



REPORT OF
THE TRANSITION SUBCOMMITTEE ON THE
DEPARTMENT OF STATE



Department of State Transition Subcommittee

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I. Introduction

The Department of State's overall mission includes: promoting the state as a preferred travel, cultural and heritage tourism destination; promoting, preserving and supporting through grants the state's numerous unique cultural and natural resources and statewide attractions and venues; providing the voters of New Jersey with a consistent non-partisan, fair and efficient elections system and process; effectively managing the official government and historical records for the state, county and municipal governments; and coordinating key quality of life initiatives, including mentoring, educational and community service and economic development programs.

With the incoming administration the Department of State will build upon prior work while balancing the realities of the fiscal crisis the State faces. Many of the divisions within the Department of State are funded through dedicated sources and/or federal grants and are supported through public/private partnerships/collaborations. Many of the divisions provide significant economic contributions. As a result, the Transition Subcommittee for the Department of State sees tremendous benefit in developing closer coordination with the State's overarching economic development strategy. Economic Development has been a major role for the Department of State. In fact, the investment of dedicated funds into Tourism, History and the Arts supports industries that generate \$38.8 billion dollars in economic activity, employ 500,000 New Jersey workers and generate \$7.7 billion in federal, state and local government taxes. (*New Jersey Travel and Tourism Global Insight 2008 Tourism Economic Impact Study*)

New Jersey's unique cultural, historical, and tourism assets are a significant part of the solution for the current economic crisis – a crisis which has, in many perceptual ways, also become a crisis of confidence in New Jersey's identity and potential. Especially with its new and prominent leadership by the State's first Lieutenant Governor, the Department of State is poised to help lead us out of the state's economic crisis and toward a brighter future.

A key component of economic development is also an educated and prepared citizenry. Such a workforce will help attract new businesses to New Jersey, provide cultural and creative capital to improve our quality of life, and inspire innovation in our business sectors. By weaving the concepts of culture, history and humanities into our economic plan, we can create an environment where businesses want to operate, citizens want to live, people want to visit and children are educated and inspired so that New Jersey can recapture its role as the preeminent state for creativity and innovation.

The divisions within the Department of State are key contributors to this broader vision for the future of our state.



II. Key Recommendations

The Transition subcommittee for the Department of State presents the following recommendations and ideas for consideration in no particular order.

Dedicated Revenue – Most divisions within the Department derive support from either dedicated or federal funding. Minimal state taxpayer funding (Sales, Income, and Property Taxes) supports these programs. Honoring the integrity of dedicated funding sources is a critical issue for the Department. Many elected officials and most of the public do not understand that funds from dedicated sources are not only funding divisions, but are also providing a tremendous return on investment for our citizens. The return on investment these dedicated funds generate is one of the great, untold success stories of state government and should be promoted to both policymakers and the public.

Maximize Federal Support – It should be recognized that a significant portion of the budget of the Department of State is provided by federal grants. While AmeriCorps is fully funded with federal dollars, federal monies for Department of State divisions such as the Office of Faith Based Initiatives require some match on the part of New Jersey. Every effort should be made to ensure New Jersey meets minimum requirements to leverage federal funds to support valuable programs.

Follow/Enforce the Law – In several instances dedicated funds have been raided. Business owners, who should be paying the Hotel Motel Occupancy Fee, as well as other state taxes, are not. This denies both the Department and New Jersey of badly needed revenues. Enforcing the intent of the Hotel Motel Occupancy Fee would increase revenue to the state and could provide the revenue needed to address the legal requirements regarding the funding levels of the Council on the Arts, the New Jersey Historical Commission, the Division of Travel and Tourism, and the New Jersey Cultural Trust.

Consolidation of the State's Economic Development Efforts – If the Department of State is to become the State's economic development hub, moving an organization such as the Economic Development Authority under the purview of the Secretary of State makes sense. Our cultural assets should be a key component of that development and as such the Administration should not only pull those assets together but make them the cornerstone of our economic development. In addition, the administration should look to consolidate into the Department of State other similar agencies, commissions and authorities currently in other departments to ensure consistent management and leadership. For example, the Historical Commission of the State Department, the Historic Trust of the Department of Community Affairs, and the Historic Preservation Office of the Department of Environmental Protection should be merged. Such a move will streamline government and provide much needed support to the State's efforts in the area of historical preservation overall. Several other areas need to be identified and consolidated. Already within the Department of State, the mission of the New Jersey-Israel Commission would seem to dovetail with the New Jersey Partnership for Action. In addition, greater collaborations among the Department of State divisions with direct economic impact (Tourism, Arts, History) would further the Administration's overall economic development agenda.

Appointments to Boards, Commissions, and Councils – Across the Department, vacancies, holdovers and/or expired terms exist. In many instances, a majority of these positions are either vacant or expired.



