fiscal impact to the department in FY 2022 of the increases in the minimum wage of employees of third parties that provide services either to the department, including temporary employment services, or on behalf of the department according to contractual agreements. Relative to current compensation levels, please provide the same information assuming an hourly minimum wage of $14 and $15.**

  The minimum wage's fiscal impact for the Department of the Treasury's third party providers is minimal for FY2022 because the vast majority are already paid above $15.00 per hour.

  - ***Questions:*** **Please quantify the fiscal impact to the department in FY 2022 of the increases in the minimum wage of enrollees in programs run by the department that have means-tested eligibility criteria. Relative to current compensation levels, please provide the same information assuming an hourly minimum wage of $14 and $15. Please list the programs with income-based eligibility criteria that will be affected by P.L.2019, c.32 and for each such program specify the law's projected effects on enrollment, the benefits provided to enrollees, and the projected cost savings to the department.**

    There is minimal fiscal impact to Treasury due to increases in the minimum wage of enrollees in programs run by the department that have means-tested eligibility criteria.

2. P.L.2019, c.56 established the **New Jersey Secure Choice Savings Program**. The law requires employers with 25 or more employees to participate in a retirement savings program administered through automatic payroll deductions, allowing employees of small businesses to save for retirement. In response to an OLS FY 2020 Discussion Point, the department noted that it anticipates issuing an RFI for the Secure Choice Savings Program. The law mandates implementation of this program by the end of March 2021, but the Secure Choice Savings Board may grant a one year extension. According to the Comprehensive Financial System (CFS), the Executive has not spent any part of the FY 2021 appropriation of $250,000. The Governor's FY

Discussion Points (Cont'd)

2022 Budget recommends $500,000 to the Division of Investments for the Secure Choice Savings Program in FY 2022.

- ***Questions:*** **Please provide an update on the status of implementation of the Secure Choice Savings Program. If the program is not yet implemented, please explain why and the target date for implementation of this program.**

  The New Jersey Secure Choice Savings Program Act (P.L. 2019, c. 58) (the Act), mandates the implementation of the Secure Choice Program (the Program) in but not of Treasury by the end of March 2021. Section 14 of the Act also provides for an extension of up to twelve months for implementation. Under the Act, the Program is to be implemented and run by a seven-member Secure Choice Savings Board (the Board).

  Appointments to the Board are ongoing. Pending these appointments, Treasury staff (across the Treasurer's Office, the Division of Administration, OMB, and Division of Investments) has worked to support the Board's implementation of the Program as soon as possible upon the Board's organization. The proposed FY 2022 appropriation will support the Board's launch of the Program, in a manner to be determined by the Board.

- ***Questions:*** **Please explain why the Executive has not spent any of the FY 2021 appropriation, and please explain how the Board plans to spend the FY 2021 appropriation. Please explain the reasoning behind doubling the appropriation for the Secure Choice Savings Program over the prior fiscal year.**

  The FY2021 appropriation for the Secure Choice Program has not been spent because, as explained above, the Board is not yet organized and thus the Program has not launched. Because the Act establishes the Program in but not of Treasury, to be administered by the independent Board, Treasury cannot speak for the Board as to how it may decide to spend appropriated funds.

  The Board will likely organize before or during the first quarter of FY2022, and in light of the Act's implementation timeline, the Board will require additional funding for its launch of the Program in FY2022.

3. Since the onset of the COVID-19 pandemic, the federal government has awarded several billions of dollars to the State of New Jersey.

- ***Question:*** **What are the department's plans to maximize federal financial assistance during the COVID-19 pandemic and as the State recovers therefrom?**

  Per OMB directive, all COVID-related costs are separately coded in the State's accounting system, subject to multiple and escalating managerial review. This strategy ensures maximization of federal recoveries.

4. Many federal agencies and departments have waived certain requirements during the COVID-19 pandemic.

Discussion Points (Cont'd)

- ***Questions:*** **What, if any, federal waivers has the department applied for during the COVID-19 pandemic? What waiver requests were approved and what waiver requests were denied? How many of these waivers have an opportunity to be extended?**

  Treasury has applied for no federal waivers related to COVID-19 during the pandemic.

5. The Federal Funds Information for States estimates that New Jersey State and local government entities will receive a combined $15.1 billion in federal assistance under the American Rescue Plan Act of 2021.

- ***Questions:*** **Please detail the amounts the department anticipates receiving under the American Rescue Plan Act of 2021 and indicate the purposes for which the funds would be used. By what date would the funds have to be expended?**

  The first, temporary set of guidance from the U.S. Treasury regarding the amounts and permissible uses of funds under the American Rescue Plan Act of 2021 (the "ARP") was issued on Monday, May 10, 2021 and is under review. Once that review is complete, the Executive, in collaboration with the Legislature, will determine the use of the funds. That initial, temporary guidance is available here: https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds

6. Diversity and inclusion in the workplace rose to prominence as a mainstream topic of interest in 2020.

- ***Questions:*** **Please indicate the percentages of minorities and women in each of the department's middle and senior management. Please detail any plans the department may have to increase the representation of minorities and women among its middle and senior managers.**

  Department-wide, there are 88 staff members in senior management positions. Of those 88 people, 37 (or 42%) are women, and 15 (or 17%) are minorities.

  Department-wide, Treasury has 298 staff members in middle management positions. Of those 298 people, 143 (or 48%) are women, and 69 (or 23%) are minorities.

- ***Questions:*** **Please indicate any structures and elements of its culture that are known to the department as having had the effects of making minorities and women feel unwelcome and limiting diversity and inclusion. How does the department intend to address these structures and cultural elements?**

  For the first time in its history, the Department of Treasury is led by an all-female senior management team (Treasurer, Chief of Staff, Deputy Treasurer, Assistant Treasurers, Director of Communications and Director of Legislative Affairs). Also, within the past year, the retirements of two Division Directors and the Human Resources Officer created two division director and three senior manager openings; four women and one minority man have been promoted to fill those positions.

Discussion Points (Cont'd)

The Department has not identified any structures and elements of its culture as having had the effects of making minorities and women feel unwelcome and limiting of diversity and inclusion.

What initiatives has the department implemented in the last two years to further the diversity and inclusiveness of its workplace? Does the department intend to undertake any additional initiatives through the end of FY 2022?

During the past two years several actions/activities have taken place across the department including: participation in the NJIT career fair, which presented a broader spectrum of diverse student populations, including a high degree of minority STEM graduates; posted job opportunities at minority-serving higher learning institutions; attended the Women in History Virtual Celebration; enrollment in continuing legal education courses such as *Tools for Advancing Equity: Engaging in the Elimination of Bias* and *Implicit Bias and Elimination of Bias.*

During 2020, Treasury undertook a comprehensive nationwide recruitment effort to strengthen and expand its senior management team within the Division of Investment. The Division incorporated a large and diverse interview panel of Division employees, as well as Treasury's EEO Officer and Diversity Council member, into the hiring process. The position specifications noted the Division's efforts to expand the utilization of broker/dealers, investment consultants, investment advisers, and alternative investment fund managers. Four of the five senior investment professionals hired in this process are diverse candidates, including the Division's first Diversity Portfolio Manager.

Treasury was represented by 27 senior and middle managers at the recent Diversity Council Roundtable Discussion hosted by the NJ Civil Service Commission. Our team learned about best practices from sister agencies and shared these insights and ideas with respective management and supervisor teams.

Treasury is currently engaged in the procurement of a suite of diversity and inclusion specific online courses currently offered by Civil Service via their All Access Pass. CSC will develop a customized learning path within the Learning Management System, which will be made mandatory for all Treasury managers and staff. We anticipate delivery of that learning package this June. Treasury is the first department to engage CSC in creating this tool.

Additionally, Treasury is in the process of adding a Diversity Officer within our Human Resources unit to lead an internal team to create department-wide action plans to continue efforts to ensure diversity and inclusion from recruitment, through onboarding and continued workplace practices.

DIVISION OF INVESTMENT

7. For each year, the State Investment Council (SIC) adopts within a regulatory framework an **asset allocation plan** that sets targets for the percentage of the portfolio that ought to be invested in specific asset classes. New Jersey's investments are allocated into six broad categories: Fixed Income (23.0 percent), Alternative Assets (25.0 percent), Domestic Equity (28.0

Discussion Points (Cont'd)

percent), International Equity (19.0 percent), Cash and Equivalents (5.0 percent), and Police and Fire Mortgage Program (0.0 percent). This is a change from FY 2019, as the target asset allocation decreased for Alternative Assets by eight percent and increased for Fixed Income by eight percent.[1]

In FY 2020, the division's pension fund investment posted a 1.21 percent return, net of fees, which reflected the challenging global economic and investment environment of FY 2020.

