Discussion Points

1. The New Jersey Secure Choice Savings Program Act (P.L.2019, c.56) established the **New Jersey Secure Choice Savings Program** in, but not of, the Department of the Treasury. The Act 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. The Act mandated implementation of the savings program by the end of March 2021, but also permitted the New Jersey Secure Choice Savings Board to extend the program's start date by 12 months. At its December 15, 2021 meeting, the board approved a resolution extending implementation of the program to March 28, 2022.

In response to a FY 2022 OLS Discussion Point, the department noted that staff from the State Treasurer's Office, Division of Administration, Division of Investments, and the Office of Management and Budget have been working to support the board's implementation the program. On March 22, 2022, the department issued a Request for Proposals on behalf of the board seeking an executive search firm to assist in the recruitment and vetting of candidates for the Executive Director of the program. Proposal submissions are due by April 27, 2022.

The FY 2022 Appropriations Act provided $500,000 for the program. These funds support administrative services provided by the department and payments for legal services provided by the Division of Law in the Department of Law and Public Safety. The entire FY 2022 allocation remains uncommitted, as of April 18, 2022. The Governor's FY 2023 Budget Recommendations include a General Fund appropriation of $1 million to the Division of Investments for the program.

- ***Questions:*** **Please provide an update regarding the status of implementation of the program. Given that the program was not implemented by the March 28, 2022 deadline, when does the department anticipate the program will be implemented? Please justify the recommended increase in program funding. How will the additional program funding be utilized in FY 2023?**

  Answer: The Secure Choice Savings Program Board was organized in December 2021 and has held regular meetings since to lay the foundation of the program. The Board has entered into an agreement with the Department of the Treasury to perform administrative, procurement, personnel, and fiscal tasks until such time that staff is hired and the Program fully stands on its own. The Division of Administration, on behalf of the Board, issued an RFQ to engage a firm to recruit for an executive director. The additional amount recommended for FY2023 is for a consultant to assist the Board and its staff in their implementation of the technical mandates of the Secure Choice Act.

- ***Questions:*** **How many bids were submitted in response to the Request for Proposals for an executive search firm? When does the department anticipate a bidder will be selected? What amount does the department anticipate will be expended for recruitment services in FY 2023?**

  Answer: The Division of Administration, on behalf of the Board, released an RFQ on March 22. The Division received one (1) bid by the closing deadline.

Discussion Points (Cont'd)

The Department anticipates the cost of the service to be the industry standard, which is a percentage of the position's offered salary (not yet determined), but not to exceed $50,000.

2. The Department of the Treasury facilitates the work of the **New Jersey State Capital Partnership**. Established by Executive Order No. 40 on September 26, 2018, the partnership is an intergovernmental and intragovernmental effort to align State resources with the City of Trenton's plans for development. The partnership consists of representatives from the Departments of Community Affairs, Environmental Protection, Law and Public Safety, Transportation, and the Treasury, as well as New Jersey Transit and the New Jersey Economic Development Authority, and is required to consult with the Mercer County Executive and the Mayor of Trenton.

In response to a FY 2020 OLS Discussion Point, the department noted that staff was engaged in reviewing Trenton 250 (the City's long-range comprehensive master plan), associated district plans, and proposed action steps to identify priorities for facilitation, coordination, and funding. The partnership established five subcommittees: Steering Committee, Live and Work, Economic Development, Infrastructure and Natural Resources, and Workforce and Innovation. Various Executive departments provided limited financial and staff assistance to the City of Trenton.

- ***Questions:*** **Please provide a summary of the New Jersey State Capital Partnership's activities in FY 2020, FY 2021, and FY 2022 to date. To what extent, if any, was the partnership utilized in coordinating the City of Trenton's response to the COVID-19 pandemic? From what sources, if any, does the partnership receive financial support? What FY 2020, FY 2021, and FY 2022 resources, financial and otherwise, has the State provided to the partnership? What specific activities does the partnership intend to undertake in FY 2023?**

  Answer: For FY 2020, FY 2021, and FY 2022 the Partnership has focused on working collaboratively with the City of Trenton, County of Mercer, and community members to advance projects of shared interest, currently with a focus on projects related to economic development, recreation, and transportation. For the past three years, projects of focus include: sale and redevelopment of the former Taxation building, restoration of the Old Wharf Fishing Park, redevelopment of the Van Sciver building, the rehabilitation of the historic Broad Street Bridge, continuation of the Assunpink Daylighting project, and update of the Capital City Redevelopment Corporation's Renaissance Plan to align with Trenton's Master Plan.

  In addition to advancing projects, the Partnership seeks opportunities to assist the City in building its capacity. One such example is the assistance NJDOT provided Trenton in order to regain eligibility to apply for federal transportation funds. For nearly a decade Trenton was unable to apply and receive federal transportation funds, a missed opportunity to bring millions into the City for transportation projects. NJDOT provided Trenton with detailed, ongoing technical assistance to enable the City to regain eligibility, and for which the City has since applied for federal transportation funding with its new eligibility status.

  Treasury has dedicated a full-time employee to coordinate implementation of the partnership and its goals, working daily and in depth with government and non-government entities.

Discussion Points (Cont'd)

The partnership was not utilized for the coordination of the City's COVID-19 response.

For FY 2023, the Partnership will continue to advance the projects already underway as they take years to come to full fruition, adding at least the following to the portfolio: developing a strategy for the restoration of historic Old Eagle Tavern, redevelopment of Front Street Garage site, and pursuit of funding to advance the Route 29 boulevard project which would transform the City's access to the riverfront and convert acres of surface parking lots into prime development sites.

To date the partnership has not received direct financial support; therefore the partnership has focused on utilizing and leveraging existing funding sources or identifying new funding opportunities to advance projects of interest.

3. Established by Executive Order No. 138 (2013), the department's **Pension Fraud and Abuse Unit** is charged with the prevention and investigation of fraud and abuse of the State's pension and benefits systems, including the payment of retirement, disability, and other benefits. The unit investigates public pension claims, including disability pension claims, and claims of improper participation in the State's retirement systems and potential fraud and abuse in other benefit systems, as directed by the State Treasurer. The unit is overseen by the Division of Pensions and Benefits within the department.

On November 10, 2021, the Office of the State Comptroller (OSC) released a report examining the division's oversight of improper participation in the Public Employees' Retirement System (PERS). The report builds on the 2012 OSC report concerning municipal and school district compliance with changes to State law that removed professional service providers (PSP) from eligibility in PERS. In summary, the OSC report concluded that the unit has a backlog of cases regarding PSPs who may be improperly enrolled in PERS and that the unit has not investigated whether State and local authorities, commissions, fire districts, and boards have improperly enrolled PSPs in PERS. The OSC report also found that the unit has inadequate statutory authority to compel public employers to comply with requests for information and insufficient staff to undertake its responsibilities.

The OSC recommended that the unit be provided with statutory authority that would enable it to respond more effectively when State and local entities fail to cooperate in a timely, candid, and complete manner. The report also concluded that the division should conduct a cost-benefit analysis to evaluate the appropriate level of additional staffing necessary to achieve the greatest amount of savings to the State from the prevention of fraud and abuse.

- ***Questions:*** **Please provide an update regarding the unit's efforts to investigate the improper enrollment of PSPs in PERS. What is the current backlog of cases? What is the total amount of savings achieved through these efforts? Given the scope of its mandate, does the department believe that the unit has sufficient staff to fulfill its responsibilities under Executive Order No. 138? If not, does the department intend to allocate additional staff and resources to the unit? If not, why not? Does the department intended to conduct the cost-benefit analysis recommended by the OSC, and if so, what is associated cost?**

Discussion Points (Cont'd)

Answer: The PFAU has a current backlog of 223 Chapter 92 cases, down from 241 as outlined in the OSC report. The PFAU closed 18 Chapter 92 cases since the issuance of the OSC report, resulting in $1 million in savings. Another $9.8 million of potential savings is awaiting administrative determination hearings. In total, 467 Chapter 92 cases have been closed since PFAU creation in 2013, resulting in a savings of $60 million, an average savings of $128,479 per case.

The PFAU is in the process of hiring seven additional Investigator Trainees. The Department expects to conduct an in-house cost-benefit analysis; therefore, no cost other than time would be anticipated.

DIVISION OF TAXATION

4. The **New Jersey Economic Recovery Act of 2020** (P.L.2020, c.156) allows taxpayers to surrender a tax credit certificate or a tax credit transfer certificate awarded under several of the State's economic development incentive programs to the Division of Taxation in exchange for a cash payment, equal to 75 percent of the credit amount to be purchased, except for those credits awarded under the Emerge Program Act. Credits awarded under the Emerge Program Act can be exchanged for an amount equal to 90 percent of the amount of credits evidenced by the certificate, instead of applying the credit against their tax liability for a particular tax year or privilege period. The Governor's FY 2023 Budget Recommendations include language authorizing up to $30 million in additional appropriations to support the purchase of unused tax credits awarded to taxpayers through those economic development incentive programs.

- ***Questions:*** **What assumptions shaped the department's recommendation of $30 million in additional appropriations for the purchase of unused tax credits? What is the total amount of unused tax credits, by program, that may be eligible for purchase? Under what circumstances would the department purchase unused tax credits?**

  Answer: The recommendation was based on previous tax credit transfer certificate values for relevant programs. Taxation may be involved in the purchase of unused tax credits when those taxpayers that cannot find a buyer on the EDA market as Taxation currently pays a lower rate for these credits than the rates found through EDA's resale market.

5. The FY 2022 Appropriations Act provided an additional $11.6 million over the FY 2021 Appropriations Act to support the expansion of eligibility for the **veterans' property tax deduction** to veterans who did not serve in time of war and their surviving spouses. According to the FY 2022 Governor's Budget Recommendations, the department expected the number of claimants to increase by 32.2 percent, from 152,710 in FY 2021 to 201,846 in FY 2022 due to the ballot measure approved by voters in the November 2020 election to expand eligibility to include peacetime veterans. Information in the FY 2023 Governor's Budget Recommendations indicate that the increase in the number of claimants did not materialize and that 146,397 eligible recipients will receive a veterans' property tax deduction in FY 2022. The department anticipates that the number of claimants will decrease by about 4.1 percent, from 146,397 in FY 2022 to 140,345 in FY 2023.

Discussion Points (Cont'd)

- ***Questions:*** **What assumptions shaped the department's estimate of newly anticipated veterans' property tax deduction recipients in FY 2022? What factors account for the wide difference between the number of projected and actual claimants in FY 2022? Did the department conduct any outreach and marketing campaigns in order to increase public awareness of expanded eligibility for the veterans' property tax deduction? Given the potential for large increase in the number of claimants, why does the department expect the number of claimants to decrease further in FY 2023?**

  Answer: While the 2020 ballot measure greatly expanded the potential pool of recipients, Taxation only knows those taxpayers who are already receiving the benefit. The initial number was provided by the DMAVA. While Treasury was not involved in preparing those estimates, we believe that number may represent a much broader pool than those who are actually eligible for the exemption, after accounting for factors such as homeownership and other eligibility requirements. As with most new benefits, it also typically takes some time to reach eligible new recipients and Treasury will continue working with stakeholders to broaden outreach to ensure we capture as many eligible recipients as possible.

  Over the last six months, Treasury has undertaken a concerted effort, spearheaded by the Treasurer's Office, to promote the change in the veterans property tax deduction, as well as the many other tax relief benefits available to veterans.

  In conjunction with Veterans Day 2021, Treasury launched a new webpage to serve as a "one-stop shop" for veterans' benefits, services, and programs offered by Treasury, as well as other statewide departments and agencies. Treasury then began extensive outreach to promote this resource, beginning with a social media campaign where these benefits were promoted widely on Treasury's social media pages and shared by other state departments. The Treasurer's Office also sent this webpage to every legislative district office, encouraging members to share with their constituents, as well as key stakeholders, including the Department of Military and Veterans Affairs and the Veterans Chamber of Commerce.

  As part of this campaign, Treasurer Muoio and Brigadier General Hou, of the Department of Military and Veterans Affairs, recorded a video discussing the many benefits available for veterans, which was also promoted widely on social media.

