Meeting

of

THE ASSEMBLY SPEAKER’S MONMOUTH OCEAN BUSINESS SUMMIT

“Exploring the Region’s Industry Sectoral Growth: Legislative and Economic Development Strategies to Build a Strong State Business Climate”

LOCATION: Wilson Auditorium
Wilson Hall
Monmouth University
West Long Branch, New Jersey

DATE: April 23, 1999
9:15 a.m.

MEMBERS OF SUMMIT PRESENT:

Assembly Speaker Jack Collins
Assemblyman Joseph Azzolina
Assemblyman Tom Smith
Assemblyman James W. Holzapfel
Saul K. Fenster
William Dempsey
Joseph J. Seneca
James W. Hughes
John K. Lloyd
Doug Phillips
Suzanne Pease
Greg Phelan
Joshua Feinberg
George M. Taber
Harold Nolan
Suzanne Pease
Eugene Simko
DR. DEMPSEY (Moderator): Good morning. It’s a beautiful morning. My name is Bill Dempsey. I am the Dean of the School of Business Administration here at Monmouth University, and it’s a pleasure to first get the program started by asking President Stafford to come forward and welcome you here.

It’s very appropriate that President Stafford from Monmouth University is here. She is an entrepreneur who has virtually doubled the enrollments in Monmouth in the last five years. So without further ado and with recognition of her sense of business, I’d like President Stafford to come forward. (applause)

PRESIDENT STAFFORD: It is, of course, our great pleasure to welcome you to Wilson Auditorium and to welcome you to Monmouth University because one of the things that a good university does is to bring together and give a forum to people that are from different areas of our economy with the political leaders and to be able to facilitate those very important connections as we make New Jersey a much more business-friendly climate. And I know that the people in the room are interested in reaching out to the business community and learning and speaking with them about their needs and their concerns. And we, of course, are so delighted to be able to facilitate that process.

I want to say just one word to you before I turn this over to the real people here that are going to be speaking to the substance of the conference. I want you to glance around at this room because this room is Wilson Auditorium. It was the private room for the parsons in the late ’20s for them to show their private movies to their private guests -- there were two of them -- and they needed this size room for this.

But what is important to you is that this room had deteriorated so greatly that when I came six years ago I said, “This room is terminally ugly, and there is nothing that can be done about it.” But through the New Jersey Historic Trust and a grant which we matched at Monmouth University, every one of the murals on the ceiling and the walls was completely taken down, was totally restored, was put back up. A false floor that had been put in the building at some time was removed, the wonderful marble was redone, the stage
which had been -- somehow somebody had put some terrible kind of edition on the stage and some hideous curtains, and this entire room was transformed. And because of that, I simply want to thank you and thank the members of the Legislature who have anything to do with the New Jersey Historic Trust. Because this is one of the projects that they helped us to complete, and I’m hoping you all are enjoying not only the intellectual content of today, but the environment in which it is presented.

Thank you. (applause)

DR. DEMPSEY: As you can see, we have a number of very distinguished speakers and guests, so I am going to have to shuffle my notes to make sure I get everything done right here.

It’s now my pleasure to introduce to you Assemblyman Joseph Azzolino — Azzolina, excuse me, Joe. I’ve probably done that, Joe, a dozen times, and he gets me every time. Joe is truly an entrepreneur. He has built a business -- he and his family -- from scratch. He is now the head of Food Circus Supermarkets. They have 12 Foodtowns. They employ more than 1200 people. You will notice in Joe’s bio-sketch that he has considerable experience in the Navy, having served both in World War II and Korea. Joe has most recently probably become famous with the Battleship New Jersey. And before the guns start going off, Joe, please come up and make your remarks. (laughter; applause)

ASSEMBLYMAN AZZOLINA: Good morning. I welcome everyone here this morning. And I want to thank Becky Stafford and you, of course, and Monmouth University for hosting us here today.

I want you to know Deb Smarth prepared these notes here, and I want you to know I don’t wear glasses and I can read these without glasses. Pretty good, right? After my father.

Anyway, Assemblyman Jack Collins reconvened the Task Force on Business Retention, Expansion, and Export Opportunities during his tenure as Speaker. Having charged the Task Force with taking the pulse of the business across the state and he
welcomed the idea of sponsoring these important business summits throughout the state, we are proud to have Speaker Collins here today to play a pivotal role. By the way, he’s a dynamo speaker. And, Jack, we paid you back today because last time we went to your area, and it was about an hour and 45 minutes. You probably had the same trip up today, so thank you.