- ***Questions:*** **Why did the target asset allocation plan decrease the target allocation for Alternative Assets and increase the target allocation for Fixed Income? How will the asset allocation change over the next few months as the world recovers from the pandemic?**

- ***Question:*** **Please provide an update regarding the State investment portfolio's FY 2021 year-to-date performance.**

  The Council adopted a new investment plan including a new targeted asset allocation and allowable ranges for asset classes during its July 2020 meeting. The new investment plan included a higher targeted allocation to private market assets (alternative investments) that are expected to realize attractive risk-adjusted returns over time and a lower targeted allocation to fixed income securities reflecting, in part, historically low interest rates.

  The increased allocation to private market investments is expected to be implemented over time, consistent with the longer-term structure of these investments and the Division of Investment (DOI)'s objective to maintain a disciplined due diligence process and a prudent approach to vintage year diversification. Asset allocation decisions are based on longer-term investment return expectations. Accordingly, the asset allocation is not expected to change materially over the next few months.

  The increased allocation to private market assets reflects expectations that private markets will realize a return advantage, resulting from certain competitive advantages including value-added expertise and support via improved operations and synergies, as well as access to a larger pool of faster growing companies. These competitive advantages are tempered by higher fees and expenses, increased investment complexity, greater use of financial leverage, and reduced liquidity.

  The reduced allocation to fixed income coincides with record low yields for U.S. Treasury securities, investment grade corporate bonds, and high yield bonds.

  The Pension Fund has realized strong investment returns during FY21. So far, on a fiscal year-to-date basis through April 30, the Pension Fund's preliminary return is +22.6%. Notably, this preliminary return would mark the Pension Fund's best fiscal year since 1998.

8. P.L.2019, c.2 requires the Director of the Division of Investment to use qualified minority and women-owned financial institutions to provide brokerage and investment management services. In January 2021, the State Treasurer announced the hiring of a Diversity Portfolio

[1] Data from 2020 report re-categorized by Office of Legislative Services

Discussion Points (Cont'd)

Manager within the Division of Investment to assist in identifying a "wider universe of diverse investment fund managers, brokers, consultants, and advisers" to help with managing the State's pension fund.

- ***Questions:*** **What steps has the Department taken to implement P.L.2019, c.2? How many minority or women owned business enterprise management and brokerage firms have been hired to provide services for the Division of Investment? Please provide separate data on women and minority owned businesses.**

- ***Questions:*** **Please provide a summary of activities taken by the Diversity Portfolio Manager for FY 2021 and please provide an update of planned activities by the Diversity Portfolio Manager for FY 2022.**

  The DOI, under this administration, has a demonstrated commitment to providing opportunities for MWBEs. Since January of 2018, $1.7 billion of $5.5 billion in new capital has been committed to MWBE fund managers, representing 31% of all newly committed capital. Investments with minority and women-owned fund managers now comprise approximately 11.5% of the total market value of DOI's alternative investment portfolio.

  Since P.L. 2019, c.2 was enacted in January of 2019, the DOI has presented to the State Investment Council investments for six MWBE fund managers and has approved two MBE and one WBE brokerage firms for trading.

  DOI has taken a series of steps to implement P.L. 2019, c.2 including outreach and leadership at diversity and inclusion events, outreach to peers to identify and implement best practices, and promotion of DOI's efforts through various media outlets to expand the universe of MWBE fund managers it utilizes.

  DOI has also strengthened its relationship with organizations whose missions promote diversity. These organizations include the National Association of Investment Companies; the National Association of Securities Professionals; Sponsorship for Educational Opportunities; New America Alliance; Robert Toigo Foundation; ILPA; RFK Compass; and the 30% Coalition.

  DOI maintains an open door policy to meet with MWBE fund managers, brokers, and investment consultants. During FY2021, DOI has held meetings with more than thirty MWBE firms. In October of 2020, DOI hired its first Diversity Portfolio Manager (DPM) following a nationwide search. As part of DOI's senior leadership team, the DPM is fully embedded in the investment decision-making process across all asset classes, sits on the Asset Allocation Committee, vets investment opportunities, and participates in pipeline and strategic planning meetings. All of the efforts noted above will continue in FY2022.

DIVISION OF PURCHASE AND PROPERTY

9. P.L.2017, Joint Resolution No. 3 established a 15-member **Disparity in State Procurement Study Commission** to assess the procurement of goods and services by State departments and agencies, including independent State authorities and local government units, to determine if any disparities exist between the availability and utilization of small, disadvantaged, and minority-owned and women-owned businesses in particular market areas.

Discussion Points (Cont'd)

The commission is tasked with recommending policies, practices, and programs that would promote opportunities for these businesses in public purchasing and procurement. The commission is required to report its findings, conclusions, and recommendations within one year of its initial organization meeting. The first meeting was on February 19, 2019.

The FY 2021 Appropriations Act provided $1 million for a disparity study. On December 23, 2020, the department announced that that the study will be conducted by Mason Tillman Associates, LTD through a public bidding process. According to the bid solicitation[2], the goal of this effort is to research, structure, and conduct a comprehensive and legally sufficient disparity study of the State's contractual awards in construction, goods, and services for a five year period, to determine the level of use of minority, women, and veteran-owned businesses (MWVOB) as contractors and subcontractors by the State for construction and construction-related services and goods, commodities, and select professional services. The study will recommend race- and gender-neutral programmatic remedies that would be sufficient to address any identified disparity or underutilization of MWVOB firms. The study will also review the effectiveness of the State's current and race- and gender-neutral programmatic remedies and recommend race- and gender-conscious remedies to improve those initiatives. The study will cover the period from July 1, 2015 through June 30, 2020. According to the State accounting system, Mason Tillman Associated, LTD has been paid approximately $965,000 to date.

- ***Questions:*** **Has the Commission issued the report yet? If so, please summarize the findings, conclusions, and recommendations. If not, what are the reasons for the delay, and when does the Commission expect to issue the report?**

  The Commission is not in the Department of Treasury, nor is it within the Department's control, but rather is comprised of fifteen members representing the legislature, ex-officio members and appointees by the Executive. Of the Commission's fifteen members, only two are Treasury employees. Prior to the onset of the COVID-19 pandemic, Commission members determined that additional time was needed to develop its report. However, due to the pandemic, the Commission's work was interrupted and remains pending.

- ***Questions:*** **Please provide an update regarding the disparity study. Has the study been completed? If not, when does the department anticipate the study will be completed? Please discuss how the study will inform the Commission's findings and recommendations.**

  As noted in the preamble to this question, Treasury awarded the contract for the disparity study in December 2020. The study is underway. Under the contract terms the report is to be completed within approximately 18 months of contract award.

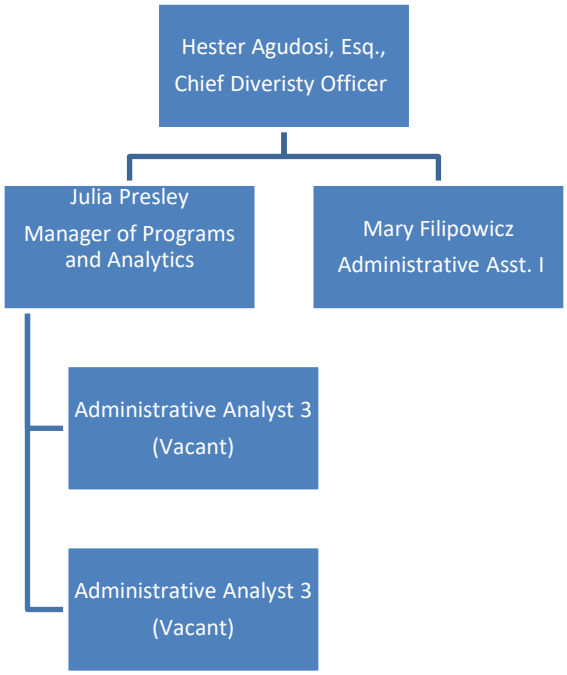
  The disparity study was not initiated or directed by the Commission; it was a Treasury initiative. As stated in the preamble, the disparity study is being done by Mason Tillman, the vendor engaged by Treasury. The final report produced by the vendor will be available to all interested parties, including the Commission, as a basis for developing policies. Treasury's initiation of and ongoing work on the disparity study is otherwise unrelated to the Commission.