  Treasury sent a slate of representatives to the May 10th Veterans Chamber of Commerce Resource Fair to help connect veterans with the many benefits and services offered by the Department.

6. The FY 2022 Appropriations Act provided an additional $500,000 for **Taxation Services and Administration** to support tax fraud investigators.

- ***Question:*** **How many additional tax fraud investigators were hired using these additional funds? How were these investigators deployed? What is estimated amount of State tax revenue recovered by these investigators in FY 2022?**

  Answer: Taxation has not hired new staff at this point. Taxation has reallocated existing staff of 20 investigators for this initiative as experienced staff are required to work on complex

Discussion Points (Cont'd)

investigations involving misclassification, construction and employment related cases. These 20 investigators have recovered over $9 million in tax revenue thus far in FY22.

7. In March 2014, the Division of Taxation released a Request for Information for the **Tax Systems Modernization Project**. The Request for Information 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.

In October 2017, the Division of Purchase and Property issued a Request for Proposals (RFP) for an integrated tax system. From 2017 through 2021, there were several bid amendments to 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. In response to a FY 2022 OLS Discussion Point, the department noted that three quotes were received in response to the RFP and the department would award a contract as soon as practicable, depending on the evaluation of the quotes and their compliance with the requirements of the RFP. Information available through the Division of Purchase and Property indicates that a contract was awarded to Revenue Solutions, Inc. on January 6, 2022.

In April 2021, the department noted that the tax systems modernization project will cost $64 million over five years. The FY 2022 Appropriations Act increased the funding level for Taxation Services and Administration by $19.5 million to support the first year of project implementation. Although costs associated with the second year of the project are expected to total about $11.4 million, these additional costs are not reflected in the recommended FY 2023 appropriation for Taxation Services and Administration.

- ***Questions:*** **Please provide an update on the implementation of the tax systems modernization project. How much has been expended, to date, on the project? Does the department anticipate that the project will be completed within the five-year budget and time frame envisioned in April 2022? If not, please provide an updated budget and time frame for the project.**

  Answer: The active engagement with Revenue Solutions, Inc. (RSI) began April 11, 2022. To date, $0 has been expended on the project. However, RSI submitted an invoice in the approximate amount of $10.5 million that will pay for the licensed software and one-year of licensing and maintenance.

  The project is still expected to be completed within a five-year timeframe. The budget was increased to $85 million to coincide with the accepted bid from RSI. The budget for the project by fiscal year is estimated to be as follows:

Tax System Modernization Project	
Budget by Fiscal Year	
FY 2022	$10.5 million
FY 2023	$19.3 million
FY 2024	$15.3 million
FY 2025	$15.7 million

Discussion Points (Cont'd)

FY 2026	$18.1 million
FY 2027	$6.1 million

Additionally, Treasury will spend approximately $3.2 million on consultants in FY 2022 to support and assist with the implementation of the tax systems modernization project.

DIVISION OF INVESTMENTS

8. Each year, the State Investment Council 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. As of January 2022, New Jersey's investments are allocated into five broad categories: Global Growth (58.65 percent), Real Return (7.81 percent), Income (17.98 percent), Defensive (14.10 percent), Police and Fire Mortgage Program & Other (1.47 percent).

In FY 2021, the Division of Investment's pension fund investments posted a 28.6 percent return, net of fees, which reflected the strong economic and investment environment despite the challenges to financial stability presented by the COVID-19 pandemic. According to the division's December Investment Reporting Package, the State's pension fund investments posted a 3.7 percent return for the first half of FY 2022.
In response to a FY 2022 OLS Discussion Point, the department noted that it adopted a new investment plan in July 2020 that included a higher targeted allocation to alternative investments and a lower targeted allocation to fixed income securities, reflecting, in part, the competitive advantages of private market assets and the historically low yields for U.S. Treasury securities, investment grade corporate bonds, and high yield bonds.

- ***Questions:*** **To what extent, if any, has current market instability affected the implementation of the new investment plan? Have recent increases in inflation and interest rates as well as expected Federal Reserve quantitative tightening caused the division to reevaluate its investment strategies and change the asset allocation plan?**

  Answer: Current market instability has not affected the Division's ability to implement the investment plan.

  The Division generally conducts periodic asset allocation reviews. The Division is currently in the process of conducting such a review. As part of this exercise, current and future expected market conditions including inflation, interest rates, and expected asset class returns are considered. Upon completion of the asset allocation review process, the division will discuss the results with the Investment Policy Committee and then proceed with any appropriate recommendations to the SIC at that time.

DIVISION OF PURCHASE AND PROPERTY

9. P.L.2017, c.95 established the position of **Chief Diversity Officer (CDO)** in Division of Purchase and Property. The CDO is charged with monitoring the State's public contracting

Discussion Points (Cont'd)

process for the purpose of compiling information on the awarding of contracts to minority-owned and women-owned business enterprises. The CDO also oversees the department's Office of Diversity and Inclusion (ODI). The ODI is charged with increasing the utilization of minority and women-owned businesses in the State contracting process.

In response to a FY 2022 OLS Discussion Point, the department noted that a portion of the State appropriation for the CDO would support annual maintenance costs associated with the purchase of software to support a new Supplier Diversity Dashboard. The dashboard will allow for tracking and monitoring of procurement spending by State departments, authorities, commissions, colleges, and universities. In January 2022, the ODI sought to hire a Manger of Supplier Diversity who will be charged with ensuring that businesses owned by minorities, women, and veterans are given a fair opportunity to compete for State procurement contracts. The Manager of Supplier Diversity is also charged with implementing a supplier diversity dashboard program to measure public contract spending among small, minority, women, and veteran-owned businesses.

- ***Questions:*** **Please provide an update regarding the development of the Supplier Diversity Dashboard. When does the department expect the dashboard to be available to the public? Has the department hired a Manager of Supplier Diversity? What is the salary range for this position? What new initiatives does the ODI intend to undertake in FY 2023 to increase the level of diversity in the State's supplier base? To what extent, if any, has the ODI provided support to the new Office of Diversity, Equity, and Inclusion established in the Office of the Governor by Executive Order No. 265?**

  Answer: The Department expects the dashboard to be available to the public by the end of December 2022.

  The Department is in the process of posting for the position for the second time. The Manager of Supplier Diversity position has a salary range of $70,008.56 - $99,596.69.

  In FY23, planned ODI initiatives include:

  - Continued oversight and administration of the statewide disparity in procurement study
  - Continued development of M/WBE utilization goals, policies and programs based on data received from the statewide disparity in procurement study
  - Continued implementation of the procurement dashboard system
  - Continued work with State agencies to continue ODI's outreach and engagement with M/WBE and DVOB.

  As with all members of the Governor's senior staff, Treasury maintains active communication and provides support, as needed, to the Office of Diversity, Equity, Inclusion, and Belonging ("Office of Equity"). ODI aims to support the Office of Equity's role in developing a statewide infrastructure to advance equity in the agencies and departments and seeks to expand its collaborative support of the Office of Equity in these efforts. Additionally, Treasury is a member of the Wealth Disparity Task Force, where Director Johnson of the Office of Equity serves as statewide liaison to the Task Force.

Discussion Points (Cont'd)

DIVISION OF PROPERTY MANAGEMENT & CONSTRUCTION

10. The **Division of Property Management and Construction** is responsible for the planning, programming, procurement, and administration, within the framework of the State's real estate portfolio, of office and warehouse space on behalf of all State agencies.
A language provision in the FY 2022 Appropriations Act requires the State Treasurer to conduct a review of all office space owned and leased by the Executive Branch and submit recommendations for the maximization of that office space in response to the impact of the COVID-19 pandemic on "traditional notions of workplaces," including an estimate of the associated cost impacts, to the Joint Budget Oversight Committee, by March 31, 2022.

- ***Questions:*** **Please provide an update regarding the office space utilization study. Is the study being conducted using in-house resources or was the department required to contract with an outside firm for this purpose? If the latter was required, has an outside firm been chosen to conduct the study? What process was used to make that selection? What is the amount of the contract award? How much has been expended, to date, for this purpose? When does the department anticipate the study will be completed?**

  Answer: The Division of Property Management and Construction ("DPMC") used in-house Treasury resources to conduct the office space utilization study. As the DPMC continues to assess space, consideration will be given to utilizing an outside consultant to assist in evaluating opportunities.

CAPITAL CITY REDEVELOPMENT CORPORATION

11. Established in 1988, the **Capital City Redevelopment Corporation (CCRC)** is charged with facilitating redevelopment in the Capital District of the City of Trenton. The CCRC also serves as the facilitator of the implementation of the Renaissance Plan and urban code design guidelines for areas within the Capital District. The CCRC is in, but not of, the Department of Treasury and receives office staff and support services from the New Jersey Economic Development Authority.

P.L.2021, c.159 authorizes the CCRC to sell property which formerly housed the Division of Taxation. The law requires the property to be sold pursuant to a request for approval process approved by the State House Commission and overseen by the CCRC in consultation with the Economic Development Authority and the State Treasurer. The proceeds from the sale of the property will be paid to the CCRC and be used to pay the costs, expenses, and fees incurred by the CCRC and the State. Any monies remaining after the payment of those costs may be used by the CCRC for purposes authorized by law.

On November 15, 2021, the CCRC issued a Request for Offers to Purchase and Redevelop (RFOTP) the former Division of Taxation Building. According to the RFOTP, the CCRC's goals are to sell this property for a minimum price not less than its appraised value, facilitate the continued use and occupancy of this property, encourage rehabilitation and needed building upgrades, and maximize the number of private jobs in downtown Trenton while supporting a vibrant Capital District. The minimum purchase price offer that the CCRC will accept is roughly $1.8 million. Responses to the RFOTP were originally due by February 15, 2022; but that deadline was extended to March 18, 2022.

Discussion Points (Cont'd)

The RFOTP also states that up to $4.5 million in CCRC grant funding may be available to the selected purchaser in connection with their proposed redevelopment of the property. The CCRC prefers for the grant funds to be utilized in a manner that furthers the redevelopment of the property and the vibrancy of downtown Trenton. The FY 2022 Appropriation Act appropriated $5 million to the CCRC for the Trenton Taxation Building. Of that amount, $500,000 has been expended and $4.5 million is committed, as of April 18, 2022. The Governor's FY 2023 Budget Recommendations include budget language to allow unexpended balances to carry forward to FY 2023.

- ***Questions:*** **Please provide an update regarding the sale of the former Division of Taxation building. How may bids have been received? When does the department expect to choose a winning bidder? For what purposes have any portion of the State appropriation been expended in FY 2022?**

  The Capital City Redevelopment Corporation (CCRC) is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by CCRC.

  Answer: One offer/proposal was received prior to the RFOTP proposal deadline of March 18, 2022.

  The Capital City Redevelopment Corporation, at its April 19, 2022 board meeting, voted to approve issuing a Notice of Intent to Award to the one responsive proposer, TerraCycle US, LLC, and to proceed to undertake full legal compliance review and to begin preparation and negotiation of a Purchase and Sale and Redevelopment Agreement (PSARA).

  The award to TerraCycle US, LLC and the final PSARA will be presented to the CCRC Board for approval prior to execution, possibly at the June 21, 2022 CCRC Board meeting. The timing for this is dependent on the cadence of the review and negotiation process.

  At the Nov. 12, 2021 CCRC special board meeting, the CCRC approved reimbursement of up to $35,000 to NJEDA for marketing costs associated with the RFOTP for the former Taxation Building, approximately $30,000 of which was utilized, invoiced, and is expected to be paid in FY22.

OFFICE OF INFORMATION TECHNOLOGY

12. The FY 2022 Appropriations Act increased the allocation for the Statewide 9-1-1 Emergency Telecommunication System by $13.0 million to support the **Next Generation 9-1-1** program. The current analog 9-1-1 system is obsolete, and over time, all analog 9-1-1 networks will be replaced with digital and Internet Protocol (IP) technologies. The bid submission deadline for the Next Generation 9-1-1 project was May 5, 2021. Information available through the Division of Purchase and Property indicates that six quotes were submitted and that a contract was awarded to Century Link Communications, LLC on March 21, 2022.

