

Attorney General Anne Milgram
Assembly Budget Committee
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Committee Room 11, 4th Floor
New Jersey Statehouse Annex
Trenton, N.J.

Good afternoon, Chairman Greenwald, Vice-Chairman Schaer and members of the Assembly Budget Committee.

I welcome the opportunity to discuss with you the proposed budget for our department, our work on behalf of New Jersey residents, and our priorities for the coming year.

Accompanying me today are First Assistant Attorney General Ricardo Solano Jr., Administrator Dan Foster, Chief of Staff Gurpreet Singh and other key members of our department's management team, including the directors of our various Divisions and Commissions.

Let me begin by acknowledging what everyone in the room understands – that our state, like the rest of the nation, confronts sobering economic realities.

In the midst of these difficult times, Governor Corzine has called on agencies of state government to manage money the same way many families are managing it – by living frugally, looking for ways to cut spending, setting priorities and sticking to them, and by doing without.

At the Department of Law and Public Safety, we share the Governor's resolve.

We take seriously our duty to get violent criminals off the streets, prosecute public corruption, protect consumers, safe guard motorists and fight discrimination, among other responsibilities.

But we also take seriously the state's financial situation.

Our commitment is to spare no effort in pursuit of our daily mission -- not to "spare no expense."

For the coming fiscal year, the Governor's proposed budget allocation for our department is \$591 million.

That represents an \$18.3 million reduction compared with last year.

We have consolidated and streamlined wherever practical.

The size of our workforce continues to be reduced, as evidenced by an overall average decrease of 10 percent in our full-time staffing since fiscal 2006.

And in certain critical areas, the reduction in staffing is even steeper, and our workloads have increased substantially.

We are down 159 attorneys in all divisions, or approximately 18 percent since January 2006, and down 256 civil and criminal investigators in all our divisions, or 25 percent.

But we continue to do important work, and our commitment to the public safety of the people of New Jersey has not wavered.

A diverse agency that touches millions of lives each day, the Department of Law and Public Safety is staffed by approximately 9,100 civilian employees and sworn law enforcement officers.

The State Police continues to carry out its mission protecting our roads, bridges, highways, and waterways, and leading investigations into violent criminals, street gangs, and Internet predators.

The Division provides emergency management and has primary homeland security responsibilities.

Our department also serves as the chief provider of legal advice and legal representation to agencies of state government.

At the same time, we defend state statutes and where necessary, file lawsuits aimed at protecting children, combating fraud, preserving natural resources, ensuring that consumers get what they pay for, and achieving other important outcomes on behalf of New Jersey citizens.

Our work has included many actions designed to improve the quality of life in our state, strengthen public confidence in government and, above all, make communities safer by putting criminals – particularly violent ones – in jail.

Consistent with this goal, our Division of Criminal Justice launched significantly more prosecutions in 2008 than in the prior year.

Overall, the Division filed 966 new criminal cases by indictment or accusation – a 47 percent increase.

More than 200 of those new prosecutions were brought by our Gangs and Organized Crime Bureau, which increased its case filings by 107 percent compared with the previous year.

Among other successes, the Gangs and Organized Crime Bureau obtained guilty pleas from 25 members of the violent "Sex Money Murder" set of the Bloods in 2008.

All 25 defendants were sentenced to prison, including the set's two top leaders in Mercer County. They were sentenced to prison terms of 13 and 12 years, respectively.

Equally noteworthy have been our efforts in fighting public corruption, where we realized a 21 percent increase in case filings in 2008.

In addition to opening more cases, we obtained public corruption convictions that led to the imprisonment of numerous local and state-level elected officials, as well as one veteran police chief. And we are continuing the fight against corruption in 2009.

And I must point out that the Division of Criminal Justice's record has been achieved with 15 fewer lawyers compared to three years ago, or 9 percent fewer attorneys.

The Division of Law is down 117 lawyers, or 18 percent, compared to three years ago, but here, again, we continue to successfully pursue civil litigation on behalf of New Jersey citizens.

In all, our Division of Law obtained \$154 million in recoveries and judgments for the state in 2008 through lawsuits aimed at polluters, consumer rip-offs, companies engaged in investment fraud and defendants who owed the state money but failed to pay, among others.

