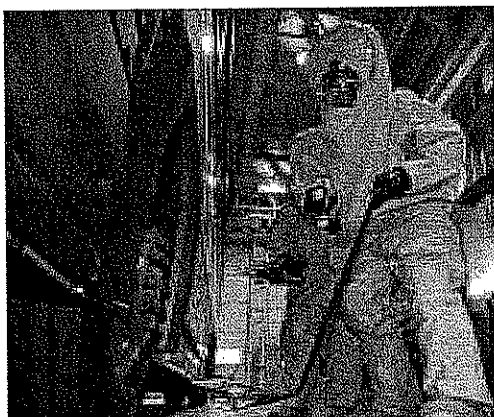
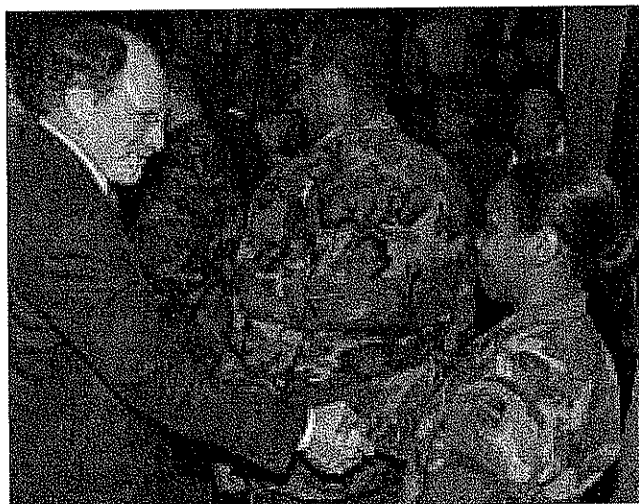


Mr. Chairman and members of the Assembly (or Senate) Budget Committee:

Thank you for the opportunity to appear before you today to discuss and review the fiscal year 2007 budget for the Department of Military and Veterans' Affairs. Please let me introduce the members of my staff who have joined me for this presentation.

Let me begin by stating that the Department has always been a partner in fiscal accountability. Last year I shared with you the numerous reductions that had occurred in the Department since January 2002. We reduced our unclassified managerial staff by 21 employees and reduced our motor vehicle fleet by 4 sedans and 2 SUV's, resulting in a cumulative salary savings of more than \$5 million over the last four years. As part of the Fiscal Year 2007 budget process, we further decreased our state payroll count by eliminating 15 positions including our Assistant Commissioner, one Director, and two other unclassified staff, saving over half million dollars. We converted eleven armorers from state to federally funded positions. Prior to the Governor's State Travel Policy, we also voluntarily reduced travel expenses for all Division Directors, the Department's senior staff, and myself. Recently we have withdrawn and cancelled all State Travel Credit cards. Finally, we have further reduced our vehicle fleet by seven vehicles. From these actions, you can see that my staff and I continue to seek economies, savings and fiscal controls throughout all of the Department's operations.

Over the past year DMAVA has been extremely challenged by our commitment to the Global War on Terrorism. The OPTEMPO of our federal mobilizations has been historic for the New Jersey National Guard. More than 300 Soldiers and Airmen are currently serving in Operations Iraqi and Enduring Freedom. During the past year, over 2,000 of New Jersey's Citizen-Soldiers and Airmen were mobilized and have returned. Since September 11, 2001, the New Jersey National Guard has mobilized over 6,000 Soldiers and Airmen for operations both here within the U.S. and in countless locations throughout the world. Their performance has been extraordinary in accomplishing their missions and I could not be prouder to serve with them.



Now I would like to speak about our Department's accomplishments. Last year when I addressed you, I mentioned that we were on schedule for the certification and validation of the 21st Civil Support Team (CST) first assigned to New Jersey two years ago. Today I am pleased to announce that this team was certified by the Department of Defense on November 28, 2005. The 21st CST consists of 22 highly skilled, fulltime members of the New Jersey Army and Air National Guard. The Team supports local civilian authorities during chemical, biological, radiological, nuclear and/or explosive incidents by identifying agents or substances, assessing threat, providing advice on response measures, and assisting with appropriate requests for additional state support. The CST,

headquartered at Fort Dix, is a valuable federal asset, worth over \$11 million in federal resources.