We thank you all for coming and participating in this discussion today since your input will enhance our existing effort in making New Jersey more business friendly. By the way, that’s the Governor’s slogan also. We are business friendly. I want you to know she pronounces my name -- I’ve known her about eight or nine years -- Azzolino. I can’t get it corrected. So you’re in good company.

Before I review with you some of the important legislative accomplishments for the State’s business community, I want to personally thank the cosponsoring organization and individuals who graciously assisted us with creating such a program.

My thanks to Saul Fenster -- did I pronounce it right? I sometimes pronounce it wrong -- and Dr. Gene Simko, key members of our Assembly Business Task Force who are participating in today’s program. Thanks Joe Gonzalez, President of New Jersey Business and Industry Association, Joan Verplank, President of the New Jersey State Chamber of Commerce, and Jack -- I’ll probably pronounce it wrong -- Sudia, President of the Monmouth Ocean Development Council for cosponsoring this event. I would also like to thank Deb Smarth, our Special Project Director in the Assembly, who organized and coordinated this event. Without her we could not have done it.

We appreciate the publicity outreach of the northern, southern, western, and eastern area Monmouth County Chambers of Commerce and the Toms River and Ocean County Chambers of Commerce. A special note of gratitude to our moderator, Dean William Dempsey, and our panelists. Without this team this program could never have materialized.
Assemblyman Tom Smith from Asbury Park and Assemblyman Jim -- I always have trouble with his name, too -- Holzapfel. Okay, you know Jim --

ASSEMBLYMAN HOLZAPFEL: Just make sure you put an 0 on the end there. (laughter)

ASSEMBLYMAN AZZOLINA: --from Ocean County will share their thoughts with us this morning. Also, Assemblyman Peter Biondi -- are you here? -- from Somerset County is here with us today or is supposed to be.

When the Assembly Business Task Force formed in 1994 to detail a blueprint for New Jersey's future business retention and attraction campaign, we did not know what our exact course of direction would be. But after months of public hearings and interaction with the private sector, we devised a blueprint plan that is now being put into place.

Several major principles are at work. It focuses on initiating an aggressive executive-legislative-private sector partnership to make the Garden State premier in its open for business campaign. It emphasized retooling government to get more out of what we have by being proactive and not just reactive. It promoted a sales and service orientation that excels at customer satisfaction. By the way, the State is big in service-oriented businesses.

Over the years we have had many positive business measures enacted into law. During the last session, I and Assemblyman George Geist sponsored the Business Relocation Assistance Grant Program and the Business Employment Incentive Program. Other states have been actively competing with New Jersey and attempting to lure many of our existing firms to their respective states, as well as actively recruiting and attracting other firms across that nation to their home turfs. In order to keep us competitive with other states' incentives, these two pieces of legislation were introduced.

One measure provides that businesses will be eligible to recover relocation costs from the State if the business relocates 25 new, full-time jobs to the state or moves to expanded facilities within the state with 25 new, full-time jobs. The other measure
provides grants to businesses that create new jobs in the state under certain conditions. The amount of employment grants would be equal to a percentage of 10 percent to 80 percent of the total amount of State income taxes withheld by the employer for the new employees hired. These companies would have to maintain operation in the state for an extended period of time or the State would recapture the grant funds.

Since our whole focus is ensuring that New Jersey retains existing businesses and provides them with a friendly environment so that they can expand in the state, our Business Task Force called upon the executive commerce agency to retool the State’s policies so that we would actively outreach to the business community to run interference and help them obtain assistance to allow their businesses to grow without bureaucratic red tape or unnecessary constraints.

The Governor just recently signed a measure into law that abolished the New Jersey Department of Commerce and Economic Development and replaced it with a State Commission on Commerce and Economic Growth which the Governor will Chair. I cosponsored this legislation, and we believe that this particular structure will eliminate Civil Service constraints, eliminate middle management, and snip bureaucratic red tape. It will make us as competitive as other states that have shifted to this kind of public-private partnership for economic development purposes. I look forward to hearing the various executives speak about their particular areas of concentration. And I look forward to those attending the summit for their frank and honest opinions later in the program.

It’s all yours. Sorry I had to read all of this, but it was too much.

DR. DEMPESEY: Thanks, Joe.

I’m pleased to next introduce Assemblyman Tom Smith. Tom Smith was Police Chief in Asbury Park, Councilman in Asbury Park, Mayor of Asbury Park, and now he is in the Assembly of the State of New Jersey. One thing that I noted in Tom’s bio-sketch is that he is a decorated veteran of World War II, served with the U.S. Army in the European theater, and received five Battle Stars, which to me is outstanding.
Tom, please make your remarks.  (applause)

ASSEMBLYMAN SMITH: Thank you.

Well, good morning. I see we are all bright eyed and bushy to hear something that is going to help us in our business communities, and I am sure you will if you just listen.