Filling these positions with qualified individuals should be a top priority. Several positions are also in holdover status and those individuals should be reappointed – or not.

Consolidation of Cultural Assets – From constituent and division interviews, consolidation of cultural programs currently scattered in various departments should be explored, as noted above. This would bring all of the Arts, History, and Cultural divisions under the Department of State and allow for some greater efficiency in staffing and operations.

Public/Private Partnerships – For more than 200 years, the New Jersey State House has proudly served as the seat of our State government. The nation’s second oldest statehouse in continuous use, it stands as a symbol of democracy and welcomes all visitors. But there is a greater potential profile and impact. The Capitol Complex of “Historic Trenton” is the centerpiece of other historic and cultural structures along West State Street and nearby sites: the Old Barracks, State Museum, War Memorial, and the State Archives Museum. Further review should be given to the State House serving as the anchor for the treasures along West State Street through public/private partnerships spearheaded by the Governor and Lt. Governor and in harmony with the City of Trenton, Friends of the State Museum, the Old Barracks Association, and the Friends of the War Memorial Foundation.

Review Business/Funding Structure of the State Museum and War Memorial - Further reductions in state support of the State Museum would be catastrophic to its current operations after a four-year closure and a \$15 million state-funded infrastructure renovation project and jeopardize its re-certification review by the American Association of Museums. Furthermore, after investing \$35 million to renovate the War Memorial as a unique meeting place and performance venue serving central New Jersey, it is an underutilized flagship of the State capital. As a state-operated entity, its hands are tied to become a vibrant, sold-out, year-round operation. The State does not and cannot provide the resources necessary to enable the War Memorial to attain its full entrepreneurial potential. Accordingly, it is recommended that the Friends of the State Museum assume a much greater operational role and that the War Memorial be turned over to a private sector operator under contract.

Consolidation of Records Functions – Explore the overlap between Division of Archives and Records Management (DARM) and Treasury on document imaging with the recognition of the unique role of DARM as the state archives. Serious consideration should be given to the transfer of historical birth, marriage and death records to the State Archives from the Department of Health’s Bureau of Vital Statistics to provide scholars and the public expanded and unrestricted research access. These changes will allow for greater efficiencies in staffing and operations.

Repositioning Commissions for Continuing Success – Several of the many commissions in the Department have met their signature goals. Others may be better suited for other departments, and some may be best served at the Department of State. As a result, a complete review of the commissions to determine how they may be best positioned for future success should be undertaken. In addition, the structure for managing commissions under the Department of State should be examined to allow for shared services and support for the important role these commissions play. Since many of these commissions have operated with budget deficits, the need for funding from the Department’s Personal Responsibility Account should be reviewed to see if other partnerships may exist to support these



efforts. In short, the myriad and underutilized commissions should be completely overhauled. The Subcommittee suggests a single Director of Programs be made responsible for these programs in order to ensure that their respective goals are reached.

Leveraging Partnerships – Several divisions have established collaborations with other divisions, state agencies, associations, businesses and/or non-profits to create programs and initiatives that have benefited the state. A strategic approach to developing these partnerships could lead to greater private support for priority initiatives of the department.

Role of OIT – Information technology across the divisions needs to be examined for efficiency, standardized practice and improved contracting procedures. An enterprise approach should be followed.

Department Promotion– There are actions and activities the Governor and Lieutenant Governor may engage in to help promote the work of the Department and the various divisions. These actions cost little or no money but will advance the Department’s work. They include attending division or Department constituent events, like arts events, openings, and special meetings; holding events like bill signings and press conferences at historic or state-owned sites; holding recognition events and endorsing constituent plans that are developed in conjunction with various divisions.

Improving State Employees’ Morale – State employees have been enduring the ill effects of a hiring freeze, cutbacks, voluntary and mandated furloughs, inability to order office supplies, and even the removal of all water coolers from state office buildings. Many employees are dedicated, loyal, and productive public servants. We need to recognize these workers.

III. Division Summaries

The Office of Administration

The Division of Administration consists of 20 employees and is responsible for providing support services to the various agencies of the Department of State. Since Governor Kean, the administrative function has been centralized in this division while the program expertise has been left to the programs themselves. The Division is also the focal point for audits by the State and the federal Office of Management and Budget. Administration is broken up into three areas: (1) Financial Management (includes grant management, procurement and accounting); (2) Facilities and MIS; and (3) Human Resources and is managed by the Assistant Secretary of State. The involvement of Secretaries of State in the nuts-and-bolts of Administration has varied.

The budget for Division salaries is approximately \$1.4 million. With the exception of MIS, the staff in Administration is flexible and employees can cover for each other in different departments.