Discussion Points (Cont'd)

In response to a FY 2022 OLS Discussion Point, the department noted that costs associated with implementation of the Next Generation 9-1-1 system will be incurred incrementally as the system is expanded to cover all 21 counties. During this period, State resources will be required to support the legacy network currently provided by Verizon Communications, Inc. The department further stated that the final cost of this initiative will depend on system provider pricing and the projected time required to migrate from the old network.

- ***Questions:*** **Please provide an update regarding the implementation of the Next Generation 9-1-1 project. Please provide a budget, by fiscal year, for the project. What is the total project cost? When does the department anticipate the project will be completed and the new system fully operational?**

  The Office of Information Technology (OIT) is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by OIT.

  Answer: On March 21, 2022 the Division of Purchase and Property awarded the Next Generation 9-1-1 (NG9-1-1) contract to CenturyLink Communications, LLC dba Lumen Technologies Group. The projected annual cost for Lumen, once fully operational will be approximately $10,675,000. Project teams from OIT and Lumen have begun work on establishing the implementation plan and schedule. Because of the complexity and critical nature of the project it is anticipated to take approximately 24-36 months to complete. Total project cost is indeterminate at this time as the final cost will be dependent upon the timing of and effort required to transition over the County Systems. During the implementation period it will be necessary to maintain the legacy Verizon 9-1-1 network while the Lumen 9-1-1 network incrementally becomes operational. The increased FY 2022 appropriation is intended to cover the cost of the transition period.

COMMISSION ON SCIENCE, INNOVATION & TECHNOLOGY

13. The New Jersey **Commission on Science, Innovation, and Technology (CSIT)** 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 stimulate technology transfer between the State's public and private research institutions and industry, including the transfer of information from various federal agencies.

The CSIT administers several grant programs that provide financial assistance to academics and entrepreneurs in the fields of clean energy, clean technology, and life sciences. The commission also provides financial and technical assistance to small businesses seeking to participate in the federal Small Business Innovation Program and Small Business Technology Transfer Programs. The CSIT is also working with the Office of the Secretary of Higher Education to establish stronger ties between businesses and higher education by promoting industry-academic partnerships, experiential learning opportunities, and programs to meet market needs.

Discussion Points (Cont'd)

The Governor's FY 2022 Budget Recommendations included $3.2 million for the CSIT. In response to an OLS Discussion Point, the commission provided a proposed FY 2022 budget that allocated $2.7 million for grant programs and $550,000 for administration. The commission envisioned creating six new programs to support research organizations, graduate students and higher education faculty, entrepreneurs, and an expansion of the Research with NJ portal. In the FY 2022 Appropriations Act, CSIT's funding was increased by $1.5 million to $4.7 million total. According to its 2021 Annual Report, the CSIT submitted a FY 2023 budget request of $8.7 million. The Governor's FY 2023 Budget Recommendations include $6.2 million for the CSIT, an increase of 31.9 percent from the FY 2022 funding level.

- ***Questions:*** **Please provide an updated FY 2022 budget for the CSIT and its proposed activities for FY 2023. How is the additional FY 2022 funding being utilized? What additional programs and initiatives would have been supported if the CSIT's entire FY 2023 funding request had been included in the Governor's FY 2023 Budget Recommendations?**

  The Commission on Science, Innovation and Technology (CSIT) is in but not of (INBO) Treasury and per statute is independent of Treasury. All answers below were provided by CSIT.

Answer:

Updated FY2022 budget for CSIT and Proposed activities for FY2023

	Updated FY2022 CSIT Budget	Governor's FY2023 CSIT Budget Recommendation
PROGRAMS		
Small Business Development Center-SBIR/STTR Training and Coaching Support	$ 40,000.00	$ 40,000.00
SBIR/STTR Direct Financial Assistance	$ 1,075,000.00	$ 1,200,000.00
RwNJ - ResearchWithNJ portal	$ 300,000.00	$ 1,500,000.00
Catalyst Seed Grant	$ 1,500,000.00	$ 2,000,000.00
Catalyst R&D Voucher Grant	$ 275,000.00	$ 275,000.00
Ecosystem Events	$ 25,000.00	$ 45,000.00
Maternal / Infant Health Seed Grant	$ 500,000.00	$ -
SBIR Tech Assistance - FAST Grant Match	$ 125,000.00	$ 125,000.00
Program Sub-total	**$ 3,840,000.00**	**$ 5,185,000.00**
ADMINISTRATIVE EXPENSES		
EDA Chargeback	$ 165,000.00	$ 184,250.00
CSIT Salaries _+ Fringe(40%)	$ 515,000.00	$ 605,000.00
Insurance/Legal/Space/website	$ 80,000.00	$ 80,000.00
Travel / Supplies	$ 75,000.00	$ 120,750.00
EDA procurement	$ 25,000.00	$ 25,000.00
Admin Subtotal	**$ 860,000.00**	**$ 1,015,000.00**

Discussion Points (Cont'd)

TOTAL BUDGET	**$ 4,700,000.00**	**$ 6,200,000.00**

How is the additional FY2022 funding being utilized?

The $1.5M in additional funding to CSIT in FY2022 was utilized on grant programs ($1.19M – SBIR/STTR Direct Financial Assistance and Catalyst Seed Awards) and administrative expenses ($0.310M). The increased awards supported 32 additional companies with awards ranging in size from $25K to $50K. The increase in administrative expenses covers chargeback expenses to NJEDA for administrative support (5% on program expenses) as outlined in the updated CSIT/EDA MOU (executed October 2021) and revised estimates of legal, supplies, website development expenses.

What additional programs and initiatives would have been supported if the CSIT's entire FY2023 funding request had been included in the Governor's FY2023 Budget recommendation?

Since 2020, CSIT has gained significant momentum with early stage innovation-based entrepreneurs and companies. Additional funds, if available, would likely support additional training, coaching, and grants for programs like the CSIT SBIR/STTR Direct Financial Assistance Grant program, the Catalyst Seed Grant and Voucher programs and the Maternal/Infant Health Seed Grant program where CSIT believes strong demand exists.

OFFICE OF THE STATE COMPTROLLER

14. Executive Order No. 166 (2020) assigned to the **Office of the State Comptroller (OSC)** various responsibilities related to the review and oversight of the State's administration of COVID-19 recovery programs. On May 13, 2021, the OSC announced the creation of the COVID-19 Compliance and Oversight Project to ensure proper oversight and accountability for COVID-19 funds expended by the State and local governments. The project will include ongoing monitoring of recovery programs, training accountability officers, overseeing integrity monitors, and collaborating with the COVID-19 Compliance and Oversight Taskforce and the Governor's Disaster and Recovery Office.

The OSC is required to review 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.

In response to a FY 2022 OLS Discussion Point, the OSC noted that it had reviewed 127 procurements from State agencies and authorities. The OSC took corrective action with regard to 57 percent of those submissions. As part of its review, the OSC noted that it seeks to maximize the potential for full federal reimbursement and avoid the recapture of federal funds by ensuring that a proposed purchase is eligible under the applicable federal funding source and that appropriate State and federal laws, regulations, and policies are followed. The OSC indicated that it had reviewed 542 COVID-19 related contracts with a value of approximately $404.8 million, as of April 26, 2021.

Discussion Points (Cont'd)

- ***Questions:*** **Please provide an update regarding the OSC's review of COVID-19 procurements. How many procurements have required corrective action by the OSC? Based on these reviews what are the most common corrective action recommendations issued to various State agencies? What is the total value of COVID-19 related contracts reviewed by the OSC?**

  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.

  Answer: Under Executive Order 166 (EO 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 violations of laws, rules, and regulations by working with state agencies and authorities to cure deficiencies before approving the procurement.

  Since July 17, 2020, when EO 166 was issued, OSC has reviewed 223 procurements that involve COVID-19 recovery funds. OSC took corrective action with regard to 56% of those submissions in FY 2021 and 53% as of April 21, 2022 in FY 2022. OSC staff attorneys provide guidance and feedback to agencies to ensure compliance with public contracting laws, rules, and regulations without sacrificing expediency in the State's recovery process. 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, including:

  - Ensuring that the required federal contract provisions are included in every contract;
  - Providing a cogent justification for purchases by emergency waiver of the bidding process;
  - Requiring appropriate justification for a sole source purchase;
  - Requiring evidence of competition for a purchase;
  - Recommending that agencies develop a procurement plan to transition services procured under the pubic exigency exception; and
  - Providing notice to prospective bidders that the final contract will be posted on the publicly-accessible COVID-19 Transparency website.

  Notwithstanding the shortened 10-day review period for COVID-19 contracts, state agencies have requested expedited review in 9% of the submissions. For such contracts that address an urgent State need, OSC staff attorneys work with state agencies to review submissions as quickly as possible.

  As part of its review under EO 166, OSC seeks to maximize the potential for full federal reimbursement and to avoid recapture of federal funds by ensuring that the purchase or service 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

Discussion Points (Cont'd)

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.

The following chart provides a summary to date of contracts submitted to OSC in FY 2021 and FY 2022 (through 4/21/22):

Contract Review Threshold	FY 2021	FY 2022 as of 4/21/22
$12.5 million or more	140	122
EO 125/Sandy Recovery	40	50
EO 166/COVID-19 Recovery	156	97
$2.5 to $12.5 million	364	278
Total Contracts	**700**	**547**
Value of COVID contracts	**$716,804,398.01**	**$959,304,758.35**

15. The OSC was also tasked with **providing training and assistance** to recovery program participants about best practices for reducing risks of waste, fraud, and abuse. On June 30, 2021, the OSC issued guidance to local governments intended to help counties and municipalities spend federal COVID-19 recovery funds efficiently and effectively. The guidance includes best practices for spending Local Fiscal Recovery Funds and a checklist for ensuring internal controls are in place to prevent waste, fraud, and abuse.

The State Comptroller also oversees the work of the **Integrity Oversight Monitors**, who develop measures to prevent, detect, and resolve any inefficiency or malfeasance in the spending of COVID-19 recovery funds. The integrity monitors provide independent, third-party oversight of COVID-19 recovery funds. The OSC reviews reports issued by the integrity monitors to identify risk and determine whether additional oversight is needed. The OSC received about $12.5 million from the State's portion of federal assistance through the Coronavirus Relief Fund and State Fiscal Recovery Fund to support the integrity monitors. Of that amount, about $4.5 million has been expended, $3.8 million is committed, and $4.2 million remains unexpended.

- ***Questions:*** **Please provide an update regarding the work of the integrity monitors. How many have been selected? How many programs have been reviewed? What criteria does the OSC use to determine whether a program requires review by an integrity monitor? What are the most common risks identified by the integrity monitors? When required, what types of additional oversight are provided? Does the OSC believe that the remaining federal funds will be sufficient to support the work of the integrity monitors through the remainder of the period during which COVID-19 recovery funds may be expended?**

  Answer: OSC provides an update below regarding the work of the integrity monitors and risks identified by the integrity monitors in their public reports. We note that the premise of this question is factually incorrect, in that OSC does not determine when an integrity monitor is

Discussion Points (Cont'd)

needed and did not receive "$12.5 million from the State's portion of federal assistance through the Coronavirus Relief Fund and State Fiscal Recovery Fund to support the integrity monitors."

In July 2020, Executive Order 166 (EO 166) established the Governor's Disaster Recovery Office (GDRO) and the COVID-19 Compliance and Oversight Taskforce (Taskforce). The Taskforce is chaired by the Acting State Comptroller and also has as members the Attorney General, the Treasurer, the Executive Director of GDRO, and the accountability officers for the Department of Education, Department of Children and Families, and New Jersey Transit. EO 166 directed the Taskforce to issue guidelines regarding the appointment and responsibilities of the integrity monitors. The Integrity Monitor Guidelines were initially issued in August 2020, and updated in June 2021.