I would like to thank Speaker Collins for holding this business summit in my legislative district, the 11th, and to thank Dr. Stafford for hosting this affair here at Monmouth University. I would also like to thank those representatives that are here from the Southern Monmouth Chamber of Commerce, the eastern area of Monmouth Chamber of Commerce, and the Southern Monmouth Chamber of Commerce because the Chamber of Commerces are those organizations that help our cities move, especially in the area of business.

Well, as you know, business is the engine that not only drives the economy of our great state and nation, but also serves as a (indiscernible) for the quality of life we can look forward to in our communities. The New Jersey State Legislature has initiated a number of programs that are designed to bring prosperity to our state’s diverse population. The Urban Enterprise Zone Program, which is designed to rejuvenate our state’s urban business areas through the use of a 3 percent sales tax, has been a success. Regardless of the critics, it has been a success because it has helped a lot of the urban centers come out of the doldrums of poor business, and businesses have come back to those urban centers.

The special norm fund, which is designed to assist towns -- downtown business districts. The special Remediation Program aides in the remediation of hazardous discharge sites. The fund for economic development and program design is to provide opportunities for minority- and women-owned business -- just a few examples of what is being done in the State Legislature to provide opportunities, increase business activity, and provide a stable quality of life for all New Jerseyans.
As a legislator whose district encompasses some of the state’s most affluent, as well as some of the state’s most economically disadvantaged, communities it is very apparent that in order for the success of the economy that is spread through the State programs such as the ones I have mentioned have to be made available and used by all of our citizens.

Mr. Speaker, this summit will go a long way toward achieving the goals and objectives set by you and the Governor of our great state.

Once again, may I welcome you all to the 11th Legislative District, and I hope you will leave this conference with the tools to carry on your business agenda.

Thank you. (applause)

DR. DEMPESEY: Thank you, Tom.

It is now my pleasure to introduce Dr. Saul Fenster, who is President of the New Jersey Institute of Technology. Prior to coming to NJIT, he was a Provost at Fairleigh Dickinson University. Dr. Fenster is a scholar. He has written books and articles and also has a grounding in the world of business itself working, for example, with Sperry Rand Corporation. He is presently working, also, with Prudential Insurance in regard to several mutual funds. So we have an academic and a real-world businessperson in Saul Fenster.

Please come forward. (applause)

DR. FENSTER: Thank you very much, Dean, Mr. Speaker, and ladies and gentlemen.

First, let me congratulate Monmouth University on achieving accreditation by the American Assembly of Collegic Schools of Business. One of -- what? -- only five, Becky -- five in the state? So this is a high achievement by a university, and we congratulate you for it.

I have a private interest in Monmouth County, even though I live part of my life in Bergen County and lead a university in Essex County. I have a condominium on the beach just a couple of miles from here. (laughter) So keep up the good work protecting my
interest on the sand. You know what we do, we watch the sand come and go. (laughter) But recently it’s been staying put.

Much of what I am going to talk about is ascribable to the fine work of the Speaker-appointed Task Force on Business Retention, Expansion, and Export Opportunities, Chaired by Assemblyman Azzolino -- Azzolina, and much ascribable to the good work of the Governor’s Economic Master Plan Commission derivative of the Master Plan Commission Prosperity New Jersey, derivative of Prosperity New Jersey, something which we now call the Edison Partnership, and the fine work -- very complementary to that of the New Jersey Commission on Science and Technology. And we will see in a moment how this all fits together.

In particular, may I call your attention to a couple of bills in the suite of bills which originated with the Task Force. One bill, A-12, New Jersey Regional Field Offices Act. When you have a chance, maybe glance at the description of those bills. A-17, the New Jersey Industry Sector Network Development Act, both of which have been enacted into law and represent part of an effort to recognize the distinct economic sectors, not so much geographical although that’s part of it, but in terms of what those sectors are involved in industry, whether they be insurance, aspects of the manufacturing, and so on.

So as I say, the Governor’s Economic Master Plan called for a focus on industry sectors as did the A-17, which I referred to, coming out of the Task Force. And derivative of all of these we have at least three items which I want to focus on which are up and running, or almost up and running, and which are critical evidences of the major steps in economic development activity in the State of New Jersey. And one is the account management system. The account management system is, of course, being handled by the new Commission on Commerce -- I have to learn that new-- It used to be called the Department of Commerce and Economic Development -- Joe Seneca will tell me what it is -- and Economic Growth Commission.
And this Commission, among other things, is responsible for an accounts management approach which focuses on industry and focuses on business problems and focuses on individuals who run those businesses. It has a premise that more than 80 percent of New Jersey’s job growth will come from existing business operations. That New Jersey needs account management to further target existing businesses for retention and expansion in the same way that competing states target them for attraction, and it is more likely to establish a highly successful attraction program once existing businesses are satisfied. And the Accounts Management Program is an investment in the future of New Jersey generating increasing tax revenues and jobs and improving competitiveness.