The Department continues to partner with other state agencies in developing and implementing Homeland Security response plans. DMAVA has a long standing, excellent relationship with the New Jersey State Police and Office of Emergency Management. This relationship allows for a coordinated National Guard response in the event of terrorist activity in the state.

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The Department has already met with the new Director of Homeland Security and continues to share information, intelligence and resources.

Our response to Hurricane Katrina highlighted the important role the National Guard serves during times of natural disaster, even in the face of competing federal global commitments. The New Jersey Army and Air National Guard provided nearly 500 Soldiers and Airmen to the Gulf Coast region:

- Delivering 3.5 million bottles of water
- Assisting local law enforcement with security
- Constructing a life support area for New Jersey's Law Enforcement Task Force
- Providing movement control at Belle Chase Naval Air Station
- Providing Medical Aid and Assistance
- And . . . Maintaining and improving a life support area for volunteers



In addition, several hundred Soldiers and Airmen worked through the Labor Day weekend, to collect and transport water across the state, donated by New Jersey's citizens, corporations and private organizations.

The New Jersey National Guard has played a major role both in the domestic and international theaters, whether providing security, natural disaster relief support, humanitarian assistance or maintaining the commitment to the Global War on Terrorism.



On our veterans' side, I am happy to inform you that the construction of the new \$50.5 million Veteran's Home at Vineland is complete. In September 2005, the Department received the Certificate of Occupancy, and by December 2005 all residents were moved into the new facility. An official opening ceremony is planned for this September after demolition of the former facility and completion of the new parking areas.

This 300-bed state-of-the-art facility provides all patient care and residential living space in one building. Unlike the old facility, the new home is eligible for Medicare Part A receipts that will be used to offset operational costs. I thank the Legislature for appropriating the capital construction

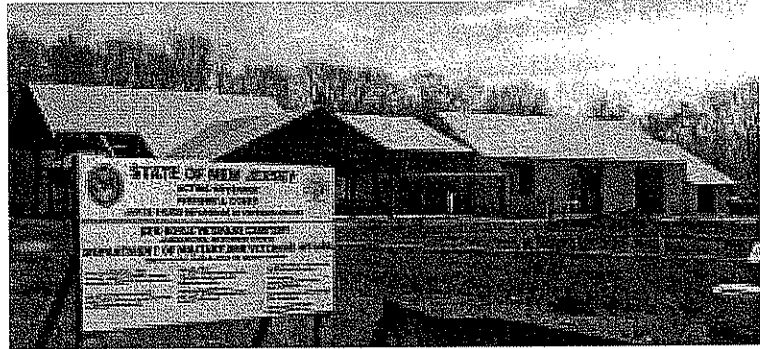
and operating funds required for our new Vineland facility.

The continued success of our Nursing Healthcare Professional Recruiter has reduced our reliance on the expensive use of agency nursing personnel at all three of our long-term care facilities.

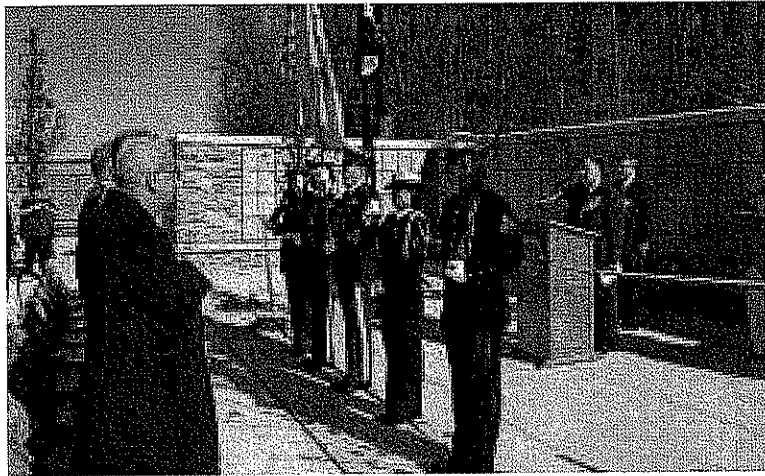
The Brigadier General Doyle Cemetery remains the 10th busiest veterans' cemetery in the country and the most active State operated veteran's cemetery in the nation. During calendar year 2005, the department interred 2,685 veterans, spouses and eligible family members. We anticipate this number to increase every year through 2008, when the mortality rate for World War II veterans reaches its peak. Please allow me to share with you the progress of projects at the cemetery.