Several members of the transition team met with the current Assistant Secretary of State, who has been at the Department through multiple Administrations and is also the Director of the Division of Administration. In discussing the evolution of the Department of State, she noted that under Governor Whitman, several smaller commissions were placed in the Division of Programs with one Executive



Director, which precluded the need for separate EDs and staff for each commission. We adopt that recommendation for the incoming Administration.

Recommendations

- Staffing levels at the Office of Financial Management seem to be more than sufficient with 13 employees, but Human Resources only has two employees; one position is vacant. Transfer within the Division should be explored.
- MIS is in poor shape; in addition to manpower, the need for systems upgrading is acute.

The Office of the Secretary

The Office of the Secretary of State is currently composed of 13 employees; 12 provide support to the Secretary. Among other functions, this support takes the form of scheduling events, providing briefings for speaking engagements, fundraising, providing legislative updates and issuing press releases.

The Secretary now has a secretary, an executive assistant and a staff assistant who also serves as her driver. The Assistant Secretary of State (she spends approximately 2 hours per morning in Administration and the rest in the front office) manages the positions of government representative, director of constituent relations, a senior management assistant and secretarial assistant as well as the director of communications and public information assistant. The directors of constituent relations and communications serve the entire Department of State. The Chief of Staff (COS) and his secretary round out the front office.

The budget for Office salaries is approximately \$1.0 million. The current director of constituent relations and the senior management assistant have already announced their retirement dates early in 2010. One of the retirees is from a classified position. With the exception of two other positions, the rest in the Office are unclassified.

Amistad Commission

The Amistad Commission was created via legislation sponsored by William Payne and Craig Stanley and was signed into law in 2002 by Governor McGreevey. It is domiciled in the Department of State per N.J.S.A. 52:16A-86. Its primary focus is to ensure that the New Jersey Department of Education and public schools of New Jersey implement materials and texts which integrate the history and contributions of African-Americans and the descendants of the African Diaspora. The signature accomplishment of the Commission is its creation of a nationally recognized web-based curriculum that highlights the historical contribution of peoples of color to the American experience.

The current Executive Director has served with the Commission since 2005. The Commission itself consists of a 23-member board comprised of various academic, cultural and political leaders from all areas of the state. The current FY 2010 budget is \$100,000 but the group is currently running a deficit and is supplemented by \$50,000 from the Secretary of State's Personal Responsibility Budget.



This is causing real and significant strain on the efforts of the Executive Director and her part-time, temporary staff member (35 hours per week, no benefits).

The organization also works with various outside groups such as the New Jersey NAACP, the New Jersey Black Issues Convention, and the New Jersey Department of Education to fulfill its mission.

Recommendation

- While this Commission may fit more logically under the Department of Education, it has enjoyed enhanced visibility and support at the Department of State. The Commission's initial task has been completed (creation of the curriculum) but the heavy lift is in actually ensuring that this rich resource actually makes it into the classroom.

Division of Archives and Records Management "DARM"

Division Overview: 104 positions; 86 of which are occupied by full-time employees; 18 of which are occupied by part-time and temporary employees; and 12 of which are currently vacant. FY 2010 Budget: Direct State Services-\$2,462,000 and Imaging Services Group-\$1,300,000. No taxpayer monies fund the operation or salaries of this division since receipts deposited in the New Jersey Public Records Preservation account are a dedicated funding source to support the budget. (N.J.S.A. 22A:4-4.2.) It has control and oversight of all records, their creation, storage, archiving, and destruction at all levels of government in the state. DARM is a visible, accessible, and professional unit of State government. It is an enabler of improvements, functioning, and cost savings to local governments, and an immense public relations value to the SOS.

Grants: DARM administers and awards PARIS Grants (Public Archives and Records Infrastructure Support) from a fund of surcharges on recorded documents. It allowed 529 local governments to enact improvements to the operations of their computer, scanning, and records management programs, many as a shared service. For 2009, there were awards of \$11,444,000 or 40% of FY 2009 receipts. The Legislature has inappropriately raided and diverted the trust funds. Treasury and OMB have not accounted for or deposited the trust collections since May of 2009. The dedicated fund and program must be protected and expanded to complete projects underway from the staged initial grants.

Summarized Issues with Backup Reports Available: Review historical problem of off-site storage of the state's records in commercial facilities, incurring lease and reoccurring annual costs. We must develop a long-term plan with future costs and budget impact. Actual costs for retrieval of files by Departments must be charged to them and monitored by each Department. When an OPRA request is involved, those fees and costs should be calculated and recovered by a charge to the requestor as permitted by law. There is ample justification for maintaining DARM Imaging and Scanning Services as opposed to consolidation with similar services done by DOR in Treasury. DOR does a large volume of standardized tax forms, while DARM does variations in sizes, format, and quality. Unlike DOR, DARM provides digital imaging, micrographics services, and storage of records. OMB is considering the transfer and consolidation of several smaller, inefficient scanning units of the state to DARM. DARM is by law the keeper and creator of the state's record standards. N.J.S.A. 47:1-5 et seq. The service is too delicate and crucial for outsourcing.