And just to go back to A-17, in the Account Management Program, there are, in fact, industry sectors. The industry sectors identified by the program are finance, insurance, real estate, and business services, food processing. People generally do not regard New Jersey -- that is to say people outside New Jersey-- Many within the state do not regard New Jersey as a food-processing state, but it is. A telecommunications sector which is, of course, clear that it is a very important aspect of New Jersey business. A petrochemical sector, a pharmaceutical and biotechnology sector, and of course, finance, insurance, real estate, and business service sector.

So we have in the Accounts Management Program, working with the sectors, a proactive system calling upon existing New Jersey businesses to build a dialogue with executives in the state whose job is to establish that dialogue, to establish relationship, uncover key issues, concerns, and opportunities. And when a business/client issue arises, the account executive assumes responsibility. There is a point person in the State of New Jersey, in the Commerce Commission, to assume responsibility for working through the issue, a single point of contact rather than to defer to another department in a typically bureaucratic fashion. This is not what happens. Relationships are built with key partners, service delivery processes, computer and information systems, and training. These are all
key to the system. So this is part of the accounts management system, and this is a key function within the newly established Commission on Commerce and Economic Growth.

Another very important part of that system, speaking of sectors– So we have one system of sectors which comes out of accounts management and another system of sectors which is derivative of the economic master plan, some work at NJIT, and the work of the New Jersey Commission on Science and Technology, and that is the called the New Jersey Manufacturing Extension Program, which has been up and operating for several years.

And, Assemblyman Azzolina, you will be happy to know that one of your former key people is a present key person, Jennifer Beck, in our MEP program. I guess you know that. She is first rate.

ASSEMBLYMAN AZZOLINA: Caren was her replacement.

DR. FENSTER: And Caren is first rate.

While it is true that much of New Jersey corporate life is centered around the service economy, I know that you know that the manufacturing economy is key to a vibrant service economy. There are, in fact, 13,000 manufacturers in the State of New Jersey. It has the ninth-highest concentration of manufacturers in the nation. And, of course, these small manufacturers are key to the supply change to high-tech industry. New Jersey is a high-tech state.

Let me just say parenthetically that part of Prosperity New Jersey is an Edison Partnership, and the role of the Edison Partnership is to promote New Jersey as a high-tech state, which it surely is. And we ought to all work together in promoting that concept because people outside of the state very often have a fuzzy notion of where our specialities are. One of them is certainly high tech, and we ought to promote it, and that’s one of the jobs of the Edison Partnership.

Ninety-eight percent of all New Jersey manufacturers have fewer than 500 employees. So there is, in fact, a New Jersey Manufacturing Extension Program funded
partially by the State through the New Jersey Commission on Science and Technology, funded robustly by the Federal government and by user fees.

And we should say that here again we have focused on the industry sectors. The industry sectors we are now currently focusing on are industrial machinery and equipment, fabricated metal products, rubber and miscellaneous plastic products, electronics and other electric equipment, and instruments in related products.

A major service being performed right now by the New Jersey Manufacturing Extension Program is to get small manufacturers Y2K ready. It is a little scary, I might say, at the degree of unreadiness of small manufacturers in the State of New Jersey to the Y2K problem. And according to the Federal Department of Commerce, 7 percent, or approximately 1000, of these small manufacturers, will close their doors without intervention -- will close their doors because of Y2K problems.

While the Manufacturing Extension Program has, in fact, a robust effort currently underway in seminars, individual company-to-company training to prevent that from happening, and a tremendous flood of communication, correspondence, courses, consulting arrangements, and so on, to prevent the Y2K disaster, I think it will not happen, but I think the intervention is none too soon.

Finally, arising out of both the Task Force and initiatives of the new Commission is something called the Business Resource Center. It is necessary-- It was found to be necessary by Prosperity New Jersey in examining the challenge to have a single depository -- electronic -- where economic development, experts, company representatives, businesses for sure, governmental folks could go to a single electronic source for information on a variety of issues which have to do with economic development.

The Business Resource Center will expand its collaboration with State, local, businesses, and economic development entities in the dissemination and the collection of information. It’s designed to serve as a premiere information service for existing and prospective New Jersey businesses, relocation experts, and economic development
representatives. It’s the only open and free site in the nation dedicated to this purpose shortly to be on-line. We happen to be managing it for the Commission. It is a robust, unique asset for the State which, again, we built into this whole matrix of economic development activities. It’s too numerous to name here. We’ll help continue New Jersey’s rather robust economy. But I think what we all are concerned with is not only where we are now, but to assure that we continue this kind of vigorous economy into the future.