[2] https://www.njstart.gov/bso/external/bidDetail.sdo?docId=20DPP00531&external=true&parentUrl=bid

Discussion Points (Cont'd)

10. P.L.2017, c.95 established the position of **Chief Diversity Officer** in the Division of Purchase and Property. The Chief Diversity Officer is charged with monitoring the State's public contracting process for the purpose of compiling information on the awarding of contracts to minority-owned and women-owned business enterprises. The Chief Diversity Officer also oversees the Office of Diversity and Inclusion. The Executive recommends an FY 2022 funding level of $950,000, the same as the FY 2021 appropriation. In response to an FY 2021 OLS Discussion Point, the department noted that the Chief Diversity Officer was collaborating with the Governor's Disaster Recovery Office regarding the disbursement of COVID-19 recovery funding and the administration of recovery programs. According to the New Jersey Comprehensive Financial System, approximately $279,475 in FY 2021 appropriations for the Chief Diversity Officer has been spent and another $2,137 has been encumbered.

- ***Questions:*** **Please provide a FY 2022 spending plan and detailed table of organization for the office.**



The proposed appropriation for Treasury's Office of Diversity and Inclusion ("ODI") will primarily support four items:

1. Annual maintenance costs associated with the purchase of the B2GNOW software application for the forthcoming Supplier Diversity Dashboard. This platform will allow tracking and monitoring procurement spend of 70+ state departments, authorities, commissions, colleges, and universities.

2. Cost of hosting the Garden State MWVOB Summit. Due to the successful advertising and promotion of the 2020 summit, based on survey responses received it is anticipated that registrations for 2021 will exceed last year's attendance by more than 30%.

Discussion Points (Cont'd)

Nonetheless, sponsorship revenues have decreased due to COVID related impacts. Accordingly in order to continue to deliver this important resource to NJ's diverse business community, ODI's budget has been increased to underwrite expenses associated with the delivery of a virtual summit program offering in FY2022.

3. Increased staff of five full-time employees ("FTEs") to support the functions of the ODI.

4. Costs of developing new marketing and promotional materials to support and extend the community and business engagements of ODI. Specifically, pamphlets, brochures, social media and branding identification materials are essential in promoting supplier diversity and increasing awareness of state contracting opportunities, resources and programs to increase participation of MWVOBs in the State's vendor pool.

- **Please provide a summary of the office's FY 2021 activities. What additional initiatives does the Chief Diversity Officer plan to undertake in FY 2022? Does the Executive intend to spend the remaining FY 2021 appropriation? Given that 70 percent of the FY 2021 appropriation for the Chief Diversity Officer remains unexpended, please explain why the Executive recommends the same level of funding for FY 2022.**

FISCAL YEAR 2021 ACTIVITIES

ODI is currently engaged in the development and implementation of a procurement dashboard reporting system for state departments, authorities, commissions, colleges and universities to assist in the tracking and monitoring of diverse supplier spend.

In coordination with Division of Purchase and Property, ODI successfully engaged a vendor to conduct a Statewide disparity in procurement study and has commenced its work with that vendor on the study.

ODI launched a successful virtual Minority, Women and Veteran-Owned Business Summit in partnership with the NJ Economic Development Authority and the NJ Supplier Diversity Development Council in December 2020. In light of the disparate impact of COVID-19 on the diverse business community, the summit was focused on presenting real contract opportunities to diverse suppliers through the use of one-on-one matchmaking sessions and virtual exhibition booth networking. Registration was made free for minority, women, and veteran business owners. More than 1,200 persons attended the summit which received favorable post survey reviews.

The Chief Diversity Officer and ODI staff participated in various Department and interagency efforts to expand outreach and enhance opportunities for MWVOBs and diverse communities across the state, including but not limited to:

- participating in Treasury's working group to amend and update state MWBE certification regulations;
- assisting the NJ Economic Development Authority in establishing a partnership with Morgan Stanley to participate in a NJ Venture Fund Investment Program;

Discussion Points (Cont'd)

- working with the State Contact Tracing Taskforce to assist the Department of Health in formulating strategic decision making for contact tracing efforts in diverse communities.
- serving as a member of the First Lady's Maternal and Infant Mortality Working Group to develop the NJ Nurture strategic plan.
- attending numerous in-person and virtual conferences in the tri-state region as an invited speaker and panel presenter to advocate on behalf of supplier diversity and to meet with diverse business owners, chamber officials, and members of professional and advocacy organizations.

Planned ODI initiatives for FY2022 include:

- Continued oversight and administration of the statewide disparity in procurement study.

- Development of M/WBE utilization goals, policies, and programs based on data contained in the completed state disparity study.

- Continued implementation of procurement dashboard system referenced above.

- Continued sponsorship and production of the annual Garden State Minority, Women, and Veteran-Owned Supplier Diversity Summit referenced above.

- Continued collaboration with federal, state, county, private, and non-profit organizations to promote greater outreach and engagement with small, disadvantaged, minority, women, and veteran-owned businesses in an effort to drive greater utilization of these businesses in procurement supply chains.

- Continued technical support, guidance and assistance to public and private stakeholders on issues of diversity, equity and inclusion.

- ***Questions:*** **Please discuss the Chief Diversity Officer's role in the allocation of COVID-19 recovery funding and the administration of COVID-19 recovery programs. How did this office impact the decisions made within the Governor's Disaster Recovery Office?**

  To date, the Chief Diversity Officer has not been involved in the funding or administration of Covid-19 recovery programs.

OFFICE OF INFORMATION TECHNOLOGY

11. The State plans to migrate to a Next Generation 9-1-1 network and transition to a new 9-1-1 system service provider that replaces the current analog services provided by Verizon Communications, Inc. The current analog 9-1-1 is becoming obsolete, and over time all analog 9-1-1 networks will be replaced with digital and Internet Protocol (IP) technologies.

Discussion Points (Cont'd)

The State has opened the bidding process for this contract and the deadline for submitting a bid for this project is May 5, 2021.[3] The Governor's proposed FY 2022 budget recommends $13 million for the Next Generation 9-1-1 project.

- ***Questions:*** **When does the Department anticipate awarding the contract to a vendor? Please provide a budget, by fiscal year, for this project. How will the State and local emergency management systems benefit from this project? What is the total project cost?**

  The contract award is anticipated by the end of 2021.

  The State plans to migrate to a Next Generation 9-1-1 network and transition to a new 9-1-1 system service provider that replaces the current analog services provided by Verizon Communications, Inc. The current analog 9-1-1 network is obsolete and has been declared end of service by the manufacturer since 2013. Over time all analog 9-1-1 networks will be replaced with digital and Internet Protocol (IP) technologies.

  The State has opened the bidding process for this contract and the deadline for submitting a bid for this project is June 25, 2021 with a projected contract award date of January 2022. The Governor's proposed FY 2022 budget recommends $13 million for the Next Generation 9-1-1 project.

  Public Safety Answering Points (PSAPs), the agency answering and dispatching 9-1-1 calls from the public, will benefit from quicker call delivery times as well as improved location information. The Next Generation 9-1-1 system will provide far superior resiliency and redundancy and be capable of incorporating emerging technologies like texting, pictures, and video.

  Should an award be made in January 2022 costs for the implementation of the Next Generation system would be incurred in incremental steps until all 21 counties are completed. It must be understood that during the anticipated two-year implementation period there will be new costs incurred for the Next Generation network as well as continuation of a significant portion of the legacy network currently provided by Verizon. Only when the new system is fully operational in all 21 counties will the current Verizon costs be eliminated. Not until bids are received, evaluated, and a vendor is selected will we know the true costs of the new network. Because this is an open procurement, it would be premature to provide specific project cost figures. The final costs will depend on new system provider pricing and projected implementation time to migrate from the legacy network.

DIVISION OF TAXATION

12. In March 2014, the Division of Taxation released a **Request for Information (RFI)** for the **State of New Jersey Tax Systems Modernization Project**. The RFI solicited possible solutions for the replacement of the division's separate tax administration and collection systems, which date back to the mid-1980's, with a more versatile, integrated system.

[3] https://www.njstart.gov/bso/external/bidDetail.sdo?bidId=20DPP00439&parentUrl=activeBids

Discussion Points (Cont'd)

In October 2017, the Division of Purchase and Property (DPP) issued a Request for Proposals (RFP) for an integrated tax system. However, the department did not receive any bids in response to the RFP. In response to this, the Department explained that it was going to revise the scope of the RFP. Since then, there have been several bid amendments that clarify the RFP, alert about question and answer periods, and delay the quote submission due date. The deadline for submitting a quote was April 6, 2021.

The FY 2022 Governor's Budget Proposal recommends $133.1 million for Taxation Services and Administration in FY 2022, an increase of $19.5 million over FY 2021. The Department noted in testimony before the Assembly Budget Committee on April 7, 2021 that the tax systems modernization project will cost $64 million over five years.

- ***Questions:*** **How many bids were received in response to the RFP? Are any further revisions to the RFP anticipated? When does the Department anticipate awarding a vendor the contract for tax systems modernization? Please provide a budget, by fiscal year, for the project.**

  Three Quotes were received on April 6, 2021 and no revisions are anticipated to the current RFP. The Department will award the contract as soon as is practicable depending on evaluation of submitted vendor quotes and their compliance with the RFP requirements related to the State's need for the tax system modernization.

