Testimony to the Senate Budget and Appropriations Committee
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Department of State
Kim Guadagno
Lieutenant Governor

Good morning Mr. Chairman and members of the Committee.

Thank you for inviting me to appear today to discuss my role and responsibilities as New Jersey’s 33rd Secretary of State. In doing so, I would like to share my vision for advancing the important work of the Department amid an unprecedented budget shortfall faced by the new administration for Fiscal Year 2011.

Before I start, allow me to introduce three invaluable members of the Department of State team here with me: Assistant Secretary of State Kathy Kisko, Chief of Staff John Hutchison, and Director of the Division of Programs Wendy Galloway.

Let me begin by saying how excited I am to usher in a new chapter in the Department’s storied history. The position of Secretary of State has its origin in New Jersey’s first constitution of 1776, and 234 years later encompasses an essential and diverse mission. Whether promoting New Jersey as an ideal tourism destination, nurturing the growth and development of the arts, preserving and enhancing the State’s historical legacy, or encouraging civic engagement to ensuring a smooth, accurate and transparent elections process, the impact of the Department of State’s work on New Jersey’s economic and cultural fabric is extraordinary.

Yet we gather amid a fiscal crisis unlike any the State has faced since the Great Depression. The specter of a $10.7 billion deficit looms over every department, agency and commission in state government; everyone will see their budgets reduced for FY 2011 – no exceptions. Like the others, the Department is adjusting to these realities by tightening its belt, streamlining operations, reducing costs, eliminating waste and redundancies, and preparing to do more with less. We have developed an effective strategy to do just that; one I’ll address in greater detail momentarily.

Second, it is important to focus on just how instrumental a role the Department can and will play in New Jersey’s larger economic recovery. Governor Christie has asked me to help revitalize the State’s business climate by managing the bipartisan Red Tape Review Group and the Partnership for Action.

The Red Tape Review Group released its recommendations for common sense regulatory reform yesterday. This was the culmination of a careful and exhaustive three month examination process that began when the Governor froze hundreds of regulations through Executive Order 1 on January 20th. The ensuing months saw the Group isolate those regulations that have proven onerous, outmoded or otherwise ineffectual, or whose cost of compliance has come to far outweigh intended benefits. These regulations will now be sent to their respective State agencies for revision or elimination.

The end result of the Red Tape Group’s work will be twofold: 1) to free our business community of the tedious exercise of navigating layers of bureaucracy and red tape in order to invest, relocate or expand operations in New Jersey; and 2) let them know they can now count on predictability
and consistency in the regulatory process; that the State will not randomly move the goal posts, or change the rules mid-game.

This effort segues nicely into the second important economic development initiative – the Partnership for Action.

Beginning last November, our Economic Transition Team held dozens of meetings to hear the concerns of small business entrepreneurs, mid-size companies, developers, and corporate executives across the State’s largest industry sectors. From this open and candid discussion, a common theme emerged – the fragmented and convoluted nature of New Jersey’s economic development programs. These services will now be consolidated and streamlined within the Lieutenant Governor’s Office, maximizing efficiency while providing a one-stop location for issues of relocation and retention, access to key NJEDA business incentive programs, and as a vehicle for expediting regulatory matters.

The Partnership for Action will not only provide the cohesive, unified voice from Trenton to the State’s business community that was long overdue, but will serve as an ongoing marketing entity to educate companies on the pro-growth economic reforms the administration is implementing – beginning with yesterday’s Red Tape Review Group recommendations.

It’s only fitting these efforts be fused with the Department of State’s traditional mission, as it plays a critical role in some of the most important sectors of New Jersey’s economy.

Program reductions in the FY 2011 budget were carefully considered and not done arbitrarily. Preserving funding for historically effective engines of business growth and job creation was a priority of the administration, and our budget reflects this fact. Within the Department of State, those program areas remain tourism, the arts and history.

To clearly illustrate their collective impact, some key statistics bear mentioning:

✓ The most recent Global Insights study put the overall economic impact of New Jersey’s tourism industry at $38 billion, supporting over 440,000 jobs accounting for roughly 11 percent of the State’s workforce, and generating more than $7 billion in federal, state and local tax revenue. Without such revenue, every household in New Jersey would pay over $1,400 in taxes to make up the difference.

✓ Individually, history and the arts are $540 million and $1.2 billion industries, respectively. The latter, according to an Americans for the Arts report, supports more than 20,000 businesses and over 82,000 jobs statewide.

On a micro-level, these industries are the lifeblood of local economies, and one whose return on investment is enormous. According to research commissioned by ArtPride NJ and the Geraldine R. Dodge Foundation, arts organizations supported by the New Jersey State Council on the Arts return $3 in tax revenue for every $1 invested, totaling $41 million annually.

The derivative effect these venues have on our towns and cities also cannot be overstated. A thriving tourism, arts, or historical center can sustain hotels, restaurants, parking garages, shopping malls, and other retail venues for years, if not decades. One only needs to see their impact on cities such as New Brunswick, and small shore towns from Sandy Hook to Cape May to find ample evidence of this fact. As a Monmouth County resident, I see it on a daily basis.
On a macro-level, when the State’s tourism, arts and history industries flourish, it boosts pride in all residents of New Jersey, and enhances its image as an ideal place to live, vacation and to start, expand or relocate a business. This is a benefit you can’t measure by mere dollars alone.