Thank you very much. (applause)

DR. DEMPSEY: Thank you, Dr. Fenster.

I have my own Y2K problem, Joe. I can’t tell the difference between 0 and A. (laughter) Also, I have to apologize, in moving the program along, I skipped right over Assemblyman James Holzapfel. I’ve been back here practicing this, and you can see that’s probably why I skipped over Holzapfel in order to practice pronouncing his name. But again my apologies. Please come forward and make your remarks. (applause)

ASSEMBLYMAN HOLZAPFEL: Thank you.

First of all, I’m a little concerned that you could skip somebody as big as I am to start with, but it’s a pleasure for me to be here first of all. It’s my alma mater, which I am always proud to say. I seem to recall President Becky speaking about redoing this place. I seem to recall sleeping in here between classes many, many years ago back in the ’60s. But I am very proud to come up to Monmouth University because it is, I think, the star along the coast as far as education is concerned and does an outstanding job.

Very quickly, I’m mainly here to say thank you. Particular, being a clam digger, my district is down in Ocean County, parts of Monmouth, but Lucy Green, the President of the Toms River-Ocean County Chamber was very active and helpful in this program. So I am here, first of all, to say thank you to her and, of course, to everyone else who I know are going to make this program a success.

I also have a reason to-- Talking to my friend Assemblyman Smith, whose name is not too difficult to pronounce (laughter), that we each had two-and-a-half minutes.
I didn’t want him to go over on his two-and-a-half minutes, and I thought of George Washington. George Washington, as you know, in his inaugural spoke 150 words, and of course, we had William Henry Harrison in 1841 spoke for two hours in a driving rain and a month later died of pneumonia. (laughter) So I think there is a message there also.

In reviewing some of the notes for the program one thing did come to mind, and Deb Smarth brought it to my attention. And again education -- the terrible headlines we see most recently-- But on the education end of it, the business and education I know in New Jersey work and work well together, but it’s obvious to me that there is-- There was something that was just mentioned about a clearinghouse of where is it that you can go as either an educator or as businessman to find out what programs are available out there -- statewide -- where people interested in working those kind of collaborative programs can get together and try and work a successful program.

So possibly one of the considerations you might have today in your discussions, and some of your input, would be with reference to setting up some kind of a clearinghouse in the State so that education can benefit from the many businesses and programs that presently exist out there, and hopefully we will work all together.

And by the way, it’s pronounced-- Today it’s pronounced -- is it an odd day or an even day? It’s an odd day. It’s pronounced Holzapfel. (indicates pronunciation; applause)

DR. DEMPEY: Thank you Assemblyman Holzapfel.

It’s my pleasure now to introduce to you the Assembly Speaker, Jack Collins.

Jack Collins hails from Salem County. He represents Salem County, portions of Gloucester County and I believe Cumberland County. He has championed a number of causes related to such things as open space and farmland preservation, aid to the developmentally disabled, senior citizen tax relief, and job creation initiatives.
Probably from our point of view here at Monmouth, he happens to be the father of one of our basketball players, Sean, who is providing leadership for a team that is really emerging, and we expect great things for the team next year.

So, Dad Collins, would you please come forward to speak to us about the State of New Jersey.  (applause)

SPEAKER COLLINS: Thank you very much.

The mention of my son changes my sequence of commentary here. Not to get him in trouble with any of his professors and, of course, not the President, but he is following in the footsteps of his father as a college student. I told him that I would be here today and we could get together for lunch and that I would be making some remarks about 9:30. He informed me he would be arising at 11:30 (laughter) and he has heard these kind of comments before many times.

Just as others who have come to the podium thus far have thanked the participants, and this great University, Deb Smarth, and other staff who have put this together, let me do that also. Let me also thank, particularly, the Chambers of Commerce in Monmouth, Toms River, Ocean County. But most of all -- and no offense to those of us up here -- to all of you.

The purpose behind this get-together is education. And in my real-world job I am a professor at Rowan University, Glassboro State College, and a strong supporter of education at every level. And in my 14 years in the Legislature, I have seen that education is ongoing at all times.

For example, the last time we did this a number of things came to my mind with regard to the business community, what the State Legislature and other government agencies can do to improve the economic-business-job climate in this state. It was very, very helpful, and I think you will see it today, particularly when we get to the meat, which is the panel discussion. And I will make my “keynote address comments” quite short
because we don’t need an address, and I surely can not be the keynoter with what we have arrayed on this panel.