Having completed construction of its first pre-engineered "crypt field" and a columbarium for above ground interment of cremated remains, the Doyle Cemetery is in the midst of the third phase of its federally funded \$35 million expansion program. Construction of the facility's new Administration/Maintenance Complex began last fall and is scheduled for occupancy in October 2006. When completed, this federally funded complex will provide office space, maintenance bays and storage buildings sufficient to serve the cemetery throughout its projected life cycle.



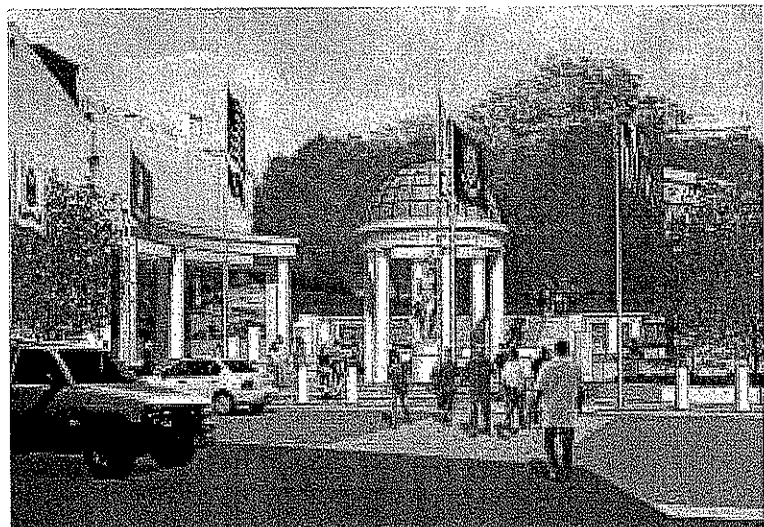
In addition, the Department is moving forward to the next phase, which is the federally funded construction of an additional 5,900 lawn crypts. I am happy to report that the \$90,000 you provided last year, combined with the \$98,000 appropriated by the federal VA, allowed us to correct a surface water drainage problem in Section L of the cemetery. We remain committed to ensuring that our veterans are laid to rest with dignity and honor, and that the cemetery is being maintained in a manner that honors their service. State funding for the cemetery is currently at \$2.2 million, funding perpetual care, maintenance, and honor guard operations.



New Jersey has both a Korean War Memorial and a Vietnam War Memorial. Recognizing the lack of a World War II Memorial, the State Legislature issued a joint resolution establishing the World War II Memorial Commission. The Commission is responsible for design, construction and maintenance of the memorial, to be located directly across from the State House at Veterans Park.

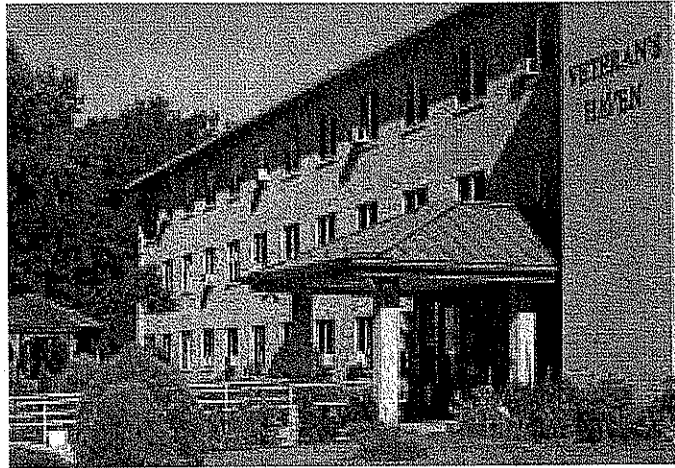
The Commission received \$2 million for initial capital construction in fiscal year 2005, and has expended approximately \$500,000 on design costs and associated fees. In October 2005, a fundraising campaign was kicked-off, to raise the remaining funds. To date, veterans' organizations and citizens of New Jersey have contributed more than \$60,000 toward this campaign. The World War II Memorial Commission is moving forward, finalizing details in preparation for the start of construction, but an additional \$5 million needs to be raised through contributions before ground can be broken. The most recent adjusted estimate for building this memorial is \$6.5 million.