The amount obtained in recoveries represented a 24 percent increase – or approximately \$30 million more dollars – compared to the amount recovered in 2007.

Among the recoveries was a \$63 million payment to the State from Tyco International Ltd. to settle a pension securities fraud suit against the company and several of its top executives.

There were also payments to the State totaling \$14.7 million to settle environmental lawsuits.

The increase in dollars obtained through litigation in 2008 was an important achievement during these tough fiscal times, and is evidence of the high caliber of legal work our attorneys provide on behalf of the state.

In addition to obtaining increased payments to the state, our lawyers successfully defended New Jersey's Highlands Water Protection and Planning Act against a constitutional challenge, and worked to block a half-million-dollar-plus severance payout to the retiring superintendent of the Keansburg public schools, where state aid makes up most of the district budget.

The Keansburg severance payout remains in escrow pending further court action on our effort to void the deal.

We also continue to fight for homeowners exploited by mortgage fraud scams.

Since June of 2008, our Affirmative Litigation unit has filed mortgage-fraud-related lawsuits naming 87 individual and corporate defendants.

The fraudulent conduct in these lawsuits has included scams aimed at investment property buyers, people trying to improve their living situations via rent-to-own opportunities and, more recently – and in keeping with a nationwide trend -- struggling mortgage-holders trying to save their homes through loan modification assistance.

But our litigation efforts are only one part of a broader effort to combat the crisis facing New Jersey homeowners.

In addition to going after bad actors, we have been working with other state agencies to provide direct help to homeowners in crisis.

Through New Jersey's Foreclosure Mediation Program, qualified homeowners who are facing foreclosure can receive help from HUD-certified housing counselors, licensed attorneys and a neutral mediator to resolve loan delinquencies.

Although the program is relatively new, it is already helping New Jersey mortgage holders to stay in their homes.

In line with our efforts in this area, we reached a settlement agreement with the Countrywide Financial Corporation earlier this month that resolved allegations the company had placed borrowers in risky, high-priced and ultimately unaffordable sub-prime mortgages.

The agreement calls for development of a no-fee, streamlined loan modification program and creates a \$3.67 million foreclosure relief fund for New Jersey borrowers and for state mortgage foreclosure mitigation programs.

It is expected that an estimated 8,200 New Jersey borrowers will be assisted by the Countrywide agreement.

Our Office of Insurance Fraud Prosecutor charged 182 defendants and obtained fines, judgments, penalties and restitution orders totaling more than \$41 million in 2008. The \$41 million represented a 220 percent increase over the previous year.

The OIFP's Medicaid Fraud Control Unit also assisted in national Medicaid fraud settlements involving pharmaceutical companies that resulted in recoveries of more than \$13 million for New Jersey's Medicaid program.

Other highlights of our work include:

- The launch of a major anti-crime partnership in Camden involving our office, Camden police, the Camden County Prosecutor's office, and the State Police.

Part of the Governor's Strategy for Safe Streets and Neighborhoods, the initiative is keyed to a city police redeployment that put more than three times the number of officers on the streets, as well as creation of a technology-driven crime-mapping system that enables police to identify emerging crime "hot spots."

To date, the effort is making a noticeable difference in Camden. Task forces arrested 306 suspects in Camden in 2008 for crimes including murder, attempted murder, assault with a firearm, armed robbery, narcotics dealing and gun trafficking.

More importantly for the quality of life in Camden, murders and violent crimes are down significantly since the second half of last year.

- In addition, we conducted a series of successful, intelligence-based enforcement operations throughout New Jersey led by State Police and county prosecutors' offices.

Directed by Joe Cordero, our statewide Director of Gangs, Guns and Violent Crime Control Strategies, these operations resulted in the arrest of more than 1,800 suspects for such crimes as murder, attempted murder, drug trafficking and armed robbery.

Not only did the sweeps take many dangerous criminals off our streets, they led to the seizure of more than \$4 million worth of illegal narcotics and 162 guns – including 22 assault weapons. Among those arrested were numerous members of violent street gangs like the Bloods and the Crips.