So the education to me on that particular day was “Wow, this is interesting,” the cross section that Chairman Azzolina had put together down in Gloucester County, and I see it again today. If you look, we really are touching so many different aspects of our society in general but particularly in the business community. It was an education.

But here is what else was an education, and I’ll point it out to the panelists. I have been -- through my professional career in education and of course in government, through so many seminars, and so on, whoever came up with the creative 10-minute blocks really-- I said, “Wow.” And I’ll tell you why. First off, for you out there, if you really don’t like the speaker at a particular time, you only have to wait 10 minutes for a change. (laughter) For those up here -- and I watch this, and I’m sure it will happen today. In 10 minutes you really have to be precise, have impact, and really-- After all the years I have been in “public life,” in one way or the other it was an education.

Here is an education for you along that line. Some of you may have been a little uncomfortable when Joe Azzolino’s name was mispronounced so many times, or Jim Ho -- whatever his name is. (laughter) Well, I know their names, and, yes, we all want to be identified, but let me educate you about the world of politics. Every time we say Azzolino and everybody tenses, what are you thinking about? You’re thinking about Joe Azzolina. Politicians like that. (laughter) And Jim had the ultimate opportunity. Not just his name mispronounced, but then the obligatory apology for overlooking him. (laughter) More education.

Sitting on my desk as Speaker of the New Jersey General Assembly is Leonard Lance’s bill that will continue the Historic Trust. It’s quite a few dollars. I’ve been lobbied intensely to move this bill and always felt that sometime we would, but we have to balance out in the State budget, just as you do in your budgets, all of the things we have to do. When I came here today, that bill was not on my mind. President Stafford was on my
mind, knowing that I would be at this great University, but when she stood at this podium -- whether she knew it or not, and she is very conniving (laughter) -- whether she knew it or not, we are going to move this bill now. (applause) Because this is impressive.

Which leads me to one more general comment before I try and have a little bit of substance, and that’s this. The one thing that I have discovered in my 14 years in the Legislature-- My background is basketball coach, teacher. I’m a lawyer as I always point out to my colleague, Assemblyman Holzapfel, but I’m the best of lawyers for my legal friends. I’ve been a member of the Bar for 16 years, and I have made $2500 in that time. (laughter) I love the profession but take nothing away from other lawyers.

But with all of that, this has been the ultimate education in my life being in the Legislature -- walking off a college campus and going into State government. And what I have found is that it really is the system of working together. Now some, and somewhat cynically, say, “Oh, those government officials never listen to us.” Believe me, ladies and gentlemen, we do. We want to hear more.

The difficult task we have is to accomplish something from all that we hear. I often say, when people say to me, “Why don’t you politicians do the right thing?” “I will always do the right thing once all of you agree what the right thing is.” That’s the challenge that we face continually, as does everyone in this society. It is opportunities like this where we have the opportunity to hear from experts at every level and your, if not with us at the podium, interchange of discussion and ideas at a later time to allow us to grow and maybe you to grow to what our challenges are. And growth is why we are here, particularly economic growth.

We are going to hear from two outstanding economists who will tell you in just a moment or two where we are going and where we’ve been. And then others on this panel will help us to be able to focus in on how we can get there.

I can recite for you accomplishments that we, my Legislative colleagues and I, are quite proud of that have happened. In fact, so many of them that, in the last five years,
337,000 new jobs have been created in this state. You, I’m sure, have helped with that as have so many other aspects of our society, both statewide and nationally.

I don’t stand before you and say New Jersey has done all of this. It has been a national movement. But as I have heard many times from the next speakers, we have done better than most and particularly in the Northeast and are in a more solid position if there is a blip in the future. Why is that? Well, it’s because, in my judgment, an interchange of ideas and a philosophy set forward by Governor Whitman when she said this comment, “New Jersey is open for business again.”

Now, I don’t look at the negative side of that, that word again. It was always open for business under Governor Florio and Governor Kean. Things that were out of some of our controls took place, but what did the Governor do with that in my judgment? It led to that next comment, “New Jersey is business friendly.” Now, what do those words mean? I have no idea, but they put something in all of our minds, and that is we want business, the big ones, the little ones, and everyone in between, to have opportunities. And what have we done? Research and development credits, S-Corporation, cutting the sales tax on Yellow Pages, discussing seriously changing the tax structure in telecommunications, but that is just one segment.

What about others? What about a quality of life that allows people to say to people they are trying to attract to their area or their business, “Hey, here is what is going on in New Jersey.” Like right now crime is in a 25-year low, ocean water clearer than it has been in a decade, 18 tax cuts in the last six years. All of this comes together but tied particularly to you, to you who are the experts. And if there is anything we’ve tried to do under Governor Whitman’s leadership and us in the Legislature is almost use a phrase in another world, to allow you to be all that you can be.