Although the State of New Jersey has taken the initiative to honor "The Greatest Generation," our WWII veterans are passing at an increasing rate. Our goal is complete the project while these veterans are still here to be recognized.



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Some of our most needy veterans are those that are homeless. The federal veterans' administration estimates that New Jersey has 7,500 to 8,000 homeless veterans. Veterans' Haven is a transitional housing program designed to re-integrate homeless veterans into the community. This program has been in existence since January 1995 and is located on the grounds of Ancora Psychiatric Hospital in Winslow Township. Of the 550 veterans that have been reintegrated into the community, 74% have successfully completed their scheduled programs.



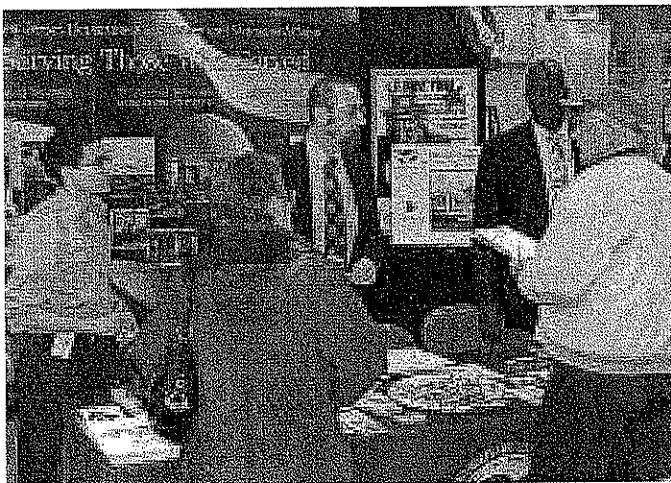
The building that houses Veterans Haven was constructed in the mid-1950's and has had no significant repairs since it was built. The VA recently issued a Life Safety Grant in the amount of \$332,000 to replace the building's electrical transformer. The Department strives to provide a safe and quality transitional housing facility to as many veterans as possible. Veteran's Haven currently receives \$500,000 in federal VA "per diem" reimbursement and \$590,000 in state funding - \$94,000 of that amount is to provide state matching funds to a HUD Supportive Housing Grant totaling \$353,000 which funds operating costs.

The Governor's Budget Message includes an additional \$2 million capital budget proposal for fiscal year 2007. This appropriation would allow the Department to initiate renovations resulting in an increased capacity at Veterans Haven from the existing 54 beds to 84. I respectfully request that members of the Legislature look upon this proposal favorably so the Department can further address our state's homeless veterans population.

The Department also supports "Stand Downs" to assist other homeless veterans in New Jersey. At these "Stand Downs" several hundred homeless veterans and their family members receive assistance from a variety of social service and community organizations. Each year the Department supports two "Stand Downs", last year these two events were attended by a total of 530 homeless veterans. This year, "Stand Downs" are scheduled for September in Newark and Cherry Hill. I would like to invite the members of the Legislature and staff to attend.

The Department recently began an ambitious outreach program to inform veterans of their benefits and entitlements. This is in direct response to 2005 reports reflecting that disability compensation to New Jersey's Veterans is below the national average. Many of the factors that influence these numbers are beyond our control, to include the age of our Veterans and the number who continue to reside in New Jersey.

However, there are actions that we can take to influence the average. Nationally, ten percent of veterans receive compensation for service-connected disabilities. In New Jersey, only 8 percent of our Veterans receive similar compensation, suggesting as many as 12,000 additional Veterans in New Jersey could be receiving VA disability compensation but are not.