Other highlights of the past year include:

- Designation of our Juvenile Detention Alternatives Initiative or “JDAI” program as a national model. Largely through the efforts of our Juvenile Justice Commission, New Jersey was chosen to serve as the country’s first JDAI model state by the Annie E. Casey Foundation.

New Jersey earned its designation as a national model by achieving remarkable results in implementing JDAI, which is aimed at finding community-based alternatives to housing young offenders in secure detention.

- Protection of Internet users – particularly young ones – through separate agreements reached with the social networking sites MySpace and Facebook that resulted in significant efforts by those sites to protect children. Under the settlement agreements, each company has committed, among other things, to working with us to develop a standardized mechanism for reporting on-line abuses.
- Successful operations by our State Police technology units to keep sexual predators off the Internet. The technology unit’s work resulted in numerous arrests for sexually exploiting children and child pornography on the Web. Among those charged were three registered sex offenders who violated the conditions of their parole by accessing MySpace and Facebook.

And I would like to thank the Assembly for moving forward on an important package of bills aimed at strengthening our ability to protect Internet users from predators, and I look forward to the Senate taking up these bills in the near future.

Still other highlights on our work that I would like to report to this committee:

- Negotiation of a settlement with Ticketmaster that resolved more than 2,000 complaints to our Division of Consumer Affairs by people who sought to buy tickets to Bruce Springsteen concerts scheduled for next month at the Izod Center in East Rutherford.

In addition to enabling many consumers to obtain tickets, the settlement provided partial refunds for those who paid excessive ticket prices after being switched from the Ticketmaster Web site to Ticketmaster's wholly-owned subsidiary, TicketsNow.com.

The settlement also requires that Ticketmaster reform its business practices.

- Regulatory action by our Division of Gaming Enforcement that continued to ensure the integrity of casino gambling and resulted in more than \$650,000 in total penalties. Among other actions, the Division imposed fines against two different Atlantic City casinos for allowing underage gambling on their premises, resulting in a total of \$250,000 in penalties.
- Successful defense by the Division on Civil Rights of its finding that a Trenton-area Subway restaurant discriminated against two African-American teenagers who worked. The Division ruled that Subway had permitted a hostile work environment by tolerating a manager's use of racial slurs toward the youth.
- Cops in Shops, an underage drinking enforcement effort by our Division of Alcoholic Beverage Control – done in conjunction with local police -- that resulted in a total of nearly 400 arrests in and around college towns and at the Jersey shore.

- Use of expanded testing protocols by our Racing Commission to protect the integrity of horse racing in New Jersey by detecting performance-enhancing substances.
- Various initiatives by our Division of Highway Traffic Safety aimed at making New Jersey roads safer including the anti-drunk-driving effort "Over the Limit, Under Arrest." These initiatives resulted in thousands of drunken driving arrests, as well as thousands of citations issued to motorists for speeding, cell phone violations, disregarding traffic signals, failure to use seat belts and failure to have child passengers properly restrained.

Indeed, the number of fatalities on our roads last year was the lowest in more than a generation.

The proposed budget allocation for our department supports the replacement of high mileage state police vehicles -- vehicles that are critical to the State Police mission.

In addition, it supports our ongoing effort to acquire five new State Police helicopters, which is essential to having the safest and most advanced aircraft available to serve our emergency medical, homeland security, search and rescue and other aviation needs.

There is also money in the budget to fund proposed capital improvement projects essential to the missions of the State Police and Juvenile Justice Commission.

But beyond these expenditures, there is little in the way of "new money" in this year's proposed budget.

There are, however, cost-cutting measures and efficiencies, including those that mean, unfortunately, cuts in services:

- A total reduction of approximately \$7.5 million in funding for homeland security purposes at the state and local levels.

- A \$2 million reduction at the Division of Gaming Enforcement.
- A savings of \$3.5 million realized by not having a State Police recruit class in fiscal year July 2010. (Two current State Police classes containing a total of 107 cadets are set to graduate in June).

HOWEVER, I can report to this committee that we have applied for a \$45.8 million federal COPS Hiring Recovery Program grant with the intention to hire 150 new State Police troopers to offset attrition.

The funding would cover their costs for a three year period, if our grant application is approved. In addition, if the grant application is approved by the Justice Department, we will look for additional grants to support the training or seek to restore training funds in the FY 2010 budget.