According to the Integrity Monitor Guidelines, state agencies, departments, or authorities that have received or will administer $20 million or more in COVID-19 recovery funds are to retain integrity monitors to oversee or monitor the disbursement of those funds (Category 3 Integrity Monitor). In certain circumstances, a state agency, department, or authority may also hire an integrity monitor to assist with establishing or administering a program (Category 1 and 2 Integrity Monitors). OSC does not determine whether a program requires review by an integrity monitor; according to the guidelines, the decision whether to retain an integrity monitor is to be made by the agency, department, or authority in consultation with GDRO. To date, there have been 24 integrity monitor engagements, with 8 currently in progress. Of the 24 integrity monitor engagements, 20 were Category 3 integrity monitors that reviewed 65 programs amounting to over $4 billion. Four were Category 1 or 2 integrity monitors that provided guidance on the administration of programs and assisted in developing compliance and other such materials for state agencies. As of April 26, 2022, the integrity monitors have collectively issued 42 quarterly and final reports.

The integrity monitors help protect public funds from fraud, waste, and abuse; ensure transparency and accountability; and prepare the State for potential future audits. They have performed risk assessments, reviewed internal controls and processes, examined documentation for eligibility and proper payment, evaluated programs for compliance with federal requirements, examined the work of state vendors and subrecipients, and assisted agencies in program administration. In their reports, the integrity monitors have identified risks including potential duplication of benefits, risks related to self-certifications, missing documentation, eligibility, and payment issues.

The state agency, department, or authority that has engaged the integrity monitor is responsible for the day-to-day management of that engagement. However, OSC oversees and interacts regularly with the integrity monitors to ensure proper communication and access to information exists between integrity monitors and their respective state agencies. OSC, may, as needed, follow up on the findings issued by integrity monitors to determine what action is being taken to respond to those findings, if any. OSC is also authorized under the Integrity Monitor Guidelines to request documents, information, or special reports.

Regarding funding for the integrity monitor program, OSC is not responsible for the funding aspect of the program and has not received funding from either the Coronavirus Relief Fund

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or the State Fiscal Recovery Fund for that purpose. Funding decisions for the program are made by GDRO and/or the state agency, department, or authority entering into the integrity monitor contract. To that end, any questions regarding the sufficiency of funding should be directed to GDRO.

16. On March 3, 2022, the OSC announced the launch of the **Police Accountability Project** to review State and local law enforcement agencies. This project is intended to build upon the OSC's reviews of whether the New Jersey State Police is complying with laws prohibiting racial profiling. These reviews focus on trooper misconduct, motor vehicle stops, and State Police training.

The OSC intends to examine issues that may subject the State to civil liability when police encounters result in civil rights violations. According to the OSC announcement, the project will evaluate the systems in place for detecting and addressing inappropriate officer conduct; assess whether police training programs comply with recent reforms; examine the effectiveness of reforms designed to eliminate bias in policing; and review law enforcement agency compliance with mandatory reporting obligations about officer misconduct. The project will also report on how taxpayer funds are used for policing and identify areas of inefficiency.

- ***Questions:*** **Please provide an update regarding the implementation of the Police Accountability Project. How many OSC staff are working on the project? What activities does the project intend to undertake in FY 2022 and FY 2023, respectively?**

  Answer: In setting forth the responsibilities of the Office of the State Comptroller (OSC), the Legislature declared that, among other things, OSC "shall be responsible for conducting . . . assessments of the performance and management of programs of the Executive branch of State government, including all entities exercising executive branch authority[.]" Exercising this authority to assess various aspects of law enforcement, and building upon its annual reviews of the New Jersey State Police, OSC launched its Police Accountability Project on March 3, 2022.

  The Project's work is underway and will include reviews, surveys, and investigations involving policing in New Jersey. As with much of our work, we aim to provide transparency and accountability by obtaining facts, issuing findings, and making recommendations for improvements involving compliance, efficiency, and avoidance of fraud, waste, and abuse. We issue findings and recommendations in public reports.

  At this time, the Project has a dedicated leader who has expertise in policing and police accountability efforts. We are in the process of hiring additional staff. Existing OSC staff, including investigators, data analysts, attorneys, and auditors, assist the Project as needed and will continue to do so after additional full-time staff devoted to the Project are hired.

- ***Questions:*** **Although the OSC is undertaking new responsibilities and initiatives, no changes are recommended to its budget allocation for FY 2023. How has the allocation of staff resources changed to allow the OSC to execute its new responsibilities and**

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undertake new initiatives? Have any specific projects been curtailed or concluded to allow OSC staff to focus on new initiatives?

Answer: In the past 18 months, OSC has added two new projects: the COVID-19 Compliance and Oversight Project and the Police Accountability Project. These multi-disciplinary efforts focused on specific areas rely on OSC's investigations, audit, and general oversight powers and tap the experience of existing staff. We have added these new areas without reducing expectations within other areas, and while maintaining a high and increasing level of productivity throughout the office.

OSC has been allocated 141 full-time equivalents (FTEs). Of those, 70 FTEs are allocated completely to the oversight of the Medicaid program. The Audit Division is allocated 22 FTEs; the Investigations Division is allocated 18; the Procurement Division is allocated 11; and Executive Staff is allocated 10, which includes all leadership, communications, technical, and administrative staff, as well as legal staff made available to assist divisions and projects with their work. The COVID-19 Compliance and Oversight Project has been allocated 6 FTEs and the Police Accountability Project has been allocated 4.

OSC has been extraordinarily productive in FY 2022. OSC's employees have shown enthusiasm and dedication to OSC's mission of identifying fraud, waste, and abuse and safeguarding taxpayer funds. Collectively, as of April 26, 2022, OSC's divisions and projects have delivered 28 public reports, audits, and public letters; reviewed almost 550 contracts for compliance; recovered more than $99 million in improperly spent Medicaid funds; and conducted 12 trainings or presentations for state and local government officials and the Medicaid provider community. We have conducted surveys and initiated reviews of more than 100 state and local government units to better understand their policies and procedures and evaluate whether fraud, waste, and abuse is occurring. We have published newsletters, blog posts, and articles, enhanced our communications to the public, and ventured into digital media, producing short videos and clips to connect our work to a broader audience and, thus, encourage greater transparency and accountability within government.

We plan to continue this level of oversight while continuing to adjust and expand how we oversee the Executive Branch of state government.

OFFICE OF ADMINISTRATIVE LAW

17. P.L.2021, c.390 requires the Office of Administrative Law (OAL) to establish a **special education unit** consisting of administrative law judges having expertise in special education law. The new unit is intended to help address the ongoing backlog of special education cases that are referred to the OAL. According to the Executive, over the last 20 years, the number of special education cases assigned to the OAL has increased by 120 percent. There are approximately 1,200 special education cases per year and each administrative law judge has a special education caseload of about 30 cases in addition to other matters heard by the OAL.

The law requires the number of administrative law judges in the special education unit to be proportional to the number and complexity of special education cases referred to the OAL and

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sufficient to render decisions within time periods mandated by federal and State law, which is typically within 45 days of the matter being transmitted to the OAL. P.L.2021, c.390 also requires the OAL, in consultation with the Department of Education, to develop a system to track a due process petition once it is assigned to an administrative law judge and to allow petitioners to track the status of their petition.

The effective date of P.L.2021, c.390 is delayed until the first day of the ninth month next following the appointment and confirmation of 15 administrative law judges, but no later than the first day of the 25th month next following enactment. The Governor's FY 2023 Budget Recommendations include increasing funding for the OAL by $6.0 million, from $4.6 million in FY 2022 to $10.6 million in FY 2023. Supplementary budget information indicates the additional funding will support 38 new positions assigned to the special education unit.

- ***Questions:*** **Please provide an update regarding the implementation of P.L.2021, c.390. Is the recommended increase in funding intended to support a fully staffed special education unit? If not, what is the anticipated cost of a fully staffed special education unit? How many judges and support positions, respectively, will be supported by the additional funding? What assumptions, projections and criteria did the Executive use in determining the recommended number of new administrative law judges?**

  The Office of Administrative Law (OAL) is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by OAL.

  Answer: P.L. 2021, Ch. 390 (Ch. 390), was signed into law on January 18, 2022, and will take effect on the first day of the ninth month following the appointment and confirmation of 15 additional administrative law judges (ALJs), but in no case later than the first day of the 25th month after enactment. Ch. 390 directs the OAL to establish a Special Education Unit consisting of judges with expertise in Special Education law. The law requires that the unit be comprised of enough judges to enable the OAL to "render decisions within the time periods mandated under federal and state law." It also requires the development of a tracking system that will allow parties to monitor the status of their petition.

  The OAL has begun to take the steps needed to implement this recently enacted law. We have conferred with the Governor's office in an effort to expedite the appointment of additional judges. We have explained the background, skill set, and temperament a judge needs to effectively implement the goals of this legislation. Ch. 390 asks that new judges bring with them expertise in the area of Special Education law. Toward this end, we have invited members of the Education Bar to express interest in becoming an ALJ; to date, five individuals have done so by contacting me. I have explained the appointment process to each and have offered any help we can provide in navigating that process, which necessitates nomination by the Governor, and appointment with the advice and consent of the Senate.

  We have preliminarily created a Special Education Unit composed of experienced judges who serve on our settlement panels. We are proud to share that more than three-quarters of our cases reach an amicable resolution with the help of these judges. These settlements bring a speedy and mutually acceptable solution to the question of a child's educational future and

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are consistent with the legislative goals of the Individuals with Disabilities Education Act (IDEA), which include mandated efforts at dispute resolution, and an emphasis on collaboration in programming for disabled students.

We are also beginning to engage in robust training for our judges. The Education Bar is small. While we thus are mindful that the new law envisions the appointment of judges with expertise in Special Education, we are concerned that we may be unable to increase our ranks exclusively with judges who are practitioners in this field. We have many able and experienced judges. And we have many who are eager to learn, and who bring the right know-how and temperament to this sensitive area of law. But training is key. We have begun a ten-module training program in the substantive law which our judges have warmly received. We intend to also offer training in dispute resolution/mediation and in writing skills to round out the knowledge needed to ensure these cases are handled well. The OAL has long worked collaboratively with the Department of Education in processing of our Special Education due process petitions. We continue to partner with the Department to meet the requirements of Ch. 390. Toward that end, please note that a Memorandum of Agreement between the OAL and the Department of Education executed in October 2021 provides the OAL with a one-time payment of $125,000 to support these training efforts.

The recommended increase in funding will support a fully staffed Special Education Unit. We have analyzed the staff required to support the work of 15 additional judges, and a breakdown of our financial analysis follows:

Title	*# of Positions*	*Salary Cost*	*Total Costs*
ALJs	15	163,532.06	2,452,980.90
Judicial Asst.	6	55,436.40	332,618.39
Law Clerks	7	56, 893.23	398,252.64
Editors	5	69,577.15	347,855.74
Data Entry	3	46,367.27	139,101.82
Tech. Asst.	2	42,450.79	84,901.58
Total Salaries			**3,755,711.07**
Fringe Benefits		61.05%	2,292,861.61
Total Salary and Fringe			**6,048,572.68**

The goals of Ch. 390 are two-fold; to ensure that judges who hear Special Education matters are knowledgeable about the IDEA, and knowledgeable about public education generally; and to ensure that these matters are adjudicated expeditiously. The suggested addition of 15 judges came after consideration of how to ensure that our judges have time on their calendars to promptly schedule these priority cases; and have the time needed to hear the case and write a decision. Our current staffing profile provides for a full complement of 45 judges. With

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a complement of 60 judges, our judges would be able to schedule and hear Special Education cases at a rate of one per month, which would allow them to do so with the speed contemplated by the IDEA.[1] Simply put, more judges means more days on the calendar for cases to be scheduled and heard. Ch. 390's mandate that we have as many judges as needed "to render decisions within the time periods mandated under federal and state law," will require nearly "all hands on deck."

More judges mean a need for more support. Our judicial assistants each currently support three judges. By adding six additional assistants, we can maintain this level of assistance once our ranks increase to 60 judges. We currently employ four to five law clerks. Adding seven law clerks will maintain a ratio of one clerk per every five judges. Our clerks provide invaluable research assistance and are key players in our efforts to decide our Special Education cases quickly and correctly.

We seek five additional editors. We currently employ one editor who is responsible for ensuring that decisions by our approximately 40 judges are a product we can be proud of; that is, free of typographical and grammatical errors and containing proper citation formats. We firmly believe that a professional product instills confidence in the New Jersey citizens who ask us to resolve one of the most vital issues in their life; the educational future of their child.