Recommendations

- Immediately address the three-year backlog of microfilming records for the Executive Branch with a second shift, outsource to a commercial vendor, and cease taking in additional new work.
- DARM must rein in, control, and harmonize the broad non-compliance by State government in imaging certification standards, purchase of non-compliant systems, certifying records management, and document storage solutions. We could end up with a modern day “Tower of Babel.” Such support is found in the Treasury-OMB Circular 10-02 (revised in July 2009)
- DARM should coordinate and supervise the problem of the failure of all state agencies to capture and preserve electronic records, textings, instant messages, and emails as required by law. DARM should train all Departments that virtual records and email are “real” documents subject to preservation and access. (See A.G. Legal Memo of October 20, 2009)
- DARM’s use and occupancy of space at both State Street and in Ewing Township need review and a longer term plan for its exhibition, public access, storage, and production facilities.
- DARM should seek a review, rewriting and legislative overhaul of the State’s public records statutes (Title 47) to reflect 21st century advances in record-keeping technology and modern imperatives for improved records access and administration, to foster transparent and open government.
- DARM has a critical and immediate need for its data processing system replacement that can be funded from the public record funds.

Division of Volunteerism and Community Service

The Governor’s Office on Volunteerism was established in 1985 to help create greater opportunity, potential and capacity for people to help themselves and others. It supports volunteerism throughout the state and serves as a liaison between public, private, local, state and national volunteer programs. The office was transferred to the Department of State in 1999. The Community Service designation began in 1994 as the New Jersey Commission on National and Community Service, originally in the Department of Education. The office’s responsibilities include AmeriCorps (which requires that each state have a Commission in order to receive funding) and Learn and Serve America. It became part of the Department of State in 2002. From 2006 to 2008, New Jersey had 1.5 million volunteers annually who served approximately 173.9 million hours and contributed \$3.5 billion of service to the state.

State budget: \$128,000; federal budget: \$5,482,602. The Office is currently composed of 7 full-time employees (FTEs). All are classified except for the executive director, who also serves as the executive director of American Indian Affairs. The Office houses two offices in one, with two volunteer, separate boards. Both organizations were created by Executive Orders. The Governor’s Advisory Council on Volunteerism and Community Service has 44 member appointments. Only 29 are appointed and nine members are from government agencies (there should be 12 from government). The New Jersey Commission on National and Community Service has 20 members, of which only 5 are active.



Recommendations

- Considering the ratio of state to federal funding, we recommend that the State continue to meet the match required to draw down the federal funds.
- New Jersey Commission on National and Community Service has been seeking the ability to fundraise or develop a “Friends of AmeriCorps” group to raise funds for programs. We recommend that they be allowed to pursue this course.
- Make revitalization of both volunteer boards a priority by reviewing current appointments and making new appointments.
- Consider consolidating the boards if possible.

Division of Elections

The Secretary of State has administrative functions but no front-line responsibilities in elections. The role is limited to the “coordination” of federal election statutes and HAVA (Help America Vote Act) (N.J.S.A. 19:31-6a). The SOS neither counts, accepts nor rejects votes in an election but receives the results from the 21 County Board of Canvassers (N.J.S.A.19: 6-26) and presents them to the State Board of Canvassers for tabulation and declaration of the winners. (N.J.S.A. 19:6-27) The SOS has no authority to accept, reject or change a voter registration, which is a function exclusive to the counties. (N.J.S.A. 19:31-2)

Division Elections Overview: The Division has 12 full-time employees with annual salaries of over \$800,000. Three of the employees are partially, and four are totally, paid from federal HAVA funds of \$406,000.

HAVA Grants: Presently \$12,000,000 in federal HAVA funds is unclaimed and subject to loss for years 2008 and 2009 since the State failed to post the mandatory 5% matching funds. Matching and receipt of the funds would allow us to collect the investment interest and recoup the \$600,000 match. A total of over \$101,545,000 has been received and expended. There is \$3,500,000 encumbered, \$22,725,000 “committed” and \$1,900,000 yet unallocated.

Recommended Legislative Actions for Elections

Board of Education Elections – Change N.J.S.A. 19:60-1(b), which sought to harmonize the procedures for BOE Elections with traditional election law. Yet, it did not change the date for the annual April Elections and optional bond issues. The Board of Education Elections should be moved to the November General Election to increase voter turnout and reduce costs. However, the present voting machines could lack sufficient ballot geography to accommodate all the national, state, county and local candidates and public questions while segregating the BOE Elections from the party columns. Post-census, it is compounded if a county is ordered by U.S. Department of Justice to be trilingual.