To address this issue, a Veterans Outreach Program was implemented, which includes the following initiatives:

- An informational kiosk, detailing veteran's benefits and entitlements, is displayed at "one-mall-a-month" throughout the state. It has already been at Ocean County, Menlo Park, Livingston, Brunswick Square and Quakerbridge Malls, as well as two Department of Labor and Workforce Development job fairs.

· A toll free Veterans Hotline – 1-888-8NJ-VETS - was established to provide benefits information to veterans and their dependents.

· A toll free, mental health Veterans Helpline – 1-866-VETS-NJ4U is available 24/7 for veterans and their family members. This service focuses on posttraumatic stress disorder (PTSD) and other related issues.

· A public service announcement campaign, aired on a series of radio and television stations, provides contact numbers and specific information about the services available to New Jersey veterans and their eligible family members.

The goal of the Outreach Program is to encourage veterans and their family members to contact the nearest veterans service officer for assistance in filing appropriate claims and applying for every benefit they are eligible to receive.

DMAVA has seen a dramatic increase in demand for PTSD treatment over the last 18-24 months. This program has become critical for veterans and Soldiers returning from Iraq and Afghanistan. It provides services ranging from confidential individual and group counseling, biofeedback and medication dispensing to 1,500 New Jersey veterans and their families. Last year there were 375 individuals waiting 9-15 months to receive treatment. Last year's increase in funding brought our appropriation to \$800,000, allowing us to provide services to all those on the waiting list, as well as 276 new participants.

This is certainly a good news story and I thank you for appropriating the additional funds in fiscal year 2006 to make this essential service available for our returning veterans.

Another good news story for the Department is our New Jersey Youth ChalleNGe Academy, located at Fort Dix. It is a voluntary, educational program that provides at-risk 16-18 year old high school dropouts the opportunity to undergo an intense 22-week structured residential program in a military environment. The educational goal is to prepare cadets for the GED exam and raise academic mathematics and reading scores a minimum of two grade levels. Our Youth ChalleNGe Academy has been highly successful and has exceeded national standards. New Jersey's academy has received three national awards, the most recent for "Academic Excellence" in 2005.



Since its inception, the New Jersey Youth Challenge Academy has graduated over 1800 cadets who would otherwise be high school dropouts. In the recent graduating class, 102 cadets graduated with New Jersey's highest retention rate (86.4%) ever, and they exceeded the National Guard Bureau standard for community service hours with an average of 55 hours per cadet. The past 3 classes have produced a GED pass rate of 87%.

ChalleNGe cadets are mentored for one-year post graduation as they pursue employment, college, vocational school or military service.

The senior leadership of the Department of Military and Veterans Affairs continues to take a proactive role in the State's military related issues, to include Base Realignment and Closure (BRAC).

In response to recommendations from the Transition Team, the Department reorganized to establish an Office of Military Affairs. The office is charged with coordination and oversight of active duty military installation issues not previously covered by this Department. It will address military issues that have long-term economic impacts on New Jersey.

The 2005 Base Realignment and Closing (BRAC) recommendations brought both major gains and several losses to New Jersey. Each of our seven military installations was affected by the recommendations. Some of the gains include Picatinny Arsenal becoming the armament, research, development and acquisition center for all services. McGuire AFB will merge with Ft. Dix and Lakehurst NAES to create the first ever Tri-Service Joint Base. Ft. Monmouth is slated for closure with some major mission components transferring out of state. New Jersey's 108th Air Refueling Wing was proposed to divest all aircraft, but instead will convert (16) KC-135E's to (8) KC-135R Tankers and continue it's vital support to homeland security and the Global War on Terrorism. The 177th Fighter Wing will upgrade to F-16's with newer engines and gain three additional aircraft. We are engaged in active discussions to bring at least two new missions to New Jersey to help maintain our current authorized Air National Guard strength.