Finally, we require five additional support persons to assist in making our Clerk's Office run smoothly. This is where our cases first enter the OAL, and from where they are routed and docketed. Our Clerk's Office also interfaces with the Department of Education to resolve procedural issues that may surround the filing of cases at the OAL. A properly and fully staffed Clerk's Office is essential to meeting the goals of Ch. 390; its staff are essential to ensuring that Special Education matters move expeditiously through our office.

- ***Questions:*** **How many special education due process hearings have been conducted by the OAL in each of the past three years and how many of those hearings have not been concluded within 45 days? Please describe how the establishment of the special education unit, and the proposed appropriation for the unit, will aid in reducing the timeframes in which decisions are rendered.**

  Answer: We have docketed Special Education due process matters during the past three years as follows:
  2019 – 1228 cases filed
  2020 – 924 cases filed
  2021 – 938 cases filed

  The case numbers for 2020 and 2021 are atypical and reflect a reduction in filings due to the COVID-19 pandemic. Our numbers for 2019 are more characteristic, and in some years we exceed that number. And we anticipate an uptick in filings as parents and school districts

[1] It is important to remain mindful that the OAL hears many cases other than Special Education disputes; these include but are not limited to licensing, welfare, Medicaid, and pension cases. Our case filings in 2021 totaled 10,369 cases.

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attempt to address the disruption to learning that took place during the pandemic. To amplify this point, note that in 2021 to date we had 173 filings; in 2022 to date, we have 234 filings. The bulk of our filings come in the late Spring and early Fall, when most educational decisions are being made by Child Study Teams and parents.

We are unable to advise how many of our hearings were conducted within 45 calendar days because our scheduling software does not permit us to do so.[2] Note that under the IDEA, a case must be heard and completed within 45 days of filing; but the law does contemplate adjournments at the request of the parties that serve to extend that timeline. In an article published in the Administrative Law Review, Professors Diane Holben and Perry Zirkel thus unsurprisingly report that 76% of all cases for the fifty states during the period from 2004 through 2019 were not decided in 45 calendar days. *Due Process Hearings under IDEA: Justice Delayed,* Holben and Zirkel, Administrative Law Review, Vol. 73, Issue 4, Fall 2021, at page 839.

New Jersey is no exception. Our cases take too long to adjudicate. While we firmly contend that we are fully compliant with the letter of federal law and adjourn cases only where the parties so request, we concede that we at times do not comply with the spirit of the law. We want to better do that which the IDEA asks of us; make decisions about a child's educational programming in real time. More judges and the supports needed to make those judges effective will surely help the OAL do its job, and by extension, will help our most vulnerable citizens, our special needs youngsters.

- ***Questions:*** **Please provide an update regarding the development and implementation of the petition tracking system. Are the OAL's current case management systems capable of supporting the new petition tracking system? If not, will the OAL be required to purchase a new system or develop enhancements to its current system? What are the anticipated costs of the new or modified system? When does the OAL anticipate the system will be available to judges and petitioners? Can the OAL employ any case management systems currently utilized by the Administrative Office of the Courts to fulfill the requirements of P.L.2021, c.390? If not, why not?**

  Answer: Our existing scheduling software is antiquated and cannot support the tracking system required by this newly enacted law. Nor does it support a case tracking and scheduling system that is paperless. We are informed that OIT has implemented initiatives to encourage agencies to enter the paperless age; we currently print and mail hearing notices and other communications to our litigants. It is imperative that we bring our systems up to date.

  A committee of OAL staff members (to include members of our IT team, our Acting Clerk, our Fiscal Manager, and our Special Education Assignment Judge) has been in the process of vetting replacement software programs. We hope to have a new program up and running by the end of 2022 at the latest. In seeking new software, we are mindful that it must meet the requirements of Ch. 390. We are actively exploring the system currently used by the Judiciary – Pega (Oracle). This software can support e-filing and can be designed to permit litigants to track case progress, much like the e-filing systems currently used in state and federal courts.

[2] We are able to share that in 2021 for example, 66% of our cases closed within the same year as filing.

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Since we are much smaller than the Superior Court and Municipal Court structure supported by the Judiciary, we are discussing with the vendor how to modify the program so that it meets our logistical needs and our financial limitations. We do not have a firm figure from the vendor quite yet, but preliminary estimates have come in at $950K.

The Memorandum of Agreement between OAL and the Department of Education referenced above also provides the OAL with a one-time payment of $125,000 to assist with the purchase of new software intended to "centralize the scheduling of cases in order to track the progress of Special Education due process hearings and to ensure compliance with the timelines set forth in the IDEA, federal, and state regulations." This grant of moneys from the Department of Education will defray, in part, the cost of modernizing our case tracking system. The recommended increase in funding will likewise do so, as there will likely be some lag time in expanding our staff. Indeed, I would anticipate that it will take the full 25 months contemplated by the statute to reach our full complement of 60 judges. Since the pace of the appointment of judges is not within the OAL's control, I would not recommend increasing our staff until we have a better sense of how many new judges will be joining our ranks. I thus anticipate that during the upcoming fiscal year, the proposed increased funds could assist us in complying with the tracking and accountability requirements of Ch. 390.

SOUTH JERSEY PORT CORPORATION

18. In December 2020, EEW American Offshore Structures announced plans to construct a $250 million wind turbine manufacturing facility at the Paulsboro Marine Terminal to build steel components, known as monopoles, for offshore wind turbines. Monopoles are offshore wind turbine foundations. According to a press release issued by the Governor's Office, the facility will be the largest industrial offshore wind investment in the United States to date. Construction on the facility broke ground in 2021 and production at the facility is expected to begin by 2023.

- ***Questions:*** **Please provide an update regarding the construction of the wind turbine manufacturing facility. What level of funding, and from what sources, will be available to support the wind turbine manufacturing facility project? How many jobs will be supported by each phase of the project? To what extent, if any, have recent supply chain disruptions and increases in prices for construction materials impacted the project? To what extent, if any, has recent increases in inflation caused EEW American Offshore Structures to reevaluate the estimated project cost? Please provide an updated cost estimate for this project.**

  The South Jersey Port Corporation (SJPC) is in but not of (INBO) Treasury and per statute is independent of Treasury. All answers below were provided by the SJPC.

  Answer: The Circular Weld building is 95% complete and the Coating 1 building is 35% complete scheduled to be operational by the end of 2022. Site improvements adjacent to the two buildings is nearing completion in advance of paving this summer. This Phase 1 facility will employee 150 workers and upon completion of the Phase 2 buildout a total of 550 jobs will be created at the facility. We expect that EEW may finance these project costs through a combination of debt and equity funding with partners, including potential

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investments/partnerships with offshore wind developers. The project has been impacted by supply chain disruptions since much of the fabrication equipment is produced in Europe, which has been hit hard by the war. Delays are being realized in electrical, mechanical and steel related building materials resulting in 20-30% cost increases. The Phase 2 facility is scheduled to be online by the end of 2024 to support the Atlantic Shores offshore wind project. Costs have increased and EEW is exploring additional sources of financing to cover the increased costs.

19. On November 30, 2021, the Joint Budget Oversight Committee approved the allocation of $45 million from the Debt Defeasance and Prevention Fund to the Department of Transportation for Wind Port Dredging. Of the amount, $35 million has been allocated for upgrades and improvements at the South Jersey Port Corporation (SJPC) terminals in Camden, Paulsboro, and Salem.

- ***Questions:*** **Please provide additional information, specifying the estimated cost and timeline for completion, for each project to be funded at each SJPC terminal by the appropriation from the Debt Defeasance and Prevention Fund. What assumptions and projections did the SJPC use to determine the recommended level of funding for these projects? How much of the $35 million allocation has been expended and what amount remains unexpended, to date?**

  Answer: The $35 million is to support four significant projects for the SJPC. These projects are:

  Salem Port Development - $7 million
  The design RFP is scheduled to be awarded in May 2022 with final design complete in the 4th quarter 2024. The construction duration is scheduled from 1st quarter 2025 to 4th quarter 2026. This funding will support the local share of the INFRA grant received to redevelop the Port of Salem Phase 1A project. No funds expended to date on this project.

  Pier 5 Refrigeration at Three Buildings - $7.5 million
  Project can now start with the design effort based on the recent receipt of funds. Recommended funding amount determined with assistance from an independent refrigeration specialist. Project duration is anticipated to be two years which includes design and phased construction to replace the refrigeration system in each of the three refrigerated buildings at Pier 5.

  Paulsboro Port Phase 2 Offshore Wind Project Site Infrastructure - $5 million
  The Phase 2 project utilizes the Chlorox Site for the construction of rolling and welding buildings for the fabrication of offshore monopile foundations to support wind turbines. These funds are a contribution to support the prerequisite site grading, and installation of underground utilities prior to construction of manufacturing buildings by EEW. Project duration is projected to be two years. No funds expended to date pending EEW's start of design work.

  Broadway Terminal Underground Utilities - $15.5 million

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Design work on the replacement of the underground fire mains will preparation of a design RFP scope of work document. The design effort is scheduled to commence in the late 4th quarter 2022 and is estimated to span 18 months to include identification of multiple underground interferences and required construction staging. The construction duration is planned for 30 months. Fund were recently received, and no spending has yet occurred.

20. Administered by the U.S. Department of Transportation (DOT), the Infrastructure for Rebuilding America (INFRA) Program (statutorily designated as the Nationally Significant Multimodal Freight & Highway Project Program) awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety and efficiency and reliability of the movement of freight and people across rural and urban areas. On June 30, 2021 the DOT announced that the award of a $9 million INFRA grant to the South Jersey Port Corporation for the expansion of its barge capacity and intermodal rail connectivity at Port of Salem. The INFRA grant will support a portion of the cost of this project, which is estimated at $15 million. The remaining $6 million will be provided by the SJPC and from other sources.

- ***Questions:*** **Please provide an update regarding the Port of Salem Improvement Project. From what non-federal sources, and in what amounts, will funding be available to support this project? What is the estimated total project cost? When does the corporation expect construction to begin? What is timeline for project completion? To what extent, if any, have recent supply chain disruptions and inflation for construction materials impacted this project? Has SJPC had to reevaluate its cost estimate?**

  Answer: Proposals were received for the performance of environmental studies and engineering design to effectuate the first phase of the Port of Salem redevelopment program in Salem County. Recommendation to award the design services will be presented to the SJPC Board of Directors for approval at its April 2022 meeting. The estimated total project cost of the Phase 1A Salem redevelopment is $15 million based on 2021 costs. Currently, additional nongovernmental sources of funding have not been identified. Recent increases in material costs due to unusually high inflation and disruptions to the supply chain impacting the availability of building materials will likely impact the total project costs. Therefore, the construction cost engineering estimates will be updated at schedule milestones throughout the design phase. Construction is anticipated to commence in the first quarter of 2023 and be completed in the fourth quarter of 2026. Upon award of the design services to perform the environmental analysis, spending of funds will commence.

21. In April 2021, the South Jersey Port Corporation entered into a Memorandum of Understanding (MOU) with the New Jersey Economic Development Authority to develop a planning and economic development study on the potential expansion of the Port of Salem to accommodate offshore wind supply chain activities in support of the New Jersey Wind Port. According to the Economic Development Authority, industry feedback has indicated that the Port of Salem's intermodal road and rail links may support the supply of construction materials to the Wind Port Project and the provision of manufacturing components to Wind Port tenants. The expansion of the Port of Salem may lead to a broader revitalization of the City of Salem and the surrounding region as a hub for green manufacturing. The MOU commits financial support for

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the study, not to exceed $150,000 each, from the Economic Development Authority and the South Jersey Port Corporation. Following a competitive bidding process, the SJPC awarded the Port of Salem development study contract in the amount of $210,000 to Martin Associates.

- ***Questions:*** **Please provide an update regarding the Port of Salem planning and economic development study. Has the study been submitted? What did the study conclude regarding the potential expansion of the Port of Salem? If the study has not been submitted, when does the authority expect the study to be completed?**

  Answer: The planning study has been prepared as a draft and is currently in review. Its conclusion is that Salem could support light manufacturing and offshore wind support functions. With the investment in deepening of the Salem River and the expansion of the Salem port to include adjacent underutilized properties, the port becomes even more desirable to support the offshore wind industry.