Gubernatorial Elections: - Repeal N.J.S.A. 19:44A-37, requiring the printing of 500-word statements of every candidate for Governor on the back of the mailed sample ballot. The savings from lower printing costs and postage will be significant. The Secretary of State, Division of Elections and New



Jersey Election Law Enforcement Commission can post the 500-word statements on their websites or publish them in a statewide newspaper.

Abolishment of Superintendent of Elections: - Review N.J.S.A. 19:32-1 et seq., which provides for these full-time positions which exist in eleven counties. Ten counties perform the function through the County Boards of Elections which exist in all 21 counties. A review of the need for these positions in competition with the County Board of Elections is due. This anachronism as a registration function is heightened by the new computerized voter lists.

Petitions of Nomination to be filed with the County Clerks: - Centralize the filing and review of all municipal and school board petitions for nomination, drawing for ballot positions, recalls, referenda or initiatives with the County Clerks who have the full-time staff and broader expertise to handle these matters. The attendant cost savings and removal of the local officials in making political and sensitive decisions ensure a more open and transparent process.

Division of Travel and Tourism

The Division of Travel and Tourism successfully manages and markets New Jersey's diverse destinations. In 2008, tourism in New Jersey totaled \$38 billion. Tourism is NJ's third largest industry sector. One out of every nine New Jersey workers has a job in tourism, with nearly 500,000 workers accounting for 11.4% of total employment and \$16 billion in wages and salaries. For every one dollar tourists spend in New Jersey, seventy-two cents is retained in the state. Every 229 visitors pay for 1 New Jersey public school student for the year. If tourism did not exist, every New Jersey household would pay an additional \$1,427 in taxes. (*New Jersey Travel and Tourism Global Insight 2008 Tourism Economic Impact Study*)

The Division is composed of 7 FTEs (4 marketing and 3 industry) plus 6 off-site welcome center employees (2 FTEs and 4 90% part-time employees). Ten employees who also transferred from Commerce to State were reassigned to other divisions within the Department of State. The budget for the 13 division salaries is approximately \$654,000.

The transition team met with industry partners and the marketing director who reported that despite tough economic times, the success of the division's advertising and promotion campaigns continues to flourish. One-third of respondents to the division's survey who saw the 2009 TV advertising campaign visited New Jersey and generated \$676 million in direct and indirect spending. The 2009 advertising and promotion campaign yielded a Return on Investment of \$314.60 for every \$1.00 spent on advertising and promotion.

The FY'10 budget is \$7.5 million, below the \$9 million threshold of the enabling HMOF ("hotel/motel occupancy fee"). In 2008, the HMOF contributed \$81 million to the State's general operating fund. The division awarded 15 destination marketing organizations grants that totaled \$1.482 million, and 46 tourism organizations were awarded \$402,434 for marketing-only initiatives. Allocating HMOF money to the General Fund has reduced the Division's budget below the statutory requirements.



Recommendations

- Honor dedicated funding source from HMOF
- Create business incentives for hospitality industry
- When feasible, seek the repeal of the corporate business tax on out-of-state motor coach companies. One tour group staying just one night in a destination stimulates that local economy with up to \$12,000 in spending.
- When feasible, create tax rebate credit or sales tax rebate for business conferences.
- Review and revise as needed current legislation creating the Tourism Policy Council and its appointments (23 members). No appointments have ever been made.

New Jersey Commission on American Indian Affairs

The New Jersey Commission on American Indian Affairs acts as a liaison among American Indian communities, state and federal governments, and educational, social and cultural institutions. The Commission develops programs and projects with further understanding of NJ's American Indian history and culture; promotes increased cooperation among all American Indian communities in the State; and serves as a statewide reference and resource center.

The Commission is federally funded through AmeriCorps. The Commission will apply for federal funding in 2010 which allows for an in-kind match from local school districts. The manager of education is unclassified and her salary comes from her role as Executive Director of the Commission on Volunteerism & Community Service (AmeriCorps). The Commission board is comprised of nine members – all voluntary and non-paid.

The Commission was created by P.L. 1134, c. 295, signed into law in 1995 by Governor Whitman and placed within the Department of Education. The Commission was later transferred to the Department of State.

Recommendations

- Maintain the Commission within the Department of State under an Office of Programs, under a consolidation of cultural assets, or further review to return the Commission to the Department of Education.

New Jersey Cultural Trust

The Cultural Trust is a public/private partnership responsible for ensuring a stable industry that is sustainable under fluctuating economic conditions. The Trust is a permanent, interest-generating fund that serves as an additional source of revenue to the State's non-profit arts, history, and humanities organizations for specific purposes not covered by other cultural agencies.