You’re the experts. I’m a broken-down old basketball coach from years passed and a legislator. Joe is a multibillionaire food store owner (laughter), but we work together.
You’re the experts. What we want to do is give you a chance to use your expertise, not just by sharing it with us, but by putting it into your businesses.

Final comment. We have other challenges, too, in government. And that leads to those things called regulations. We have to balance out exactly what this group wants to do balanced with this one. It is a constant challenge, but I for one believe this. Fourteen years ago, when I walked into the Republican Majority caucus for the first time -- the second time I had ever been to the State House in my life -- I was shocked that, first, everyone was not excited about what we were doing in education. It really knocked me back. I hang around with teachers. We all think we are working hard and doing the right thing. It opened my eyes. That helped me grow, but this became the cornerstone of my government thoughts and procedures over the last few years is this.

I figured out early on, at that very first day, and what has happened since that when the economy is expanding, when people are working, everything else falls into place. Eighty-three percent of the school budgets in this state passed the other day, the second highest since they have been keeping records. A lot of reasons go into that, hard work, good ideas, controlled spending, but in my judgment it’s because things are going right in New Jersey.

In my county of Salem, 65,000 people in the whole county. On a Friday and Saturday night, I’ve observed that the last few months, if you drive by any of our diners or our two higher-class eating places in the whole county, you will see a half-hour wait. I like it. Why? Because it tells me that people are comfortable, they are confident, they have a couple of extra dollars, totally personal. I want it to continue until November the 2nd when I run for reelection. (laughter) But bigger than that, it’s because people are working. You are helping them to keep those jobs. We want to help you continue this. This panel today I’m sure will have some impact on that in the future.

I thank you all for participating and, of course, President Stafford and the great University of Monmouth.
Thank you very much, and let’s enjoy the day. (applause)

DR. DEMPEY: Thank you, Speaker Collins.

I didn’t realize I had such a great future in politics. If I could just keep making mistakes.

Also, Joe, President Stafford wants to talk to you later about the building -- the architectural plans since you are in Bill Gates’s territory. (laughter)

ASSEMBLYMAN AZZOLINA: I wish.

DR. DEMPEY: Okay, it’s now time to move into the panel discussion portion of our program. We have a number of panelists. We are going to start first with Dr. James Hughes and Dr. Joseph Seneca to address the first panel issue, which is “Economic Outlook, Business Climate Trends, and Industry Clusters’ Impact on the State Economic Development.”

First, let me mention a few things about Dr. Hughes. Dr. Hughes is the Dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University. He is very well known in regard to demographics, housing, and regional economics. He is a prolific scholar with having authored or coauthored 32 books, monographs, and more than 125 articles. I should mention that Dr. Hughes will have to leave earlier, so he won’t be here for the question-and-answer portion of our discussions today -- our program today.

Dr. Joseph J. Seneca also will have to leave before the question-and-answers portion of our program. But Dr. Seneca has served as the University Vice President for Academic Affairs at Rutgers University. He has done that since 1991. In 1994, Governor Whitman named him Chairman of the New Jersey Council of Economic Advisors. And this accounts and prepares semiannual economic outlooks and advises the Governor and the Legislature on economic policy.

So, without further ado, I’ll ask Dr. James Hughes to initiate the panel discussion.
DR. HUGHES: My marching orders from Dean Dempsey this morning, rise to the occasion, but then promptly sit down, so I will try to comply. I do appreciate the kind introduction, and I also appreciate the plug for the books from Dr. Dempsey. A little bit of truth in advertising. They are most like Rutgers books, once you put them down, they are virtually impossible to pick up again. (laughter)

Now, we are now in the mist of what can be termed the glorious postrecession '90s. This month the state’s expansion has reached 83 months in duration. This is the exact same length as the fabled boom of the 1980s. So next month, May, we will have eclipsed in this decade that great economic growth period of the 1980s.

Now, since this is something that seemed virtually unthinkable a few years ago, it is certainly appropriate to start with a brief retrospective on New Jersey’s economy during this decade year by year just to see how we got where we are. It has been a very long journey. 1990, New Jersey was on the treadmill to economic oblivion. Shop till you drop, yuppies were sent on an enforced holiday known as unemployment. 1991, we moved into the predeceased stage of the economic lifecycle. It seemed as if we had a fluid economy going right down the drain. 1992, we finally reach the economic abyss, a near-death economic experience. If your greatest ambition in life was to be fired, 1992 was a great year to be a New Jerseyan, but we finally (indiscernible) out.