CANNABIS REGULATORY COMMISSION

22. The New Jersey Constitution provides that the retail sale of cannabis shall be subject only to the sales and use tax. P.L.2021, c.16[3] authorizes the Cannabis Regulatory Commission (CRC) to impose a Social Equity Excise Fee on the receipts from the sale or transfer of useable cannabis by a cannabis cultivator to any other cannabis establishment, other than a cannabis cultivator. Effective August 19, 2021, the CRC imposes the Social Equity Excise Fee on the sale or transfer of useable cannabis by a cannabis cultivator in the amount of one-third of one percent of the Statewide average retail price of an ounce of useable cannabis for consumer purchase. Beginning nine months following the first sale or transfer of usable cannabis subject to the Social Equity Excise Fee by a cannabis cultivator that is not also an alternative treatment center, the CRC may adjust the fee annually based on the retail price of an ounce of useable cannabis.

Revenues generated by the retail sale of cannabis and the Social Equity Excise Fee are deposited into the **Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund.**[4] Supplementary budget information indicates that the Executive anticipates fund revenues totaling $30.0 million in FY 2022 and an additional $120.9 million in FY 2023.

- ***Questions:*** **What assumptions and projections did the Executive use to estimate the amount of sales tax and Social Equity Excise Fee revenues in FY 2022 and FY 2023?**

  The Cannabis Regulatory Commission (CRC) is in but not of (INBO) Treasury and per statute is independent of Treasury. All answers below were provided by the CRC.

  Answer: The Commission worked with the Office of Revenue & Economic Analysis (OREA) to estimate New Jersey's future tax and Social Equity Excise fee revenue from adult-use cannabis. OREA constructed a model using publicly available adult-use cannabis tax revenue

[3] The New Jersey Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Act.

[4] The following revenues are deposited into the Cannabis Regulatory Enforcement, Assistance, and Marketplace Modernization Fund: (1) fees and penalties collected by the Cannabis Regulatory Commission; (2) all tax revenues on retail sales of cannabis items; (3) tax revenues collected pursuant to P.L.2009, c.307; and (4) revenues generated by the Social Equity Excise Fee.

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data from Colorado, Washington, Oregon, Nevada, California, and Massachusetts. The model derived sales value per capita (adjusted for inflation), and regresses this on the age of the legal market and the effective tax rate. The final OREA model uses the regression coefficients to derive sales value per capita in New Jersey and multiplies it by New Jersey's estimated population. It also makes conservative upward adjustments in the estimated effective population to account for the possibility of consumer demand from neighboring counties in New York (particularly in the first year), Pennsylvania, and Delaware.

What amount does the Executive anticipate will be generated by the sales and use tax and Social Equity Excise Fee, respectively, in FY 2022 and FY 2023?

Answer: The Commission anticipates generating $23 million dollars in net sales and use tax revenues (after adjusting for Property Tax Relief Fund dedications) with $0 in Social Equity Excises fees in FY22. In FY23 the state anticipates generating $101 million dollars in net sales and use tax revenues (after PTRF dedications) and $2.6 million dollars in Social Equity Excise fees.

What assumptions and criteria will the CRC use to determine whether a change in the Social Equity Excise Fee is warranted?

Answer: The Commission will monitor the average retail price of one ounce of cannabis in accordance with the statute and adjust as prescribed by statute.

23. P.L.2021, c.25 requires 15 percent of all revenues deposited into the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund to be placed in the **Underage Deterrence and Prevention Account.** Based on data in supplementary budget information, the OLS estimates that about $4.5 million will be placed in the dedicated account in FY 2022 and an additional $18.1 million will be deposited in FY 2023. The law requires the CRC to use funds in the account for various programs and activities intended to encourage persons under age 18 to avoid participating in activities associated with the consumption of cannabis items, marijuana, or hashish.

From the amounts remaining in the fund, besides those amounts derived from the Social Equity Excise Fee, at least 70 percent of all tax revenues on the retail sales of cannabis items are to be appropriated for investments in designated impact zones and to provide direct financial assistance to qualifying persons residing in those areas. The remaining amounts in the fund are to be appropriated for the development, regulation, and enforcement of activities associated with personal use of cannabis, to reimburse counties and municipalities for training of law enforcement officers as Drug Recognition Experts, and further investments in impact zones. Any remaining amounts in the fund after accounting for the dedications are to be deposited in the General Fund.

The CRC is also required to make **recommendations to the Governor and Legislature regarding the appropriation of Social Equity Excise Fee revenues**. Prior to making these recommendations, the CRC is required to hold at least one public hearing in the northern, central, and southern regions of the State to solicit public input regarding the allocation of Social Equity Excise Fee

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revenue.[5] According to the FY 2023 Budget in Brief, revenues raised by cannabis taxes and fees will be used to support new business assistance and development programs, workforce development, and economic development and community resources in designated impact zones.

- ***Questions:*** **Please provide a FY 2022 and FY 2023 spending plan for revenues deposited into the Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization Fund, detailing the allocations of sales and use tax and Social Equity Excise Fee revenues, respectively.**

  Answer: The Commission has an overall FY 22 budget of $9.3 million and a FY23 budget of $17.2 million. Of which, a high-level breakdown consists of the following:

  - Personnel- 68% (State FTEs including fringe and Contractors)
  - Operating Expenses - 17% - Includes supplies; printing; hardware and software purchases; operations administrative costs in the form of subscription, court reporters, etc.; professional development and licenses, administrative costs in the form of telephones, IT/Info processing, and platforms (i.e. licensing/seed-to-sale/etc.)
  - Program-Specific Cost – 15% (Includes communication campaigns, data studies, and workgroup planning and development as it pertains to the Commission's Committees (Access to Capital/Business Development/Technical Assistance).

  The Commission is supportive of the allocations as reflected in the Governor's budget.

  Please provide a detailed FY 2022 and FY 2023 spending plan for Underage Deterrence and Prevention Account. What criteria will serve as the basis for evaluating the effectiveness of programs supported by cannabis taxes and fees?

  Answer: Currently the Commission is still developing the budget. Prior to April 21st, 2022, no sales tax or Social Equity Fee had been collected. Now that the revenues are being collected, the Commission will develop a plan on how the money should be appropriated. This may include, but is not limited to public campaigns, community outreach efforts, and partnerships with state and local governments

- ***Questions:*** **Does the CRC intend to submit recommendations to the Legislature regarding the appropriation of Social Equity Excise Fee revenue by May 2, 2022? If not, when does the CRC anticipate these recommendations will be submitted?**

  Answer: The Commission conducted regional hearings on March 2nd, 9th, and the 16th. As part of these hearings the Commission received feedback regarding the Social Equity Excise Fee (SEEF) statute as well as recommendations on how the funding should be spent. At this time, the Commission is in the process of finalizing its review of all additionally submitted written comments with the intent of submitting its recommendations to the Legislature.

[5] Information on the CRC's website indicates these hearings were held in March 2022.

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How did the public input received during the public hearings guide the CRC's decisions regarding the allocation of Social Equity Excise Fee revenues?

Answer: Public input provided an array of ideas as it pertains to possible funding initiatives. At this time, the Commission is assessing the public recommendations both overall, and those that were repeated across all three regions to provide an analysis and subsequent recommendation that represents the citizens of New Jersey.

What assumptions, projections, and criteria did the CRC utilize to determine which programs will be supported by these revenues in FY 2022 and FY 2023, respectively?

Answer: Information regarding the assumptions, projections, and criteria will be included in the Commission's submitted recommendations.

OFFICE OF THE PUBLIC DEFENDER

24. The **Office of the Public Defender (OPD)** provides legal representation to indigent defendants who are formally charged with the commission of an indictable offense. In response to a FY 2022 OLS Discussion Point, the OPD noted that it was affected by the COVID-19 pandemic in multiple ways. The number of cases referred to the OPD declined in the spring and summer of 2020 and has gradually returned to pre-pandemic levels. OPD attorneys represented county jail inmates and State prisoners in litigation related to the release of inmates in accordance with Executive Order No. 124 (2020) and the application of public health emergency credits.

The OPD also noted that the suspension of grand jury proceedings and jury trials resulted in a backlog of 5,000 clients in pretrial detention, resulting in a "dramatic" increase in the agency's workload. On May 11, 2021, the Supreme Court of New Jersey authorized the resumption of in-person criminal jury trials and some in-person civil jury trials beginning on June 15, 2021. The Governor's FY 2023 Budget Recommendations do not anticipate any increase in OPD staff.

- ***Questions:*** **Please provide an update regarding the ongoing impact of the COVID-19 pandemic on the operations of OPD and OPD's caseload. Has the pretrial detention backlog been cleared? If not, how many OPD clients remain in pretrial detention due to the suspension of jury trials and grand jury proceedings? When does the OPD anticipate the backlog will be cleared? Does the OPD have sufficient staff to handle its current caseload? To what extent, if any, has the backlog required OPD to increase the use of pool attorneys?**

  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.

  Answer: According to the New Jersey Courts Administrative Director there are "more than 7,000 defendants sitting in jail awaiting trial, innocent until proven guilty, and yet without an expected date for the commencement of their trial." The Courts also cite the significant high number of judicial vacancies as an area of concern (75 by May 1st and expected to increase to 100 by year-end).

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The operations of the OPD are impacted by the COVID-19 pandemic with the backlog of cases and the inability to resume normal trial schedules in the vicinages. Due to concerns regarding the pandemic and social distancing, jury selection has slowed. Jurors are still not being summoned to courthouses in sufficient numbers to schedule jury trials. This impacts many OPD clients in pretrial detention and on pretrial release, making it very difficult to resolve cases.

Without resolution to the judicial vacancies, jury selection, and effective scheduling of court dates, the ability to clear the OPD backlog will continue to be challenging. Although in-person court appearances are increasing, most are still being conducted through virtual, online streaming options.

The pandemic has not in and of itself required the agency to use more pool attorneys. The length of time, however, it currently takes to resolve cases is likely to increase the amount of hours pool attorneys may bill on their cases. Although we do not anticipate a substantial need for additional staff at this time, it should be noted that the pandemic resulted in extra work for our attorneys as they advocated for incarcerated clients put at risk during the public health emergency in both county jails and State prisons. That work included the county jail release program, motions for reconsideration of detention orders, and State prisoners eligible for relief under the Governor's Executive Order. These additional types of representation more than offset the short-term reduction in the number of new cases in the early days of the pandemic.

25. Two recently enacted laws will require the OPD to provide representation to certain clients.

P.L.2020, c.106 established **compassionate release** for certain inmates and repealed the previous medical parole law. Under the bill, a court may release an inmate who qualifies for compassionate release at any time if the inmate is found to be suffering from: 1) a terminal condition, disease or syndrome; or 2) a permanent physical disability. The law requires the OPD to provide for the legal representation of any eligible inmate who is serving a custodial prison sentence and requests assistance in petitioning the Superior Court for compassionate release.

P.L.2021, c.383 makes juveniles under 18 years of age who are arrested or charged with an indictable offense or act of delinquency **automatically eligible for representation** by the OPD. Under prior law, the Family Court determined whether persons under the age of 21 years who were charged with an indictable offense or act of delinquency were eligible for representation by the OPD based on a review of the parents' or guardians' financial resources. In testimony submitted to the Assembly Appropriations Committee regarding Senate Bill No. 896 (First Reprint), which is now P.L.2021, c.383, the Public Defender noted "...the OPD will not need any additional resources to provide representation to what will be a relatively small universe of new cases."

- ***Questions:*** **Please discuss the impact of P.L.2020, c.106 and P.L.2021, c.383 on the OPD's caseload. How many inmates requesting compassionate release have been represented by the OPD? How many of those inmates have been released? How many additional juveniles have been represented so far by the OPD pursuant to P.L.2021,**

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c.383? Have either of these new laws required the reallocation of resources from criminal trials to other areas that fall within the purview of OPD?

Answer: As a result of the new compassionate release legislation, only sixteen (16) eligible inmates have been referred to the Public Defender for representation. Most counties have had no such cases. In addition, four of the clients passed away before their application was heard. Given the limited caseload, this new statute will not require additional resources for the OPD.