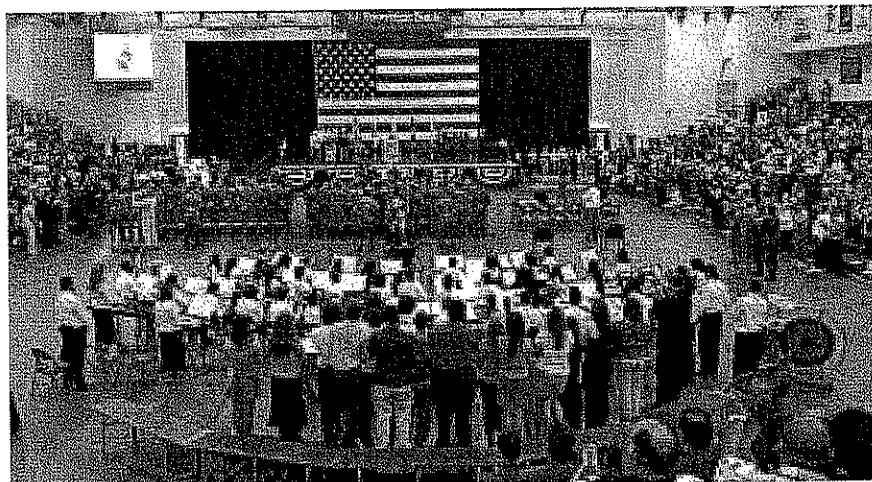
By direction of the Department of Army, the Army National Guard is currently transforming its structure to become a more mobile, agile, self-sustaining force. This transformation will restructure the reserve component into a more modern operational force, paralleling the active component. Ultimately, the transformation will provide a more appropriately equipped and manned Army National Guard, to secure and defend New Jersey – which as we know is the core competency of the National Guard.

The New Jersey National Guard continues to partner with Albania through the U.S. Department of Defense's State Partnership Program (SPP). This federal program assists former Soviet/Communist countries to develop individual freedoms through democratic principles and government. The program includes military as well as civilian initiatives, in the realm of health services and law enforcement.

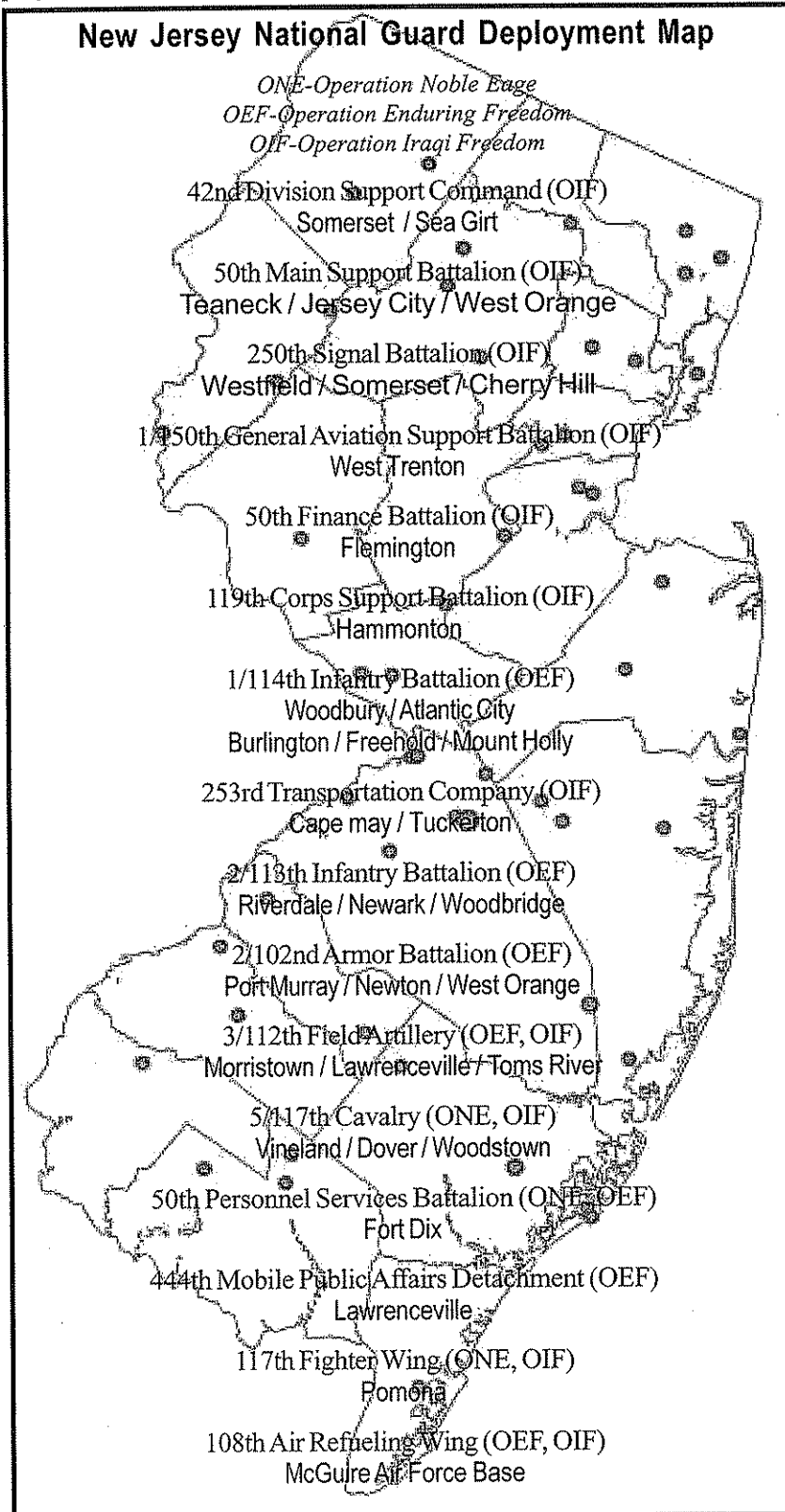
In addition, the Department continues to recognize the importance of diversity. The Army National Guard has hired a fulltime federal employee to focus specifically on diversity. For a number of years, the Air National Guard has had minority-recruiting officer committees at each wing. While our membership mirrors the state's demographics, this has not been the case at senior levels. These programs focus on mentoring minority members to become future senior leaders, and they are already demonstrating some success.