  The estimated cost of implementation by contract year is provided below. The fiscal year cost will be dependent on the actual start date of the project and the final price of the awarded contract.

Estimated Cost of Implementation	
Contract Year	**Allocated Cost**
1	$19,500,000
2	$11,420000
3	$16,640,000
4	$8,860,000
5	$7,580,000
TOTAL	**$64,000,000**

- ***Question:*** **What aspects of the project will be supported by the additional $19.5 million?**

  The project will be implemented in phases, with each phase consisting of a group of specific taxes administered by the Division of Taxation. The $19.5M represents the estimated year one cost of the project. It includes vendor tasks for the initial start-up such as developing a comprehensive project management plan, vetting business requirements, and the purchasing

Discussion Points (Cont'd)

and installation of hardware and software. The design and development of the first phase implementation is also included in that amount. Full functionality of the new Integrated Tax System will be implemented during phase one.

COMMISSION ON SCIENCE, INNOVATION, AND TECHNOLOGY

13. The **New Jersey Commission on Science, Innovation, and Technology** encourages the development of scientific and technological programs, stimulates academic-industrial collaboration, and coordinates the activities of technology centers and business facilities. In addition to these responsibilities, P.L.2018, c.91 requires the commission to appoint an Innovation Council from its membership. The Innovation Council is charged with determining how to simulate technology transfer between public and private research institutions and industry, including the transfer of information from various federal agencies.

In FY 2020, the commission entered into a memorandum of understanding (MOU) with the Economic Development Authority (EDA). The terms of the MOU allow the EDA to provide technical expertise, office staff, office space, and support services to the commission, while the commission reimburses the EDA with funds it receives from the Department of the Treasury. In FY 2021, the commission and the EDA made an amendment to the MOU to allow the commission to hire more EDA employees with the final decisions regarding hiring and compensation to be decided jointly by the EDA and the commission. The office space and any ancillary support services would be provided by the EDA and salary, fringe benefits, and any expenses related to the personnel would be paid out of the commission's appropriated funds.[4]

The Governor recommends an additional $2.2 million appropriation for Grants-in-Aid in FY 2022. According to the New Jersey Comprehensive Financial System, the Commission has spent its entire $1 million appropriation for FY 2021.

- ***Questions:*** **Please provide a summary of the commission's FY 2021 activities to date and its proposed activities for FY 2022. What does the commission intend to do with the additional $2.2 million appropriation that the Governor recommends for the commission for FY 2022?**

  The Commission on Science, Innovation and Technology (CSIT) is In But Not Of (INBO) Treasury and per statute is independent of Treasury. A summary of the CSIT's FY2021 activities as provided by the Commission is described below.

  A copy of recently released copy of the CSIT Annual Report can be found at: https://www.njeda.com/csit/ under the additional resources section of the site.

  In June 2019, the CSIT established a Program Committee. This Committee conducted a gap analysis of innovation programs within the State, including benchmarking NJ's programs against those of peer states such as New York, Massachusetts, Pennsylvania, Maryland, and California. Following this gap analysis, the Program Committee presented to the full CSIT Board a high-level Program Roadmap and initial set of program recommendations. In December 2019, CSIT launched its first program, a Federal SBIR/STTR technical assistance and

[4] https://www.njeda.com/csit/ (Board Meeting Minutes 1/8/2021)

Discussion Points (Cont'd)

small business matching grant program. The first awards from that program, SBIR/STTR direct financial assistance matching funds to 13 companies, totaled $375K and were approved at the CSIT Board Meeting in June 2020 with closing and funds disbursement made in July 2021. Eleven companies received CSIT SBIR/STTR Phase I Direct Funding grants of $25K each and two companies received CSIT SBIR/STTR Phase II Bridge grants of $50K for each for a total of $375K leveraging $5.25 M of federal funding. The funds enabled the awardees to accelerate their research and development and not lose momentum due to challenges of operating during COVID. Companies instituted operating procedures to comply with state social distancing guidelines. At the federal level deadlines were extended for completing work and new submission deadlines were pushed out extending the time before companies would be eligible to apply for additional funding. The CSIT funding provided much needed support. Two of the companies that received CSIT SBIR/STTR Phase II Bridge Grant awards subsequently received their federal Phase II awards. One company moved into a larger facility and hired additional R&D employees.

Following on the success of the initial program, a second round of the SBIR/STTR Direct Financial Assistance Grant program was launched in November 2020. The total funding for this round was increased to $550K to support additional demand by startup and early stage innovation based companies that have received federal SBIR/STTR awards. In the second round 37.5% of the applicants were from women or women/minority-led businesses, 62% were either first-time Phase I awardees or Phase II applicants, and 37.5% had licensed technology from a NJ university. Half the companies identified as working in the life sciences sector and half in the technology field including clean energy and advanced manufacturing. A total of sixteen applications were reviewed and evaluated. At the February 19, 2021 Board Meeting all sixteen complete applications were approved for a total of $450K in awards leveraging over $7 M in federal awards.

CSIT is developing technical assistance programs to further support NJ startups that are candidates to apply for federal SBIR/STTR grants. CSIT will be convening NJ stakeholders to discuss various approaches to providing awareness training, application coaching, connections to academic resources and grant writers. The intent is to increase the number of submissions and funded awards from NJ applicants. Outreach to women and underrepresented minority innovators / inventors will be increased.

CSIT is working closely with NJEDA and NJBPU on the Clean Tech Seed Grant and Clean Tech Asset Mapping/Voucher programs. These awards to companies are funded by NJBPU in the amount of $1,250,000 thereby leveraging precious CSIT funding. CSIT has the lead in program administration collaborating with NJEDA on program design. The Clean Tech Seed Grant program was announced in January 2021 and applications closed April 5, 2021. The Clean Tech Seed Grant program was oversubscribed by a factor of two and received a total of twenty-three (23) complete applications. The Clean Tech Seed grant applications are currently being reviewed, with funding decisions anticipated at the June 2021 CSIT board meeting. The Clean Tech Asset Mapping/ R&D Voucher program launched April 5, 2021 and CSIT is currently reviewing applications on a rolling basis in collaboration with the NJ universities that will be providing services to the applicants.

Discussion Points (Cont'd)

In October of 2020 CSIT co-hosted a state-wide Innovation Conference on New Jersey's Opportunities in the Covid-19 Innovation Economy. Leaders from New Jersey government, industry, academia, and the investment community discussed strategies and resources for accelerating innovation in New Jersey in the COVID economy. In this virtual event, speakers provided the latest information on financial resources, government programs and strategies, inclusive innovation, academic innovation, and entrepreneurial resources all with a goal to keep the innovation ecosystem in New Jersey growing.

CSIT is in discussion with OSHE on expanding on the recommendations of the Research, Innovation, and Talent Working Group which focused on creating stronger ties between businesses and higher education by promoting industry-academic partnerships, experiential learning opportunities, and programs to meet market needs. There is alignment with CSIT's mission especially around technology commercialization and industry-academic partnerships.

Expansion of the FY2021 current programs and development of subsequent programs on the CSIT Program Committee's Roadmap would be undertaken in FY2022.

Current Programs in CSIT Budget – FY2021

1. NJ SBIR/STTR Assistance Program:

a. Direct Financial Assistance

The NJ SBIR/STTR support program provides technical and direct financial support to NJ small businesses seeking to or participating in the federal SBIR/STTR program. The SBIR/STTR Direct Financial Assistance program provides grants to NJ small businesses through $25K direct assistance grants to Phase I SBIR/STTR winners and $50,000 bridge grants to Phase II applicants. The total program expenses accrued during FY2020 were $375,000 of direct company support including eleven Phase I awards of $25,000 each ($275,000) and two Phase II awards of $50,000 each ($100,000), plus administrative costs. The FY2021 awards included $450,000 for twelve Phase I awards of $25,000 each ($300,000) and five Phase II awards of $50,000 each ($250,000).

Round 1 – Direct Financial Assistance	**Date**	**# of Awards**	**Total**
SBIR/STTR Phase I Direct Funding Grants - $25k / company	June 2020	11	$275,000
SBIR/STTR Phase II Bridge Grants - $50K / Company	June 2020	2	$100,000
Total Round 1			**$375,000**
Round 2 – Direct Financial Assistance			
SBIR/STTR Phase I Direct Funding Grants - $25k / company	February 2021	14	$350,000

Discussion Points (Cont'd)

SBIR/STTR Phase II Bridge Grants - $50K / Company	February 2021	2	$100,000
Total			**$450,000**

b. SBIR/STTR Technical Assistance

The Commission will develop and implement an SBIR/STTR Technical Assistance program. There was not an applicant for the CSIT matching grant to the federal SBIR FAST program. CSIT will convene stakeholders from the eco-system – technical assistance providers, universities, previous and potential applicants -- to conduct a robust needs assessment and design a program to increase the number of submissions and awards.