Although we know how many cases are opened per year for juvenile matters, we do not have access to the number of cases handled by private counsel. We do know, however, that it is very uncommon for private counsel to appear on juvenile cases and OPD probably handles well over 90% of all the cases. Also, while the new law makes every juvenile eligible for our services regardless of the parents' ability to pay, there is nothing prohibiting parents from hiring attorneys for their children if they have the means to do so. We do not expect this new law to impact our caseloads in any significant manner. In general, the number of juvenile cases has decreased significantly since 2017.

26. The OPD's **Office of Parental Representation** provides legal representation to a parent or legal guardian in a Family Court Case when the Division of Child Protection and Permanency in the Department of Children and Families: 1) files a complaint against a parent or legal guardian alleging neglect or abuse of a child (a "Title 9" case); or 2) files a complaint against a parent or legal guardian seeking to terminate their right of custody of, or contact with, a child (a "Title 30" case).

According to budget evaluation data found in the Governor's Budget, the number of open Title 9 cases declined in recent years to 3,396 in FY 2021, but is now anticipated to increase to 4,536 cases in FY 2023. The budget evaluation data also indicate that the number of open Title 30 cases declined to 303 in FY 2020 and are expected to increase to 535 in FY 2023.

- ***Questions:*** **What factors are driving the anticipated increase in the number of cases referred to the Office of Parental Representation? To what extent, if any, are these increases related to the ongoing effects of the COVID-19 pandemic?**

  Answer: The uptick in new cases for FY 2022 will not be as high as we anticipated. Primarily, this is because budget projections were estimated prior to the ongoing pandemic and the Omicron variant New Jersey experienced beginning in December 2021. There is always uncertainty in such projections, and to this point an optimistic return to pre-pandemic caseload levels may take longer than anticipated. The pandemic did result in a decrease in the number of cases, but it is important to note the Office of Parental Representation caseload is reliant on removals made by the Division of Children Protection and Permanency (DCPP) and their current policies.

OFFICE OF THE CORRECTIONS OMBUDSPERSON

27. P.L.2019, c.288 clarified the responsibilities of the **Office of the Corrections Ombudsperson (OCO)**. Some of the responsibilities of the Corrections Ombudsperson outlined

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in this law include: a) providing information to inmates and their families; b) promoting public awareness and understanding of the 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 Department of Corrections are compliant with the relevant statutes, rules, regulations and policies.

In response to a FY 2022 OLS Discussion Point, the OCO noted that the office required additional staffing to meet the mandates of P.L.2019, c.288. The OCO was able to address complaints and concerns received from inmates and their families; attend, as requested, searches conducted by the Department of Corrections; and promote public awareness through the agency's website. The OCO had begun to conduct facility inspections required by P.L.2019, c.288, but recent staffing issues resulted in a reduction in the number of inspections that could be completed. The OCO noted that it had been approved to hire three additional staff with an anticipated start date of July 1, 2021.

The FY 2022 Appropriations Act provided an additional $220,000 to the OCO to support two new staff positions in order to meet the requirements of P.L.2019, c.288. The Governor's FY 2023 Budget Recommendations include a $495,000 increase for the OCO to support the hiring of more investigators. Supplementary budget data indicates that the additional funding will support six new staff positions.

- ***Questions:*** **Please provide an update regarding the implementation of P.L.2019, c. 288. Were the two new staff positions funded in FY 2022 filled? If so, how were the additional staff deployed? How many professional and support positions, respectively, will be funded if the recommended increase for the OCO is included in the FY 2023 Appropriations Act? Do the eight new positions provide OCO with sufficient staffing to meet its current mandates? If not, how many additional staff does the OCO need to fulfill is responsibilities?**

  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.

  Answer: The OCO continues to strive toward full compliance with P.L. 2019, c.288. Most recently there has been increased transparency with the publication of the office's monthly contacts, the resumption of a spirited inspection schedule utilizing a newly updated inspection tool, and quarterly public meetings which were held via zoom in December of 2021 and March 2022.

  Two Assistant Ombudspersons began employment effective August 16, 2021. This allowed for a dedicated staff member assigned to Edna Mahan Correctional Facility (EMCF), with the previous Assistant Ombudsperson assigned to the facility now having a primary caseload of Northern State Prison (NSP). The second Assistant Ombudsperson hired in August of 2021 was deployed to South Woods State Prison. This allowed for a staff member to provide greater focus to the implementation of facility inspections.

  The addition of four professional and two support staff for a total of six new staff positions is a crucial step towards increasing operational effectiveness of the office as we work towards

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successfully implementing the mandates of P.L.2019, c.288 under the leadership of the incoming Ombudsperson.

OFFICE OF THE STATE LONG-TERM CARE OMBUDSMAN

28. The Office of the **State Long-Term Care Ombudsman (LTCO)** receives, investigates, and resolves complaints concerning certain health care facilities serving the elderly and initiates action to the secure, preserve, and promote the health, safety, and welfare, and the civil and human rights of the elderly patients, residents, and clients of such facilities. The LTCO represents the interests of State administrative proceedings and engages in negotiation, mediation, and alternative dispute resolution to meet the best interests of the elderly. The LTCO also partners with the Department of Human Services to help market and provide the Money Follows the Person Program, which transitions individuals from nursing homes and developmental centers to home and community-based services.

The FY 2023 Governor's Budget Recommendations include increased funding for the LTCO, from $2.7 million in FY 2022 to $3.4 million in FY 2023, to support seven new positions. Budget evaluation data indicate that the institutionalized elderly population has doubled in size, from 105,000 persons in FY 2016 to 210,000 persons in FY 2022. Additionally the number of cases involving patient care, abuse, and neglect has increased by about 21 percent, from 6,282 in FY 2018 to 7,600 in FY 2022. The number of cases is anticipated to increase to 8,000 in FY 2023.

- ***Questions:*** **To what extent, if any, is the recommended increase in funding for the LTCO related to the increase in the number of institutionalized elderly and the number of cases involving patient care, abuse, and neglect? Will the additional funding support professionals or support staff? How will the additional staff be utilized?**

  The Office of the State Long-Term Care Ombudsman is in but not of Treasury (IBNO) and per statute is independent of Treasury. All answers below were provided by the Ombudsman.

  Answer: Demand for LTCO services continues to dramatically increase year over year. Cases were up 13 percent at the conclusion of federal fiscal year (FFY) 2021 and 12 percent in FFY 2020. Calls to the Office increased 12 percent in FFY 2021 and 13 percent in FFY 2020. In the first quarter of calendar year 2022, case openings are up 50 percent over the same time period in 2021. The LTCO has been able to keep up with these year over year increases by utilizing one-time federal COVID-19 funding to hire temporary employees as investigators. The additional State funding and positions in the SFY 2023 budget will allow LTCO to permanently hire these 4 temporary employees and keep up with current caseloads.

  LTC facilities in New Jersey require more consistent oversight and quality monitoring, with particular emphasis on the quality of life for the residents living in long-term care facilities. Staffing shortages exist throughout the system and history has shown that care in these facilities can deteriorate quickly and residents' right violations mount unless LTC facilities are monitored proactively and not just in response to a complaint or state survey. The LTCO began to conduct this kind of proactive advocacy and quality monitoring through its Social Isolation Project which was created in the fall of 2020 using time-limited federal COVID-19

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emergency funding. The additional SFY 2023 State funding and added positions will allow LTCO to continue this vital program by hiring 2 additional SIP field staff and 1 support staff.

Due to a change in the federal Older American's Act, the LTCO now has jurisdiction for all adult residents of LTC, not just individuals over 60. The LTCO began accepting these cases during the worst of the public health emergency and has continued to accept these cases to this date.

P.L.2021, c.294 requires the State Long-Term Care Ombudsman to establish a long-term care advocacy and educational training program. The program is to address the following subjects: the rights of residents of long-term care facilities; identifying and reporting abuse, neglect, or exploitation of residents of long-term care facilities; long-term care facility ownership; updates on State and federal guidelines, laws, and regulations that pertain to long-term care facilities; and issues, trends, and policies that impact the rights of long-term care residents.

The law requires the annual training to be completed by the ombudsman's investigative and advocacy staff, the ombudsman's volunteer advocates, and Department of Health long-term care facility surveyors, inspectors, and complaint investigators. Subject to the availability of funding, the training program is to be offered to residents of long-term care facilities, their family members, advocacy organizations, government agencies, and long-term care facility employees. The law allows the ombudsman to contact or consult with a non-profit organization that possesses expertise on the rights of residents in long-term care settings.

29. P.L.2021, c.294 requires the State Long-Term Care Ombudsman to establish a **long-term care advocacy and educational training program**. The program is to address the following subjects: the rights of residents of long-term care facilities; identifying and reporting abuse, neglect, or exploitation of residents of long-term care facilities; long-term care facility ownership; updates on State and federal guidelines, laws, and regulations that pertain to long-term care facilities; and issues, trends, and policies that impact the rights of long-term care residents.

The law requires the annual training to be completed by the ombudsman's investigative and advocacy staff, the ombudsman's volunteer advocates, and Department of Health long-term care facility surveyors, inspectors, and complaint investigators. Subject to the availability of funding, the training program is to be offered to residents of long-term care facilities, their family members, advocacy organizations, government agencies, and long-term care facility employees. The law allows the ombudsman to contact or consult with a non-profit organization that possesses expertise on the rights of residents in long-term care settings.

- ***Questions:*** **Please provide an update regarding the implementation of the long-term care advocacy and educational training program. How will this new initiative differ or improve upon current training programs? Does the ombudsman have sufficient staff and resources to develop the program or will it be necessary to contract with an outside organization for this purpose? What is the anticipated cost of developing this new program? When does the department anticipate offering the program to staff and volunteers as required by P.L.2021, c.294?**

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Answer: The LTCO is in the planning stages for this program and anticipates hosting it in November/December 2022. The training will be an all-day, online conference format, featuring national and NJ/regional LTC advocates. It will include all of the subject matter required in P.L.2021, c.294, with an overarching focus on LTC resident rights. LTCO will record and post this training to the LTCO website for all to access later at their convenience. This program will be more in depth than other one-time webinar offerings, and will focus on all aspects of resident rights – not just the enumerated rights and how to identify violations, but broader issues of LTC policy reform and culture change. While it will be accessible and understandable to the general public, it will also include enforcement practice points and references (e.g., F-tags, interviewing/communication techniques) relevant for DOH Surveyors.

In order to host this conference in the required timeframe this year, the LTCO plans to manage the tech platform in-house and to contract and facilitate speakers with existing state resources. LTCO anticipates a maximum cost of $5,000 for SFY 2022. However, in future years the LTCO may reconfigure this training and pay an outside contractor to help develop and produce more evergreen content/modules or invite more high profile national speakers. It is also possible that in future years the LTCO may opt to host an in-person training, which would require conference space, food, and other expenses.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

30. The **Casino Reinvestment Development Authority (CRDA)** is responsible for facilitating economic and community development leveraging available assets and revenues with private investment capital in order to support redevelopment projects across Atlantic City. The CRDA receives revenues from various sources such as room fees, parking fees, and luxury taxes. The COVID-19 pandemic and subsequent response thereto required the temporary closure of casinos as a means of preventing the spread of the virus. Since May 28, 2021, casinos have been permitted to operate at full capacity and without occupancy limits.

In response to a FY 2022 OLS Discussion Point, the CRDA noted that the COVID-19 pandemic, the temporary casino closures, and the reduced capacity upon the initial reopening of casinos in 2020 had a significant impact on the CRDA. The CRDA experienced a significant reduction in revenues from 2019 to 2020. For example, revenues generated by hotel room fees, parking fees, and luxury taxes fell by $37 million and General Fund operating revenue was down by $10 million. The CRDA had to utilize cash reserves to support the operation of the Atlantic City Convention Center and Boardwalk Hall. By the end of 2020, General Fund reserves were reduced by approximately $10 million. According to the State's accounting system, as of April 2022, the CRDA received about $3.8 million from the State's portion of assistance from the federal Coronavirus Relief Fund. Of that amount, approximately $260,000 was used for COVID-19 testing and the remainder was used for miscellaneous purposes.