The Trust currently has no full-time employees. The executive director splits her time evenly between the Trust and the New Jersey Historical Commission, which pays her salary. The main staff person is paid by the NJSCA. The Trust currently has no operating budget. \$500,000 was appropriated



and added to the fund in FY'10 according to the Hotel/Motel Occupancy Fee legislation to add to the principal of the fund.

The Trust has been effective in creating a model public/private partnership. Key results include:

- **Creating a public/private endowment for cultural organizations.** The first \$1 million grant from the Dodge Foundation started the fund. By the close of FY'09, the Trust Fund market value stood at \$24,218,224.
- **Incentivizing the private sector to donate difficult-to-raise endowment monies to cultural organizations.** To date \$38,491,209 in private donations has been certified by the Trust. An additional \$2.9 million is prepared to be certified. A recent survey of cultural organization shows that an additional \$42 million in private donations is eligible to be certified. In addition, nonprofit groups receiving "large gifts" for their endowments are eligible for a 20% match from the State as an incentive to help the organizations solicit large private sector gifts.
- **Providing non-operating grants to the cultural community from the public/private endowment.** Once the Fund reached \$20 million, the Trust was statutorily enabled to award financial stabilization grants. Last year's grants totaled \$1 million. This year's grants totaled \$800,000.

The Trust statute calls for a public sector match -- \$10 million annually for ten years -- triggered by certified private sector contributions (held either in the Trust's Fund or in the interest-generating endowment accounts of nonprofit organizations). Certified private sector contributions equal \$38,491,209. The State is \$10,970,209 behind in matching certified dollars.

Recommendations

- Honor dedicated funding through the Hotel Motel Occupancy Fee.
- Develop a long-term plan to meet the State's matching contribution obligations.
- Certify private sector donations as soon as donations are qualified.
- Ensure the Cultural Trust has the appropriate operational funding to support the administrative functions necessary to meet its mission.
- Based on the success of the Cultural Trust in attracting private contributions to cultural organizations, determine additional ways the Cultural Trust may generate greater public/private contributions for the State.

New Jersey Historical Commission

The New Jersey Historical Commission's statutory mission is "to formulate and implement historical programs and publications, to improve historical knowledge, [and] to inspire public pride in the rich history of New Jersey." Subsequent legislation (P.L. 1999, Chapter 131, known as the "Bagger Bill") affirmed the Commission in the Department of State, as per a previous reorganization and authorized the Commission to make operating grants to history organizations. Main policy impacts: heritage tourism, teaching and scholarship regarding New Jersey, economic development, and diversity education and outreach.



Members of the transition team met with the executive director and senior research associate. The Commission has 3 FTEs equaling 2.5 staff. One employee splits her time as the executive director of the NJ Cultural Trust. The Commission also employs 2 part-time temporary employees at a cost of \$11/hour to serve as administrative assistants. The Commission has 17 volunteer board members: 10 public members representing various geographic regions of the state, appointed by the Governor, 4 legislators, and 3 ex-officio members.

The FY '10 budget allocated \$2,493,000 to the Historical Commission grant funds, below the \$2.7 million threshold of the HMOF legislation (a 40% reduction over the past two years). An additional \$405,000 for Ellis Island and \$75,000 for the Council on the Humanities were added to make it appear that the total crossed the HMOF threshold. This \$485,000 was a pass-through only.

Historical activities – including rehabilitation of historic properties, heritage tourism, and spending by historic sites and organizations -- draw 6.4 million visitors annually, employs 21,000 citizens, generates \$580 million each year in economic activity and approximately \$14 million in state tax revenue.

Recommendations

- Consider the consolidation of all the state historical programs, Historic Trust (currently in DCA), NJ Historic Preservation Office and the State-Owned Historic Sites (DEP) with the Historical Commission in the Department of State to help establish stronger coordination between these groups, use other related Department of State divisions (DARM and Tourism), and to increase efficiency in staffing and support resources.
- Allocate dedicated revenues from the HMOF to support the Historical Commission's programs.

New Jersey Martin Luther King, Jr. Commemorative Commission

The Martin Luther King Commemorative Commission was created in 1984 via Executive Order by Governor Kean. It was legislatively domiciled in the Department of State in 1989 (N.J.S.A. 52:9Z-1). The Commission's purpose is to raise public awareness of Dr. Martin Luther King, Jr. through his teachings, ideals, and philosophy. This is accomplished throughout the year via a commemorative celebration, three leadership conferences, scholarship awards, and V-Free grant program.

Members of the transition team met with the executive director. The commission has two (unclassified) FTEs with a \$168,000 annual budget for salaries. The total cost of its programs (\$210,000) is funded from the Secretary of State's Personal Responsibility fund.