Current Programs in CSIT Budget – FY2022

a. Direct Financial Assistance

CSIT intends to hold a third round of the Direct Financial Assistance program in FY2022 with a total estimated cost of $650,000. CSIT will be reviewing the eligibility criteria concerning look back of federal funding received and number of prior federal awards to increase the number of NJ companies that can be supported.

b. SBIR/STTR Technical Assistance

CSIT will implement a robust SBIR/STTR technical assistance program based on stakeholder input. Matching dollars will be available to support the matching requirement for a Technical Assistance provider to apply to the federal SBA FAST (Federal and State Technology) Partnership Program. The budget is allocated at $225,000.

Proposed NEW Programs on the Development Roadmap for FY2022

1. ***ResearchWithNJ Website/Portal***

The existing ResearchWithNJ portal is undergoing a migration to a new model that includes a website and expansion of capabilities. The opportunity to have information on private NJ research organizations such as hospitals and additional NJ academic institutions included is being explored. Funds are included in the CSIT budget to support the work of maintaining ResearchWithNJ during transition to a self-supporting model. The total budget is $300,000.

2. ***i6 Challenge / Build to Scale***

The i6 Challenge / Build to Scale grant program seeks to support NJ entities that apply and are awarded an i6 Challenge / Build to Scale grant from the US-EDA Regional Innovation Strategies (RIS) program. The support program aims to build on successes from the past NJ US-EDA winning projects by encouraging collaboration between NJ entities and developing clusters to strengthen the innovation ecosystem. In FY20 this program was piloted within the NJEDA but

Discussion Points (Cont'd)

should be run long-term through CSIT. The program will have a FY2022 budget of $200,000 to support two applications from New Jersey.

3. ***Technical Assistance / Mentoring***
   The new Technical Assistance/ mentoring program seeks to educate, mentor, and guide New Jersey's faculty, PhD students, and postdoctoral fellows who are interested in pursuing entrepreneurial activity in support of commercializing their research innovations. The Program would provide resources and external support to accelerate academic technology transfer and commercialization. CSIT will work with NJ universities to develop a program construct that complement s existing initiatives. The program will have a FY 2022 budget of $100,000.

4. ***Entrepreneurship Seed Grant Program***
   The Entrepreneurship Seed Grant Program was identified as a priority by the Program Committee on the CSIT's Programs Roadmap. This program seeks to encourage the creation and development of entrepreneurial start-up companies within NJ. The program will assist early-stage growth companies in transitioning research ideas into products, processes, and services by providing critical pre-seed and seed funding grants.

   CSIT seeks to launch a program similar to the NJBPU-funded Clean Tech Seed Grant program for companies in all technology areas. The program is targeted at supporting grants of $25,000 - $100,000 per company. The total FY2022 budget is $750,000.

5. ***NJ Voucher Program***
   CSIT will build on the NJBPU Clean Tech Asset Map and Voucher program to launch a voucher program for early-stage companies in all technology areas. The program will provide vouchers to enable them to obtain testing and prototyping capabilities at NJ university core laboratory facilities. The total budget for FY2022 is $400,000.

6. ***Innovation Ecosystem Events / Sponsorships***
   The Innovation Ecosystem Event Program seeks to provide support for running quarterly events that will bring together different stakeholders in the science, innovation and technology community to share ideas, collaborate, and highlight their work. The program will also sponsor events aimed at advancing the innovation ecosystem such as the SBIR/STTR Roadshow. The program will have a budget of $25,000 for FY 2022.

CSIT Budget Request Summary – FY22

FY2022 Expenses (7/1/21 – 6/30/22)	Amount	Notes
Administrative		
CSIT salaries	$ 370,000	*12 months fully-loaded salary*
NJEDA program support charge-back	$ 130,000	*12 months of Project Officer & Other*

Discussion Points (Cont'd)

General Admin / Legal /Insurance	$	50,000	*Insurance, DAG, Audit, Travel, Printing, Website*
Sub-total administrative	**$**	**550,000**	*17% of FY22 Budget*
Programs			
Current Programs			
SBIR/STTR Technical Assistance	$	225,000	*1 technical assistance grant*
SBIR/STTR Direct Financial Assistance grants	$	650,000	*1-2 rounds of funding to small businesses*
Proposed Programs			
ResearchWithNJ	$	300,000	*Expansion of participants and support during transition to new model*
Federal Build to Scale Challenge	$	200,000	*2 - $100,000 matching grant funds*
Technical Assistance Mentoring	$	100,000	*Focus on academic entrepreneurs*
Seed Grant – LS/Tech outside Clean Tech	$	750,000	*1 round of awards between $25K - $100K*
Voucher Program – LS/tech outside Clean Tech	$	400,000	*Rolling awards*
Innovation Ecosystem Events	$	25,000	*3-4 innovation ecosystem events*
Sub-total program	*$*	*2,650,000*	*83% of FY22 Budget*
	$		
FY2021 CSIT Budget Request	**$**	**3,200,000**	

- ***Questions:*** **Why did the Commission feel the need to amend the MOU to allow for the hiring of more EDA employees? For what positions and what roles does the Commission anticipate hiring EDA employees?**

  The Commission (CSIT) approved a Memorandum of Understanding with the NJEDA in June 2019, effective in July 2019, which laid out the parameters by which the NJEDA will provide support to CSIT in the areas of:

  - Administrative support such as access to office space, IT equipment, accounting, records management, and board management support
  - Fiscal management support including encumbering and disbursing State funds appropriated for CSIT purposes at the Commission's direction

  As part of that agreement, the NJEDA agreed not to charge the Commission for office space or administrative and support services, thereby enabling the Commission to operate efficiently – maximizing the amount of funding that is dedicated to program-related activities. In addition, this agreement allowed CSIT to ramp-up programs more quickly than if it were operating on its own and better coordinate and market programs to innovation community stakeholders in the State. These activities complement the Authority's Technology and Life Science activities and support the goals of the Governor's strategic plan for economic development.

Discussion Points (Cont'd)

The MOU was amended and re-adopted by the NJEDA and the Commission in August 2019, effective in September 2019, to allow for the Executive Director of the CSIT to be an employee of the NJEDA. Additionally, EDA staff (funded by CSIT on a chargeback basis) have been instrumental during CSIT's startup during 2019/2020.

As CSIT's responsibility continues to grow and expand, and as CSIT continues to have ownership over the long-term implementation of new programs, including multiple launches over the last quarter of 2020 and additional launches in the first quarter of 2021, the need for additional staff dedicated exclusively to CSIT work has become evident. CSIT is in the process of bringing on a dedicated program officer responsible for management of CSIT programs.

The second amendment to the MOU between CSIT and NJEDA includes the ability for other personnel hires of the CSIT to be NJEDA employees for administrative purposes. All final decisions related to the hiring and compensation of other personnel will be made jointly by CSIT and EDA. All personnel hires shall report solely to CSIT. EDA will provide office space and ancillary support and services to the other personnel as described in the second amendment to the MOU. All salary, fringe benefits, and expenses for any additional CSIT personnel would be paid for out of the Commission's appropriated funds which are currently being managed by the NJEDA.

OFFICE OF THE OMBUDSMAN FOR INDIVIDUALS WITH INTELLECTUAL OR DEVELOPMENTAL DISABILITIES AND THEIR FAMILIES

14. P.L.2017, c.269 established the **Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and Their Families** as an agency in, but not of, the Department of Treasury. The ombudsman serves as a resource to provide information and support to individuals with intellectual or developmental disabilities and their families. On April 19, 2018, the Governor appointed the first Ombudsman for Individuals with Intellectual or Developmental Disabilities. The FY 2021 Appropriations Act appropriates $284,000 for the office, and includes a language provision that authorizes the appropriation of such additional amounts as necessary to establish the ombudsman's office. The same funding level and language are recommended for FY 2022. According to the New Jersey Comprehensive Financial System, the Department has spent $142,858 of the FY 2021 appropriation.

In response to a FY 2020 OLS Discussion Point, the department noted that the office anticipates hiring two additional staff members and to be fully operational by the fall of 2019. The office anticipates that after hiring these additional staff members that it will be able to reach and help more individuals and families and also make improvements to the State's system of care.

- ***Questions:*** **What amount does the department anticipate will be expended in FY 2022 for the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and Their Families? Has the office hired the two additional staff members it mentioned in the FY 2020 discussion points, and if not, what is the cause for delay? Please provide a copy of the FY 2022 spending plan, if available. Please provide a summary of the office's activities in the current fiscal year, and its anticipated activities in FY 2022.**

Discussion Points (Cont'd)

The Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by the Ombudsman.