The COPS grant is one of many provisions of the American Recovery and Reinvestment Act of 2009 that we expect to impact on our department's funding.

Additional stimulus funding will also come from Edward Byrne Memorial Justice Assistance Grants, or JAG Recovery Grants.

These grants will provide New Jersey with an opportunity to fund important local and state criminal justice initiatives focused on Governor Corzine's Strategy for Safe Streets and Neighborhoods.

The JAG Recovery money will allow the state to use approximately \$29 million to further the three core components of the anti-crime plan: enforcement, prevention and re-entry.

Specifically, we have applied for funding to support state, county and interagency task forces targeting violent gangs and the flow of illegal guns and narcotics, and to support investments in new technology and crime analyses to enhance our intelligence-led policing models.

We plan to purchase license plate readers for strategic deployment throughout the state. The readers will assist law enforcement in investigations or investigative initiatives aimed at reducing violent crimes.

We will use federal funding to support the State Witness and Relocation Assistance Program, which assists witnesses and/or victims of criminal activity who face threats to their safety and security for their cooperation with law enforcement.

We will also fund Live Scan technology to provide electronic finger prints and mug shots to the remaining 144 municipalities in our state still relying on paper fingerprint cards.

With this deployment, New Jersey will be the first state in the nation to have a full Live Scan system for all fingerprinting purposes. With Live Scan, law enforcement can accurately identify a finger print within 2 hours.

On the prevention side, we plan an additional discharge planning program for a juvenile justice commission facility – a Next Step Discharge Center – that coordinates pre-release and re-entry services and includes assistance with higher education, work readiness, life skills, job placement and family reunification.

We will also increase substance abuse treatment services for JJC juvenile residents at three additional residential community homes.

And we also plan to expand to four additional cities non-profit youth serving agencies that demonstrate a commitment to serving out-of-school and at-risk young people between the ages of 16 and 24.

YouthBuild and Civic Justice Corps are examples of two comprehensive evidence-based program models that we know are effective. Today, there are four existing YouthBuild programs in Newark, Trenton, Paterson, and Perth Amboy.

These are community development programs that address housing, education, employment, crime prevention, and leadership development,

helping young people toward their GEDs or high school diplomas, learn job skills and serve their communities by building affordable housing.

We have implemented significant statewide initiatives aimed at preventing truancy and keeping young students in school.

Last fall, we teamed with America's Promise Alliance with our New Jersey High School Graduation Project to combat the high rate of high school dropouts.

Among re-entry initiatives are pre-release discharge planning for offenders with mental health needs and establishing a pilot Parole Accountability Conference Team program that includes intervention counselors, referrals for community services, diversions of technical parole violators to continuum of care programs, and drug and alcohol treatment services.

Our evidence-based Another Chance re-entry project, which involves the participation of 1,300 offenders from Newark, Trenton, and Camden – still in prison or on parole is beginning to show that a comprehensive approach that involves counseling, training, education and other services is having an impact.

Preliminary figures show a 26 percent reduction in recidivism for the first group of inmates that are involved in the program.

It is true that we have had to make difficult, sometimes painful choices in order to cut spending.

Our staffing levels have been reduced.

Funding for important initiatives has been cut.

We have consolidated, as I alluded to earlier, in such areas as human resources, facilities, information technology, budget and finance.

Our commitment for the coming year -- consistent with the Governor's call for austerity -- is to carry out our core mission of protecting the public and upholding the law while reducing spending.

Given the emergent nature of much of our work, and given the scope of our daily responsibilities, that looms as a challenge.

But it is a challenge we meet every day, and one we are confident we will continue to meet.

In the time since we last spoke, our department has made the streets safer by putting dangerous criminals in jail.

We have successfully sued to preserve New Jersey's natural resources and protect its financial assets.

We have protected consumers and worked round-the-clock to ferret out public corruption and all manner of fraud.

We targeted mortgage fraud and launched efforts to help those in foreclosure.

Looking ahead, we remain committed to working both independently, and in collaboration with other agencies at every level of law enforcement, to ensure the safety of New Jersey residents and improve the quality of life in their communities.