The organization works closely with the Department of Education, the Amistad Commission, and the Office of Faith Based Initiatives on grants, scholarships, leadership conferences, and the MLK Annual Commemorative Celebration.

Recommendations

- Identify non-profit organization(s) to continue programs.



- Maintain the Commission under Department of State shared services Office of Programs.

New Jersey State Council on the Arts (NJSCA)

The mission of the New Jersey State Council on the Arts is to enhance the economy, education, and overall quality of life in New Jersey through the arts. The Council accomplishes this through:

- A grants process that ensures access, fairness, merit and equity utilizing independent peer panels to evaluate grant requests.
- Active collaboration with dozens of nonprofits, State agencies, county agencies and other partners to ensure the arts are accessible to everyone; the arts community remains stable and sustainable; children have access to quality arts education; artists are able to maximize their contributions to communities; and the arts are utilized across all sectors.
- Leadership in developing and sustaining the arts and connecting the arts to critical issues on the civic agenda, through ArtsPlan New Jersey.

Total FY '10 budget: \$16,210,077; Dedicated revenue of \$14.4 million from HMOF (down from \$22.68 million in FY06 and below the \$16 million minimum); Federal funding of \$1,277,500 from the National Endowment for the Arts enables the state to invest about \$400,000 from the General Fund for programs with the following impact:

- Supports 17,000 businesses and 77,000 jobs.
- Generates \$1.2 billion in economic activity each year.
- Returns \$41 million in State tax revenues (in FY10 that is \$3 for every \$1 in State investment).
- Matches \$10 for every dollar in State investment through earned and contributed income.
- 89% of public schools bring in cultural events to the schools while 88% bring their schoolchildren to cultural venues, the majority of which are supported through Arts Council funding.
- Supports programs through grants reaching every corner of the state including 557 local grants through County Cultural Commissions.

The Council has 19 staff positions. Sixteen positions are currently filled (down from a high of 25). Two positions are vacant, and one is dedicated to the Cultural Trust. The Council has a 20-member volunteer board. Currently 13 are holdovers and there is one vacancy, 2 legislators, and the Secretary of State as ex-officio.

Recommendations

- **Hotel/Motel Occupancy Fee Application:** As noted above, the dedicated fund needs to be funded as provided in the statute. We should examine whether the fee is being fairly applied and collected.
- **Newark Museum Funding:** Since 1969, the Newark Museum has had a line item in the state budget for support. Because of the manipulation of the Hotel Motel Occupancy Fee, the funding for the Museum was taken from the Arts Council's budget. The original funding process for the Newark Museum should be restored when feasible.
- **Support ArtsPlan as Part of Economic Development:** This plan provides clear recommendations to support the state's overall economic development efforts.



New Jersey State Museum

The New Jersey State Museum serves the educational needs of residents and visitors through its collections, exhibitions, programs, publications and scholarships in science, history and the arts. The museum was established in 1895 and since 1983 has been located in the Department of State. Department of Treasury operates and maintains the building. The main building reopened in 2008 after a \$15 million infrastructure renovation.

Members of the transition team met with the State Museum executive director and the Friends of the State Museum executive director and board members. The museum has 27 FTEs and 6 vacancies. 2 employees are unclassified. Salaries total \$1,774,156.81.

In light of the current financial conditions of the State and given the Museum's institutional evolution, this is a defining moment for both organizations. The anticipated 25% reduction in state funding will adversely affect the Museum's upcoming reaccreditation review by the American Association of Museums, will preclude the Museum from applying for certain grants, as well as adversely affect the possibility for incoming loans.

Recommendations

- Create a paradigm shift from a predominantly state-funded institution to one in which the Friends Foundation becomes an equal partner with the Museum, functioning in a fundraising, advocacy and communications role.
- Seek support from incoming administration in creating a working committee led by high profile figures to raise an initial \$5 million. Of these funds, \$1.5 million would be used to reopen the remainder of the Museum, and the \$3.5 million balance will position the Friends with the necessary resources to increase its ability to fundraise and to assume responsibility for the Museum's programmatic costs and possibly, in the longer term, greater operational costs.
- The Friends will need to look for ways to increase the viability of the Museum through fundraising efforts including a corporate membership campaign, and maximizing earned income possibilities that include the Friends Shop, facilities rental income and adding or increasing admission fees.
- All of this is contingent upon a fully functioning State Museum in which permanent collections galleries from all four core collections and research areas are open to the public. Support from the State in terms of fast-tracking and facilitating construction will be key once the funding has been obtained. The Museum is essential as an educational center for lifelong learning, a source of intellectual exploration for school-age children and a repository for the cultural, historical and scientific heritage of New Jersey.
- Some of the Museum's projects are funded by grants through the Friends. Anything that would prevent the Museum from completing already-funded projects will have an adverse effect on relationships the Friends have created with these funders and will damage its reputation and jeopardize its ability to fundraise.