What amount does the department anticipate will be expended in FY 2022 for the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and Their Families?

It is anticipated that $284,000 will be expended in FY 2022.

Has the office hired the two additional staff members it mentioned in the FY 2020 discussion points, and if not, what is the cause for delay?

In February 2020, just prior to the declaration of a State public health emergency, the office doubled in size when it hired one additional staff member, an Associate Director. The office will prioritize hiring a third staff member in this calendar year, due to the increase in the amount and intensity of the office's workload.

Please provide a copy of the FY 2022 spending plan, if available.

	FY22 ($000)
Salaries and Wages	270
Materials and Supplies	5
Services Other than Personal	4
Maintenance and Fixed Charges	4
Additions, Improvements and Equipment	1
Total	284

Please provide a summary of the office's activities in the current fiscal year, and its anticipated activities in FY 2022.

Much of the work during FY2021 within the office was conducted remotely, but the office made every effort to maintain our personal connection to the people we serve. As such, we spent most of our time – often 7 days a week – talking by phone, communicating by email, and meeting by video with individuals and families across the State.

And throughout much of the year, particularly in the early months of the pandemic, we made it a point to share – in real time -- the input we received from them with our colleagues throughout state government. We did this to inform the policy-making process. We did this to help ensure that the voices of individuals and families were heard during this unprecedented period of rapid decision-making.

The activities of the office for FY2021 included:

Discussion Points (Cont'd)

- Worked to support individuals with IDD and their families navigate supports and services by connecting them with government agency officials, advocacy organizations, holding regular meetings with constituents, and consulting with lawmakers on disability issues.
- Discussed disability issues with and supported constituent cases with officials and staff of state agencies, including the Departments of Children and Families, Corrections, Education, Health, Human Services, Labor, State, and Transportation as well as the Motor Vehicle Commission, Judiciary and the State Legislature.
- Held over 1,000 individual meetings and phone calls with individuals and families – in addition to many group meetings and email exchanges.
- Continued to formalize office operations and strategic priorities and creating a database to track emails and phone calls received.
- Established an official Ombudsman website.
- Participated in multiple meetings with advocacy organizations, including the N.J. Council on Developmental Disabilities (NJCDD), Regional Family Support Planning Councils, Centers for Independent Living, Disability Rights NJ, and the Boggs Center on Developmental Disabilities, the Arc of New Jersey and its chapters, including its Partners in Justice Task Force.
- Collaborated with disability organizations to host public forums on pandemic-related topics.
- Attended multiple meetings of the New Jersey Association of County Disability Services.
- Participated in several State legislative hearings.
- Met with disability self-advocates, attended quarterly meetings with the New American Movement for People with Disabilities and attended meetings and events with The New Jersey Self-Advocacy Project.
- Attended or participated in over 150 disability-related events.
- Published disability-related opinion pieces and contributed to other press and communications media regarding disability issues.
- Participated alongside the New Jersey Attorney General in a video in recognition of Disability Employment Awareness month.

Discussion Points (Cont'd)

- Participated in a training session conducted by New Jersey Travel Independence Program (NJTIP) for an individual learning how to ride New Jersey Transit trains.

The FY2022 activities of the office will include:

- Continuing to support constituents, helping them to navigate disability services and to obtain the services and supports they need and deserve;
- Collaborating with State and County agency officials, State Legislators and their staff, and community organizations to improve disability-related services;
- Building out and improving the official Ombudsman website;
- Hiring and onboarding a third staff member in the office; and
- Purchasing and developing a constituent and task management tracking system.

OFFICE OF THE CORRECTIONS OMBUDSPERSON

15. In January, an assault by corrections officers on inmates at the Edna Mahan Correctional Facility, the State's only women's prison, left two women inmates seriously injured. A federal Department of Justice (DOJ) report[5] on the problems at the Edna Mahan facility published April 2020 found a pattern of abuse at the facility and a failure to protect inmates that violates the United States Constitution. In April 2021, the Department of Corrections agreed to enter into a consent decree with the DOJ that will address future actions by the State to prevent further abuse and mismanagement at the Edna Mahan facility. Press reports indicate that the consent decree will require the placement of federal monitors at the facility.

- ***Questions:*** **Please discuss the Corrections Ombudsperson's role in monitoring and addressing conditions at the Edna Mahan Correctional Facility. What steps or actions did the office take to investigate and resolve any complaints it had received prior to January 2020? To what extent, if any, has the office received any cooperation from the Department of Corrections in these matters? To what extent, if any, was the Office of the Corrections Ombudsperson involved in the development of the consent decree between the Department of Corrections and DOJ? Please discuss the ongoing role of the Corrections Ombudsperson in monitoring, and responding to complaints, regarding conditions at the Edna Mahan Correctional Facility.**

  The Office of the Corrections Ombudsperson is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by the Ombudsperson.

  Prior to January of 2020, the Office of the Corrections Ombudsperson (OCO) accepted complaints and questions from the inmate population at EMCF in writing and through

[5] https://www.justice.gov/opa/pr/justice-department-alleges-conditions-edna-mahan-correctional-facility-women-violate

Discussion Points (Cont'd)

telephone calls to our toll-free number. The OCO receives varied complaints from inmates to include those housed at EMCF, which is delineated in the annual report. All contacts concerning living conditions, assaults, threats of violence, retaliation, sexual harassment, or sexual assault were immediately referred to Administration of the facility or the NJDOC Central Office Headquarters Special Investigation Division as deemed appropriate. The NJDOC staff responds to the OCO's office indicating that the complaint/concern has been received. Historically this office is not given updates on the status of ongoing investigations or provided a final report detailing the findings. This office currently does not conduct concurrent investigations, therefore cooperation in these instances is limited. The only exceptions would be the cases discussed at the Sexual Assault Advisory Committee Meetings that review PREA investigations, in which we are present. It should be noted that this office has not been notified of any meetings since the beginning of the pandemic. This office is not a party to the consent decree and therefore has not been asked to provide input in the development of the consent decree, nor was a copy of the decree provided for review. The OCO continues to provide services to the EMCF population and accepts call, letters, and faxes from the public. The hiring of two assistant ombudspersons to back fill recently vacant positions and two additional ombudspersons as of March 1, 2021 has allowed the office to provide additional coverage at the facility. A staff member is onsite two days per week to tour the compound, meet with inmates, discuss concerns with EMCF staff and review files. The office began inspecting all correctional facilities in March 2021 and conducted an unscheduled inspection of two housing units at EMCF on April 9, 2021. The results of these inspections are posted to the OCO website (nj.gov/correctionsombudsperson/reports/). Additionally, mailboxes were added to North and South Halls to allow easier access for inmates to communicate with this office confidentially.

16. P.L.2019, c.288 clarified the responsibilities of the Corrections Ombudsperson. Some of the responsibilities of the Corrections Ombudsperson outlined in this law include: a) providing information to inmates and their families; b) promoting public awareness and understanding of rights of inmates; c) identifying systemic issues and responses on which the Governor and Legislature may act; and d) ensuring that the corrections facilities, services, and treatment of inmates under the jurisdiction of the Corrections Department are compliant with the relevant statutes, rules, regulations, and policies.

- ***Questions:*** **Please discuss the actions taken by the Office of the Corrections Ombudsperson to comply with P.L.2019, c.288. Does the office have sufficient staffing to meet its current mandate?**

Despite the hiring of assistant ombudspersons in March of 2021, additional staffing, including the appointment of an Ombudsperson, is required to meet the current mandate. The office is currently able to address complaints and concerns received from inmates and their loved ones, attend NJDOC searches as requested, and promote public awareness through this Department's website. The OCO has begun to conduct the required facility inspections, however, recent staffing issues have resulted in a reduction in the number of inspections that can be completed.

Prior to his departure, the Ombudsperson requested five additional positions; one clerical and four assistant ombudspersons. Three of these positions have been approved and posted and the OCO is actively reviewing applicants currently with an anticipated start date of July 1,

Discussion Points (Cont'd)

2021. The current staffing matrix continues to allow the OCO to operate as an intermediator between the inmate population and the NJDOC, to assist in dispute resolution, and to provide a fair and impartial analysis of complaints filed. The current staffing levels make it difficult for this office to fully comply with P.L. 2019, c.288.