As our Soldiers and Airmen mobilize and return from their deployments, it is incumbent upon the Department of Military and Veterans' Affairs to ensure that their transition back to civilian life meets their needs, the needs of their families and the needs of their civilian employers. Through National Guard funding, we are providing family support services at 10 Family Assistance Centers. These centers support the families of deployed Soldiers and Airmen during unforeseen emergencies, financial hardships and quality of life issues. They also coordinate with 34 unit Family Readiness Groups located throughout the state.

Additionally, support from the communities has been tremendous. We have had sendoff and welcome home events, Freedom Salutes, numerous fundraisers, countless letters, packages and phone cards sent by schools, volunteer and veterans organizations (Salvation Army and American Recreational Military Services), community groups, and elected officials to name a few. It is this support that helps sustain our Soldiers and Airmen to successfully fulfill the many homeland security and homeland defense missions they have been called upon to perform.



To assist New Jersey's reserve component servicemembers and their civilian employers, the National Guard Bureau funds a fulltime contract employee to manage the Employer Support of the Guard and Reserve Committee. The committee educates employers on reemployment rights and mediates disputes between employees and servicemembers.



The Department has developed and initiated our own state reconstitution process. National Guard Bureau has recognized our program as one of the country's "best practices". We have integrated veterans service officers, ESGR, and chaplains into the reconstitution process, which occurs upon the immediate return of Soldiers and Airmen from federal mobilization. In addition, we are available when they report to their first drill 60 to 90 days post-deployment, a point at which they may need services such as counseling or medical assistance. While our National Guard Soldiers and Airmen are easily accessible to DMAVA, we have extended these services to all branches of the military, both active and reserve.

Today, we have Soldiers and Airmen deployed in Iraq, Afghanistan, Europe and various other locations throughout the world. These service members are the newest generation of veterans, joining the ranks of nearly 600,000 New Jersey veterans who served before them.

With your support, the Department of Military and Veterans Affairs will continue to ensure the safety and security of New Jersey's citizens and her most deserving veterans.

Thank you for the opportunity to make this presentation before your distinguished committee. My staff and I will be happy to answer any of your questions.