The Governor is committed to preserving important State support for these critical sectors. In the FY 2011 budget proposal, all poison-pill funding provisions for the State Council on the Arts—$16 million, Travel and Tourism—$9 million, the New Jersey Historical Commission—$2.7 million, and the New Jersey Cultural Trust—$500,000 will be met. Even in a time of historic deficits, we must never lose sight of what works, and what’s needed to help fuel any enduring economic recovery.

We were also committed to forging a new set of principles when distributing State grant funding — one that seeks to inject a greater sense of fairness into the process. You will find there are no line-item grants-in-aid appropriations for the arts and history in the budget, and there’s a reason for that.

In such a harsh economic climate, the need for us to create a balanced, level-playing field for all applicants based on merit and a case-by-case analysis by an independent third party has never been stronger. It’s not only the right thing to do, but the best, most effective way to serve the larger needs of two highly diverse industry sectors.

While we’re on the subject of critical areas under the Department of State umbrella, let me discuss the most important of all: The Division of Elections. Voting is our most cherished right as Americans, and therefore nothing is more important than ensuring an accurate, fair, and transparent elections process. This is what the State’s 5.2 million registered voters deserve, and I pledge that’s exactly what they will get.

The operational appropriation for the Division of Elections remains unchanged for FY 2011. This will allow us to expand voter education and outreach efforts on issues such as the 2009 Vote-by-Mail law, further enhance the Statewide Voter Registration System (SVRS) database, and provide improvements and upgrades to the Division’s www.NJElections.org website.

With additional federal Help America Vote Act (or HAVA) funds, we are in the process of helping counties with increasing capabilities in the areas of Geographic Information Systems (GIS) for redistricting purposes, and will assist in purchasing new document scanners and servers that will expand technological abilities, streamline operations, and save valuable time and resources.

These themes — streamlining operations while saving time and resources — are ones this Committee will hear frequently from Cabinet officials. Every Department must develop a strategy that not only does more with less, but one that preserves essential services while meeting its core mission.

The Department of State has outlined an effective approach to achieve that very goal. Our first order of business was to seek cost savings by consolidating divisions with similar missions, necessitating cost sharing measures and staff resources while preserving key programs and services.

This will be accomplished under the newly created Division of Programs, which consists of the
Martin Luther King, Jr. Commemorative Commission, the Office of Faith-Based Initiatives, AmeriCorps and the Office of Volunteerism.

It was only logical to combine our initiatives to promote the life and work of Martin Luther King, Jr. with efforts that support and encourage volunteerism, community service and faith-based organizations. All share an important civic-minded agenda and collectively this message will now be presented with one unified voice and vision.

The benefits of such prudent measures extend beyond mere cost savings and increased efficiency. Because these streamlining efforts were implemented, valuable programs will continue, and core missions preserved.

Addressing the worst budget crisis since the 1930's also meant maximizing underutilized assets. That is why we support having Rutgers University absorb the day-to-day operations of the New Jersey State Museum as part of its larger merger with Thomas Edison State College. In such a hostile budget climate, this proposal would be sound if only for the cost savings that will be realized by eliminating overhead.

However, there's something far more important at play here: The ongoing cultural and economic revitalization of Trenton.

The infusion of interest and money by the presence of the State University in the Capital City will breathe new life into the downtown area, one where students not only receive the highest quality education, but also have access to some of the premier educational and entertainment venues anywhere in New Jersey. The State Museum is certainly at the top of that list, and would be the cornerstone of Trenton's newly established Cultural Center. Without compromising its essential mission, this proposal will maximize the Museum's potential for growth and better utilize its upgraded exhibition space and technological capabilities. We have no doubt it will be a win-win for all involved.

The same holds true of our plan to partner with a private management company to run the day-to-day operations of the Trenton War Memorial, and we're moving ahead with the Request for Proposal (RFP) process. When completed, a fee scale for use will be negotiated between the State and the proposed company, and every effort made to maximize revenue at considerable less cost if past practices were maintained. This is consistent with the Patriots Theater's legacy as a premier performing arts venue, while realizing an untapped revenue stream amid New Jersey's budget crisis.

Finally, on the topic of cost savings, I'd be remiss if I didn't mention the terrific work of the Division of Archives and Records Management – or DARM. Charged with the storage, retention and preservation of the historic records of State and local governments, DARM has saved New Jersey tens of millions since its inception in 1983. In the last fiscal year alone, the Division estimates it has saved the State in excess of $12 million thanks to its efficiency efforts. This includes the ongoing use of Artemis, DARM's online records retention and disposition management system, and through increased county-municipal shared services projects.

I want to thank Governor Christie for entrusting me with the stewardship of such a remarkable Department. From my testimony – and more importantly our actions – it should be clear we have a comprehensive blueprint for making the Department of State a model of effectiveness and efficiency in government during a period of unparalleled fiscal hardship; moreover, one that
others will not only study, but emulate.

I look forward to working with the Legislature in the months and years ahead to maintain the considerable momentum we have gathered in our short tenure.

I will now be pleased to answer any questions you may have.

Thank you.