OFFICE OF THE PUBLIC DEFENDER

17. The Office of the Public Defender (OPD) provides legal representation to indigent defendants who are formally charged with the commission of an indictable offense. Over the past year, there have been several laws enacted that affect criminal justice. A few examples include:

a) P.L.2020, c.110 - Establishes youthful age of defendant as mitigating factor in sentencing.
b) P.L.2020, c.128 - Requires law enforcement officers to wear body cameras.
c) P.L.2020, c.129 - Regulates use of body cameras worn by law enforcement officers.
d) P.L.2021, c.16 - "New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act"; legalizes personal use cannabis for certain adults, subject to State regulation; decriminalizes small amount marijuana and hashish possession; removes marijuana as Schedule I drug.
e) P.L.2021, c.19 - Provides for certain criminal and civil justice reforms, particularly addressing legal consequences associated with certain marijuana and hashish offenses as well as raising awareness of available expungement relief.
f) P.L.2021, c.25 - Concerns certain regulated substances, with particular emphasis on underage possession or consumption of various forms of cannabis, including legal consequences for such activities set forth in legislation passed by both Houses of Legislature.
g) P.L.2021, c.38 - Requires law enforcement to provide written notification to parent or guardian of person under age 18 who commits first offense of unlawfully possessing or consuming alcoholic beverage, cannabis, marijuana, or hashish.

- ***Questions:*** **Please discuss the impact of these and other recently enacted laws on the OPD's caseload. Does the OPD anticipate that the implementation of these laws will lower the office's caseload, thereby rendering staff reductions and cost savings feasible? Would the implementation of these laws allow the reallocation of resources from criminal trials to other areas that fall within the purview of the OPD?**

  The Office of the Public Defender is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by the Public Defender's office.

  The implementation of these laws will not have a significant fiscal and staffing impact on the Office of the Public Defender (OPD). The OPD only represents indigent defendants charged with indictable offenses. We do not handle disorderly persons offenses. Since the recently enacted law only decriminalizes small amounts of marijuana or hashish i.e., disorderly persons offense — the law will have no fiscal impact on the OPD's budget. Other recent enactments deal with the consequences of underage consumption of marijuana, but they do not impose additional obligations on OPD, so no fiscal impact is envisioned. Finally, with the use of body-worn cameras (BWCs), our staff attorneys are receiving more electronic discovery (i.e., the video footage gathered by BWCs), and viewing that additional discovery can be time-

Discussion Points (Cont'd)

consuming, but so far, OPD's lawyers and investigators have been able to incorporate this additional responsibility into their daily routines, with no measurable fiscal impact.

- ***Questions:*** **During each fiscal year from FY 2016 to FY 2020, how many clients represented by the OPD were charged with any offense that would be decriminalized under any recently enacted law? What percentage of the OPD's caseload do these clients represent? What is the total amount charged to these clients in each of these fiscal years? What amount has been paid and what amount remains outstanding?**

  The OPD does not represent citizens charged with disorderly persons offenses. Therefore, the OPD did not represent any clients from FY2016 to FY2020 with an offense that would be decriminalized under the recently enacted law.

18. The COVID-19 pandemic affected the operations of the institutional facilities that affect the work of the OPD such as court facilities and correctional facilities. Court facilities were abruptly closed in response to the pandemic and as a result, for most of last year, criminal and civil jury trials were suspended or conducted in a limited number. As of now, in-person jury trials and in-person grand jury sessions are suspended due to the pandemic. All jury selections and jury trials are virtual. The New Jersey Supreme Court has set May 17, 2021 as the date for possible socially distanced in-person jury trials.

The COVID-19 pandemic also resulted in a policy to prohibit visits to correctional facilities from family and friends of inmates as means to stop the spread of the coronavirus in correctional facilities.

- ***Questions:*** **How did the closure of court facilities and the suspension of criminal and civil jury trials affect the operations of OPD and OPD's caseload? How has OPD adapted to the jury trials operating remotely? Is OPD ready for the resumption of potential in-person jury trials? How have the restrictions on visits to correctional facilities affected the operations of OPD?**

  The pandemic has affected the OPD in multiple ways. On one hand, the number of new cases coming into the agency dropped substantially between March, 2020 and roughly the end of the summer. Since then it is gradually returning to pre-pandemic levels. On the other hand, the pandemic resulted in significant additional work for our attorneys related directly to it. For example, we represented hundreds of county jail inmates in a release program ordered by the NJ Supreme Court as a result of litigation brought by the office and hundreds of State prisoners in connection with the Governor's Executive Order and the related NJ Supreme Court decision. We also represented hundreds of county jail pretrial detainees in connection with motions for reconsideration of orders of detention during the pandemic. These additional types of representation more than offset the reduction in the number of new cases.

  The suspension of grand jury proceedings and jury trials has created a crisis of enormous proportion in our criminal justice system – one recently addressed by the NJ Supreme Court as a result of litigation initiated by the office. Going forward, the system will be required to deal with a backlog of approximately 5,000 OPD clients in pretrial detention that will increase our workload dramatically. Easing that backlog will be challenging for all stakeholders in the criminal justice system and a real burden on our resources. The lack of access to clients in both

Discussion Points (Cont'd)

county jails and State prisons has created an additional hardship for our attorneys in terms of their ability to represent them effectively. It has created scheduling issues for video conferences and required additional time commitments from our attorneys.

On balance, the impact of the pandemic on this agency will be a long term one that will require consistent levels of staffing and resources.

OFFICE OF THE STATE COMPTROLLER

19. On July 17, 2020 the Governor issued Executive Order No. 166, which required the State Comptroller to do several tasks. First, the executive order tasked the State Comptroller with reviewing potential procurements submitted by COVID-19 Recovery Program participants and determine within ten business days whether the procurement process complies with applicable public contracting laws, rules, and regulations and if they are not compliant, to inform the participants and the Governor's Disaster Recovery Office of necessary changes to be legally compliant. The executive order also allows the State Comptroller to amend the monetary threshold that necessitates a review process for either all COVID-19 recovery programs or participants or individual programs and participants. The executive order also tasks the State Comptroller with providing training and assistance to each Recovery Program participants about best practices for reducing risks of waste, fraud and abuse. The executive order designates the State Comptroller as the chair of the COVID-19 Compliance and Oversight Taskforce, and requires the State Comptroller to oversee the work of the Integrity Oversight Monitors, who are tasked with developing measures to prevent, detect, and resolve any inefficiency or malfeasance in the spending of COVID-19 Recovery Funds. Finally, the State Comptroller is tasked with ensuring that all approved contracts for the allocation and expenditure of resources involving a Recovery Program, allocated by or through a recovery program participants is posted on the Governor's Disaster Recovery Office's website.

- ***Questions:*** **Please provide a summary of actions taken by the State Comptroller to comply with this executive order. How many procurements has the State Comptroller reviewed since the implementation of this statute? What percentage of procurements submitted did not comply with laws, rules and regulations? What best practices does the State Comptroller recommend to participants to avoid waste, fraud, and abuse?**

  The Office of the State Comptroller is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers were provided by the Comptroller's office.

  In creating the independent Office of the State Comptroller (OSC) in 2007, the Legislature declared that "[t]here is a compelling need for State government to put into practice the presumption that there will be independence and integrity in the financial oversight of the discharge of its duties and responsibilities carried out in a manner and under a structure that safeguards the fiscal resources with which it has been entrusted." N.J.S.A. 52:15C-1. OSC was charged with overseeing, auditing, and reviewing contracts for state agencies, independent state authorities, public colleges and universities, local governments, and boards of education. In 2010, the Legislature expanded OSC's oversight responsibilities by transferring the investigatory powers of the Office of Inspector General to OSC.

Discussion Points (Cont'd)

Consistent with prior roles OSC played in 2009 with the American Recovery and Reinvestment Act and following Superstorm Sandy, OSC was recently tasked with providing independent oversight of federal funding being used to recover from the COVID-19 pandemic. On July 17, 2020, Governor Murphy issued Executive Order 166, which charged OSC with providing training and assistance to state agencies and authorities regarding best practices for mitigating risks of waste, fraud, and abuse; reviewing potential procurements by state agencies and authorities involving an expenditure of $150,000 or more in COVID-19 recovery funds to determine whether the procurement process complies with applicable public contracting laws, rules, and regulations; overseeing the work of and receiving regular updates from Integrity Oversight Monitors; and ensuring that approved contracts for the allocation and expenditure of COVID-19 recovery funds are posted online. Acting State Comptroller Kevin D. Walsh serves as the chair of the COVID-19 Compliance and Oversight Taskforce, which under Executive Order 166, is charged with advising state agencies and authorities on compliance with federal and state law and mitigation of risks of waste, fraud, and abuse.

Procurement Reviews

Under Executive Order 166, state agencies and authorities are required to submit "potential procurements" to OSC, which, given that the procurement has not been completed, allows OSC to assist State agencies and authorities in avoiding all violations of laws, rules, and regulations by working with State agencies and authorities to cure deficiencies before approving the procurement.