New Jersey-Israel Commission

The New Jersey Israel Commission was created via Executive Order by Governor Kean in 1989 and subsequently legislatively domiciled in the Department of State per N.J.S.A. 52:16A-104. The mission of the New Jersey-Israel Commission is to foster trade, economic, scientific, educational and cultural ties with the State of Israel.

The commission has two full-time employees (executive director unclassified and assistant classified). The budget for Commission salaries is approximately \$118,000. The salaries are not reflected in documents provided and may be coming from the Division of Travel and Tourism budget, when it relocated from Commerce to State. The commission FY'10 annual budget is \$130,000.

Transition members met with the executive director who stressed the importance of the commission's work with the New Jersey Economic Development Authority, marketing EDA's grant programs, and partnering with the Jewish Chamber of Commerce and other various groups in its attempt to fulfill its mission.

Recommendations

- Take under review for coordination of mission with Economic Development Authority to continue to foster trade.
- Combine resources within Department of State under New Jersey Partnership for Action
- Due to budgetary constraints and the inability to travel outside the U.S., disseminate programs to identified non-profit organization(s) to continue programs.

Office of Faith Based Initiatives

The Office of Faith Based Initiatives consists of three full-time employees. The Office was created as the Faith Based Initiative in the Department of Community Affairs in 1997 through a public-private partnership. The Initiative developed into an office under Executive Order 31 in September 2002.

The Office partners with state and local agencies to bring in federal grants. It works directly with 60 to 70 grantees in New Jersey communities, none of which are religious organizations per se, but nonprofit organizations that may or may not be connected to a religious organization. The Office partners with all faiths and provides training and technical assistance as well.

Members of the transition team met with the director, which is the only classified position. The Advisory Committee on Faith Based Initiatives has 23 members: 15 public voting members and 8 ex-officio members.

Total FY'10 state budget is \$1.35 million; federal funding total: \$2,040,000. (Federal funding includes three federal grants: \$1,260,000 which requires a \$150,000 state match; \$500,000 with a \$125,000 state match; and \$280,000 for a Prisoner Re-entry Initiative with no required match.)



The Office's initiatives include English as a Second Language, services to seniors and the homeless, foreclosure prevention (Mediation Outreach) with DCA's NJHMFA, prisoner re-entry initiative with the Department of Corrections, assisting at-risk youth with programs like Jersey after 3, a truancy prevention initiative with the Attorney General's Office, and job training.

Recommendations

- We recommend that the OFBI focus on recruiting and training local faith-based organizations in target areas to assist in the delivery of the Governor-elect's urban redevelopment plan (as identified in the campaign's Bringing Back Our Cities/City Trak program).
- We recommend maintaining the State match to draw down considerable federal funding.

Patriots Theater at the War Memorial

The War Memorial function is to serve as a center for the fine and performing arts, as a setting for solemn occasions of state, civic, professional, and community assemblies of statewide and local significance. The structure honors all New Jersey members of the Armed Services. The War Memorial is a National Historic Landmark.

The War Memorial falls within the jurisdiction of Treasury for the purposes of restoration, repair, and maintenance of the building and surrounding lands. The facility's operation falls under the Department of State. All proceeds from rental fees and performance monies are deposited into the War Memorial Fund and costs associated with performance fees disbursed from the Fund (\$250,000).

The organization has 6 FTEs (5 unclassified, 1 classified) and 1 vacancy (executive director), plus 9 part-time hourly staff. The budget for salaries is approximately \$293,000. Transition members met with the acting executive director/production coordinator and the former executive director.

Recommendations:

- Use a RFP process to transfer the operational responsibility of Patriots Theater at the War Memorial to an innovative, entrepreneurial and collaborative private sector entity to elevate the venue's business success to maximum feasible levels. The Department of Treasury would maintain ownership and maintenance responsibilities.
- Recommend a long-term, low-cost lease of the facility to a for-profit theatrical/ concert promoter. Benefits include:
 - Capitalization of the theater by a private entity.
 - Industry-standard contractual agreements can be negotiated without the restrictions imposed by state government.
 - Benefits the community both culturally and economically.
 - Reduces costs and risks for the State of New Jersey.
- Establish an Urban Enterprise Zone for Downtown Trenton, including the War Memorial. UEZ designation for War Memorial would be very attractive for private sector concert promoters.
- Provide liquor license to private promoter to increase revenues.



- Allow private promoter to collect parking revenues from theater events from state parking lots.
- Optimize relationship with Marriott hotel to become more mutually advantageous.
- Fill vacancy/utilize expertise of former executive director, who would be an experienced resource to this entire protocol.