- ***Questions:*** **Please provide an update regarding the CRDA's financial position at the end of Calendar Year 2021. To what extent, if any, have the various revenues which support the CRDA recovered from their pandemic lows? Has the CRDA replenished its cash reserves? For what purposes was the allocation of Coronavirus Relief Fund money**

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utilized by the authority? What is the CRDA's financial outlook for the remainder of Calendar Year 2022 and Calendar Year 2023, respectively?

Answer: 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.

CRDA's 2021 revenues have improved over 2020.

CRDA General Fund – Primary Revenue Sources	2021	2020	2019	Increase (Decrease) 2021 vs 2020	Increase (Decrease) 2021 vs 2019
Entertainment Retail District Sales Tax Rebate (ERDSTR)	$9,702,050	$7,462,061	$14,836,536	$2,239,989	($5,134,486)
Interest Income	$44,725	$646,401	$2,647,494	($601,676)	($2,602,769)
	$9,746,775	$8,108,462	$17,484,030	$1,638,313	($7,737255)
CRDA Convention Center Division (CCD) – Primary Revenue Sources	**2021**	**2020**	**2019**	**Increase (Decrease) 2021 vs 2020**	**Increase (Decrease) 2021 vs 2019**
Luxury Tax	$35,380,059	$18,278,089	$40,948,295	$17,101,970	($5,568,236)
Net Promotional Fees	$2,975,689	$2,829,837	$3,736,957	$145,852	($761,268)
Sports Wagering Tax	$3,812,707	$2,079,175	$1,543,986	$1,733,531	$2,268,721
	$42,168,455	$23,187,101	$46,229,238	$18,981,353	($4,060,783)
Dedicated Debt Service Funds	**2021**	**2020**	**2019**	**Increase (Decrease) 2021 vs 2020**	**Increase (Decrease) 2021 vs 2019**
Parking Fee Revenues	$20,671,743	$13,669,294	$27,487,427	$7,002,449	($6,815,684)
Hotel Fee Revenues	$9,644,600	$6,412,802	$9,463,420	$3,231,798	$181,180

The Primary revenue sources of the CRDA Operating Fund are ERDSTR and Interest Income. ERDSTRs revenue increased 30% over 2020 levels in 2021, however, it still remains 35% less than 2019 levels. These sources of revenues are used for CRDA operations and to cover the increasing costs of the Special Improvement District (SID). SID is responsible for the cleanliness and safety of the Atlantic City Tourism District. Prior to the pandemic these funding sources were enough to cover these operating costs. 2021 levels, while higher than the 2020 pandemic levels, were still not adequate to cover these costs and CRDA had to used General Fund reserves to cover the approximately $2 million shortfall.

CRDA has not replenished its cash reserves. CRDA continued to approve projects during 2021 that were for the benefit of the City of Atlantic City along with the Tourism District. In the

Discussion Points (Cont'd)

absence of a dedicated funding stream for these endeavors, these projects, such as the Shoprite Development Project ($18.7 Million), the Tourism District restroom Project ($4.6 Million) and the Boys and Girls Club Project ($2.2 million) utilized the CRDA uncommitted reserves. The CRDA General Fund 12/31/2020 uncommitted reserves of $63 million were reduced by $29 million in 2021 to a balance of approximately $33 million as of 12/31/2021.

The 2021 revenue sources for the CRDA CCD showed a significant increase over the 2020 levels but were still short of the 2019 pre-pandemic results. Luxury tax levels increased 93% over the 2020 level. Luxury taxes are mandated to cover the Luxury Tax Revenue Bond debt service, the operational loss of the Atlantic City Convention Center and Jim Whelan Boardwalk Hall and Marketing of Atlantic City. This increase, along with the increased levels of Net Promotional Fees and Sports Wagering Tax, was sufficient in covering the Luxury Tax Bonds debt service along with the operating loss of the Convention Center and Historic Boardwalk Hall and CRDA Marketing department, along with the funding of MeetAC. However, no funds were available to add to the Capital Maintenance needs of the buildings.

Both the Parking Fee and Hotel Room Fee Revenues are special revenue sources for the payment of debt service for the Parking Fee and Hotel Room Fee public bonds. The 2021 levels were sufficient to cover that debt service.

CRDA's financial outlook for the CRDA General Fund for the remainder of 2022 shows most revenues continuing to increase. Interest income has taken a significant hit as a result of the pandemic and has not yet started to come back. This reduction has removed approximately $2.5 million from the CRDA Operating Budget for 2022. The remaining revenues are continuing to rise but are not expected to reach the pre pandemic levels in 2022 or 2023. The 2022 General Fund Budget shows a $4.9 million cash shortfall that will be funded with the uncommitted reserves. This is a reduction of $900k from the 2021 budgeted shortfall. 2023 is expected to continue along this trend and should further reduce the cash shortfall but still will not reach pre-pandemic levels.

The 2022 outlook for the CCD shows that the increased revenues should be sufficient to cover the building losses along with the Marketing and MeetAC activities. However, once again there will be no excess to help with the capital maintenance of the buildings. 2023 is projected to be similar to 2022 levels.

The special revenue sources for both the Parking Fee Revenue and Hotel Fee Revenue Bonds are projected to meet the debt service requirements for both 2022 and 2023.

CRDA received $3.779 million in Coronavirus Relief Funds after the submission of the CARES ACT applications listing qualified expenses. The funds received reimbursed CRDA for COVID-19 expenses incurred and paid in 2020. The breakdown is as follows:

- Grants $ 2,416,645
- Atlantic City Convention Center PPE, etc. $ 739,119
- Special Improvement District $ 315,540
- Jim Whelan Boardwalk Hall $ 220,115
- Information Technology $ 65,253

Discussion Points (Cont'd)

• Admin/Legal/Finance	$ 22,937
	$3,779,609

COMMUTER-HUB COVID IMPACTED REDEVELOPMENT PROGRAM

31. On November 30, 2021, the Joint Budget Oversight Committee approved the allocation of $10 million from New Jersey's share of federal assistance from the Coronavirus State Fiscal Recovery Fund for the **Commuter-Hub COVID Impacted Redevelopment Program.** Information provided to JBOC by the Executive indicates that this funding will support retail and pedestrian activity in urban areas with mass transit that experienced economic harm due to the reduction in commuters during the COVID-19 pandemic. The funds are to be split between the CRDA and the New Jersey Economic Development Authority.

- ***Questions:*** **Please provide additional information regarding this initiative. What amounts will be provided to the CRDA? What amount will be provided to the CRDA? What types of entities, and for what purposes, will be eligible to receive funding through this program? How soon does the authority anticipate making funding available to eligible entities? Please explain why the CRDA believes this initiative fulfills a need that is critical to achieve and the State's other business assistance programs do not meet.**

  Answer: Funding was provided for this project to support retail and pedestrian activity in Atlantic City and other eligible urban areas. The State expects to allocate $5 million towards Atlantic City. NJEDA is leading on program development, which is ongoing.

32. The **National Association for the Advancement of Colored People (NAACP)** will hold its national convention in Atlantic City from July 14, 2022 through July 20, 2022. P.L.2021, c.426 appropriated $2 million from the State General Fund to the CRDA to support any costs associated with hosting the NAACP National Convention.

- ***Questions:*** **How does the CRDA intend to utilize this funding? Are there costs associated with hosting the NAACP National Convention that would be borne by the City of Atlantic City that may be offset by the State appropriation?**

  Answer: The Legislature has appropriated $2 million to CRDA "for the purpose of supporting any costs associated with hosting the NAACP National Convention in Atlantic City". S4218/A6256. To that end, CRDA and DCA have entered into a Memoranda of Understanding, dated March 16, 2022, whereby DCA agreed to transfer these funds to CRDA for the specific purpose of supporting costs related to hosting the NAACP National Convention in Atlantic City. CRDA has not yet received these funds.

  According to the NAACP, the costs associated with hosting the NAACP National Convention at the Atlantic City Convention Center is expected to exceed $2 million. CRDA is currently working on a separate Memoranda of Understanding with the NAACP whereby CRDA will apply the $2 million of funds towards the costs incurred by the NAACP's use of the Convention Center based on the NAACP's previously submitted proposed budget.

Discussion Points (Cont'd)

CLIMATE CHANGE

33. The FY 2023 Budget in Brief states that "[t]he Governor is committed to ensuring that New Jersey remains a leader in combating climate change, preparing for its impact, and mitigating environmental harms."

- ***Questions:*** **What initiatives is the department undertaking to combat climate change, prepare for its impacts, and mitigate environmental harms? What is the anticipated cost to the department of each initiative?**

  Answer: The Energy Savings Improvement Program (ESIP) is administrated through DPMC in which projects increase the energy efficiency of the facilities. In some facilities we have improved the energy efficiencies greater than 40% by taking a holistic approach to energy in the built environment. LED lighting retrofits, insulation in buildings, heating system upgrades, improvements in air conditioning systems using low CFC refrigerants, and better building management systems are among the measures taken that have contributed to the success of the program. Buildings utilize 62% of the State's total end-use energy consumption. By reducing electrical consumption, we free up capacity on the electric grid to enable other initiatives such as the electrification of the transportation sector. The ESIP projects also utilize Distributed Energy Resources such as solar photovoltaic and combined heat and power. By locating the electrical generation at the sites where power is consumed, it further frees up grid capacity and improves the reliability of the power supply by reducing the downed-wires risk. The use of combined heat and power technology provides power when needed, day or night, windy or still air, and improves the efficiency of centralized generation from 33% to mid-70% efficiency by capturing and utilizing the heat by-product. The combined heat and power technology burns clean natural gas and replaces our use of much dirtier fuel oil in the facilities we undertake. The ESIP projects are funded entirely by their savings and only require a small revolving fund of seed money to initiate the projects. Full electrification of buildings is not commercially viable through the ESIP program as the expense is much greater.

  ESIP Projects (completed or nearly completed):
  1. NJ State Police Headquarters, West Trenton
  2. Katzenbach School for the Deaf, West Trenton
  3. Department of Transportation Ewing Headquarters
  4. DMAVA – Veterans Memorial Home – Vineland
  5. Edna Mahan Correctional Facility Clinton, NJ

  In Development:
  1. Trenton Psychiatric Hospital w/Ann Klein Forensic Center

  Similar to the ESIP projects, our Standard renovation/upgrade projects address outdated and inefficient building systems and equipment. Improvements include LED lighting retrofits, insulation in buildings, heating system upgrades, improvements in air conditioning systems using low CFC refrigerants, and better building management systems.

Discussion Points (Cont'd)

In addition, all of our renovation and new construction projects must meet the requirements of the Uniformed Construction Code (UCC), and all projects under the UCC must meet the requirements of the International Energy Conservation Code.

Efficiencies will be made on our Standard projects to save energy and reduce fossil fuels use, with movement in the right direction towards net zero emissions.

Transportation Services, also known as the Central Motor Pool (CMP), is responsible for the management of the majority of the State vehicles in the Executive Branch. In accordance with the Governor's energy initiatives and PL 2019, c.362, CMP has taken a number of steps to electrify the State's fleet. Of great importance to the success of the initiative and a fully electric light-duty fleet is the location and installation of the charging stations. Treasury has partnered with the Departments of Transportation and Environmental Protection to identify locations across the State to place chargers (1) where large concentrations of State vehicles are assigned, (2) where agencies are co-located so as to share in the infrastructure, and (3) in densely populated urban communities, which will help reduce emissions for the residents.

In order to support the conversion of the State's fleet to electric vehicles, the Division of Purchase and Property (DPP) includes specifications for any and all EVs, plug-in hybrids and hybrids (collectively EVs) available in the market at the time of new procurements or reprocurements of such vehicles. Additionally, as new EVs become available in the marketplace, DPP issues supplemental procurements so that these newly available EVs can be added to existing vehicles contracts.

In addition to the item listed above, Treasury is a member of New Jersey's Interagency Council on Climate Resilience, which is a group of state agencies created to coordinate, develop and implement the statewide Climate Change Resilience Strategy pursuant to EO 89. The Interagency Council is designed to foster increased interagency coordination and communication regarding climate change issues and is the primary forum for developing statewide climate change resiliency policy and standards.