Since Executive Order 166 became effective, OSC has reviewed 127 procurements that involve COVID-19 recovery funds. OSC took corrective action with regard to 57% of those submissions by providing guidance and feedback to agencies to ensure compliance with public contracting laws, rules and regulations without sacrificing expediency in the state's recovery process. This degree of corrective action is generally consistent with OSC's review of procurements following Superstorm Sandy and with its pre-advertisement review of procurements valued at $12.5 million or more. OSC's guidance and feedback encompasses a range of actions from minor clarifications and technical revisions to substantial modifications to ensure there is appropriate competition and transparency in the contracting process.

As part of its review under Executive Order 166, OSC seeks to maximize the potential for full federal reimbursement and to avoid recapture of federal funds by ensuring that the purchase is an eligible expense under the federal funding source and that appropriate state and federal contracting laws, regulations, and policies are followed. OSC reviews whether the agency or authority submitted the potential procurement prior to beginning the procurement process, relied on an inappropriate bidding exception, sought a contract term that exceeds an emergent need, did not seek sufficient competition, or failed to include required federal contract clauses.

Pursuant to N.J.S.A. 52:15C-10b(4), OSC's procurement reviews do not include consideration of a contracting unit's decision to undertake the procurement or to otherwise supplant the contracting unit's authority to create or implement public policy.

Discussion Points (Cont'd)

The following chart provides a summary to date of contracts submitted to OSC in SFY2021[6] (through 4/26/21):

Contract Review Threshold	**FY 2021**
$12.5 million or more	115
EO 125/Sandy Recovery	29
EO 166 Recovery	127
$2.5 to $12.5 million	271
Total Contracts	**542**
Value of COVID contracts	**$404,762,703.56**

[6] As of July 1, 2020, as required by its enabling legislation, in consultation with the Department of the Treasury, OSC increased its review thresholds in accordance with N.J.S.A. 52:15C-10(d).

Discussion Points (Cont'd)

COVID-19 Compliance and Oversight Taskforce

OSC has worked collaboratively with the COVID-19 Compliance and Oversight Taskforce, which includes, among others, the Attorney General, the Treasurer, and the Executive Director of the Governor's Disaster and Recovery Office (GDRO).

The Taskforce, which is chaired by the Acting State Comptroller, issued the COVID-19 Compliance and Oversight Plan (Compliance Plan) on September 2, 2020 to provide guidance to state agencies and authorities regarding the expenditure of recovery funds. This plan outlines the state's oversight framework, includes a review of state and federal guidelines applicable to COVID-19 recovery funding, and features best practices for procurement, internal controls, and fraud prevention. It highlights the features of an effective internal controls program and the importance of conducting regular risk assessments and identifies forth best practices for procurement. It also describes 20 specific responsibilities for the Accountability Officers within each state agency or authority that has been allocated recovery funds. These responsibilities function as a job description, guiding the state's Accountability Officers to ensure the state's commitment to accountability, compliance, and oversight. The Compliance Plan also highlights prior audit findings and lessons learned from past disaster recovery efforts.

On August 18, 2020, the Taskforce issued the Integrity Oversight Monitor Guidelines (IM Guidelines). This document discusses the Integrity Oversight Monitor's role in providing third-party oversight to ensure compliance with COVID-19 rules and regulations and to allow for real-time corrective action and risk mitigation. The IM Guidelines provide a roadmap for state entities expending recovery funds to determine whether they should engage an Integrity Oversight Monitor and instruct them how to assess potential risks in their programs and how to procure and interact with an Integrity Oversight Monitor.

Best Practices and Training for Agencies and Authorities

OSC has also conducted a comprehensive best practices training for the state's Accountability Officers. Nearly 200 individuals attended the live webinar, from 26 different entities. The webinar was made available for future reference on OSC's website and YouTube channel. The training focused on procurement best practices and how to establish and evaluate internal controls. Among other things, the procurement portion of the training addressed what Accountability Officers and other procurement professionals need to do to comply with the requirements of Executive Order 166 and federal and state procurement requirements; how to use a state contract; when a waiver of public advertising is appropriate; and how to avoid conflicts of interest. The internal controls section addressed the five components of internal controls; lessons learned from prior disaster recovery efforts; and common audit findings to avoid. In tandem with the training, OSC provided a "Resources" document, as a quick reference guide regarding procurement and internal controls. This document is also available on OSC's website.

Oversight by OSC

OSC encourages the public and state employees to report waste, fraud, and abuse involving recovery funds by calling 1-855-OSC-TIPS (672-8477), emailing ComptrollerTips@osc.nj.gov, or using our online form. When appropriate, OSC refers allegations of fraud to the appropriate authorities.

Discussion Points (Cont'd)

OSC obtains information to conduct its oversight by, among other things, engaging directly with the Accountability Officers in accordance with Executive Order 166, which provides that "[e]ach department, office, division, and agency of this State is . . . required, to the extent not inconsistent with law, to cooperate fully with the State Comptroller, the GDRO, and the Taskforce, and to furnish the State Comptroller, the GDRO, and the Taskforce with such information and assistance on as timely a basis as is necessary to accomplish the purposes of this Order." OSC's primary goals in engaging with Accountability Officers are to identify risks and to recommend measures to mitigate those risks.

OSC is substantially involved with the Integrity Oversight Monitors. As noted above, the Integrity Oversight Monitors serve an important role in identifying potential fraud, waste, and abuse and recommending best practices. They provide independent third-party oversight of recovery funds. Executive Order 166 directs OSC to oversee their work. OSC reviewed the procurement of the monitors to ensure the pool of monitors was established in a manner consistent with law. When the monitors issue their reports, OSC reviews them to identify risks and to evaluate whether additional oversight is needed.

In view of the long-term need for oversight of recovery funds, OSC recently formed the COVID-19 Compliance and Oversight Project, a special project of the office that will be dedicated to COVID-19 oversight on a full-time basis. The project includes staff focused exclusively on COVID-19 oversight while continuing to use the expertise and resources of OSC's Procurement, Investigations, and Audit Divisions. The project's work will include both proactive and reactive measures to identify and reduce the risk of waste, fraud, and abuse and will include collaboration with state and federal agencies to ensure that any concerns are appropriately elevated to, and timely handled by, the appropriate entity.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

20. The Casino Reinvestment Development Authority (CRDA) is responsible for facilitating economic and community development in Atlantic City by leveraging available assets and revenues with private investment capital in order to support redevelopment projects across Atlantic City. The CRDA receives revenue from various sources such as room fees, parking fees, and luxury taxes. The COVID-19 pandemic and the subsequent response from the Governor required closures of casinos as a means of preventing the spread of the virus. The casinos began to re-open during the summer of the 2020. Currently, casinos can open up to 50 percent capacity and are required to adhere to certain public health guidelines such as restrictions on number of players at gaming tables, space between guests, and other restrictions.

- ***Questions:*** **How have the closures of casinos and the subsequent economic downturn during the COVID-19 pandemic affected CRDA finances and its ability to fund economic development projects? How have the closures affected CRDA operating reserves, payments on debt service, and projects that financing committed prior to the pandemic?**

  The Casino Reinvestment Development Authority (CRDA) is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by CRDA.

Discussion Points (Cont'd)

The pandemic and resulting casino closures, as well as the reduced capacity upon reopening, have significantly impacted the CRDA. Overall, the CRDA experienced a significant revenue reduction in 2020 when compared to 2019. For example, Debt Service Revenue – comprised of Parking, Hotel Room and Luxury Tax proceeds - was down by over $37 million and General Fund Operating Revenue – which is sourced through Sales and Use Tax proceeds – was down by almost $10 million. In addition, although offset by payments resulting from the Convention Center's use as a COVID-19 field hospital, the cancelation of scheduled events at the Convention Center and Boardwalk Hall caused a slight increase in the operating loss for the two buildings in the amount of almost $68,500. However since the Convention Center and Boardwalk Hall are funded through excess Luxury Tax collections, which were reduced significantly as a result of the COVID-19 pandemic, cash reserves had to be utilized. Despite all of this, the CRDA was still able to make timely debt service payments in the full amount due without drawing on its reserves. The CRDA also awarded significant grants and community/economic development projects – funded by General Fund Operating Reserves. At the close of the CRDA's 2020 fiscal year on December 31, 2020, General Fund reserves were down by approximately $10 million.

CRDA's ability to fund grants and projects were not meaningfully affected in 2020, although most resources were committed to community development grants due to increased food insecurity as a result of the COVID-19 pandemic. Indeed, in 2020 alone the CRDA awarded over $1 million to fund feedings/food distribution efforts. As for economic development, the CRDA funded a small business loan program with the NJEDA in the amount of $2 million (approximately $1.1 million actually expended) and another with Atlantic City Electric in the amount of $30,000 (approximately $3,000 actually expended to date).