1993, the return swing of the employment pendulum. If not fully alive, the New Jersey economy could finally be classified as among the undead. 1994, a tectonic shift in our economic crust. New Jersey’s economy actually started to behave as if it were on steroids. Job growth was extraordinarily vigorous. 1995, the aeronautical economy, the fabled soft landing. National growth was deliberately slowed to forestall overheating and inflation. Essentially, Mr. Greenspan removed the punch bowl from New Jersey’s economic party, and it worked.

As a result, 1996 and 1997 a new episode in our decade-long odyssey. The Goldilocks economy, not too hot, not too cold, just right. Wonderful inflation-free
economic growth which led us to 1998, which turned out to be a tumultuous, schizophrenic economic year. It started with an Alfred E. Newman economy, what, me worry? Me worry about a global meltdown caused by Asia? And it ended, and we entered 1999 with a go figure economy. Somehow we remained an oasis of economic prosperity in a turbulent economic world. We still had inflation-free strong economic growth seemingly defying the old conventional economic wisdom. We were still continuing to exceed the most optimistic expectations and still continuing to confound the great majority of forecasters.

As a result, at this point in the cycle, we have now added 400 jobs to the New Jersey economy during the great up cycle of the 1990s. Thus, there are 400,000 more jobs in New Jersey today than there were in 1992 when the recession came to an end. Now, as an aside, if you sense increased congestion in the state, you are certainly not mistaken. Each morning and evening there are about 400,000 more work trips in New Jersey than there were in 1992.

Each month during the remainder of this year we will continue to set new, all-time historic employment records in the state, as well as new commutation and congestion records. And we will soon reach December 1999 still recession free. Then it will be year’s end, decade’s end, century’s end, millennium’s end all in one month, and the great odometer of history will then turn.

This leads to January the year 2000, nine months from now. Now, that’s not only going to be the first month of the new millennium, but we will also tie the national record expansion length of 106 months. So by next February and we will remain recession free until next February, we will then be in the longest expansion in the nation’s history. So we will soon be in unchartered territory, and that certainly bodes well for New Jersey.

So, if your greatest ambition in life is to live in a state of robust, sustainable economic growth, 1999 and the year 2000 is certainly a great time to be a New Jerseyan. Now, the reasons for this are many, but they certainly include the business climate and the
rise to dominance of information technology and the emergence of the new Information Age economy. This is what my colleague, Joe Seneca, will now focus on. (applause)

DR. SENECA: Good morning, everyone.

Speaker Collins said that the 10-minute period was a great invention in organization. Well, you see for economists they gave us two five minutes because, if you don’t like an economist, you only get five minutes to not like the economist. (laughter) And then everyone else gets 10, but that’s important.

Speaker Collins is exactly on target. All the noble goals that we have for the public sector, the restoration of this room, one aspect of all the goals before the Speaker’s desk and other members of the Legislature, and there are a large number of them that they must contend with -- they can only be achieved with a healthy, growing private sector, respectful of the private profit motive and a State committed to the business climate that sustains that. Without that this room is not restored, those roads aren’t built, K through 12 isn’t supported, higher education isn’t supported, and we are scrambling amongst a stagnate or declining pie. That is the premise that guides, I think, the Speaker and the legislators here today, goal of continuing, as Jim described it, those good times that seemingly now roll and roll and roll on.

First quarter update in New Jersey. First quarter jobs, 1.6 percent growth. Economic policy council of the Governor predicted 1.3 percent, higher than predicted in our track record. No matter how good we think the economy is going it keeps getting better. The first quarter of ’99, unemployment rate is 4.3 percent. Our outlook had 4.5 percent, better than predicted. Sustained record levels of employment. Cushman and Wakefield just released their market 1998 year-end real estate report. Vacancy rate, northern and central New Jersey, 11.9 percent, the lowest in the entire decade. Nearly 1.8 million new square feet of inventory delivered to the region in 1998, the most since Jim’s bottom year in 1992, the end of the last up cycle.
What’s going on? Five major industries, what we have called in the Council cluster, sustaining that growth: high technology; that’s engineering, computer, data processing, communications, hardware, software, and the building out of the Internet, the building out of the Internet and all that that entails. The building out by phone companies, by media firms, by electronic companies, by computer companies, by software firms, by satellite companies, by cell phone and wireless. Where did that industry come from? Seven years ago no one had a cell phone. Now I bet most, 50 percent of the people, if not more, in the room, have it and all that new business that that’s generated. TV companies, cable companies, even the government sector, electrical utilities building out the Internet, driving business investment.

Health care, other sector in New Jersey. Research, basic science, technicians, delivery of health care, service workers.

Third sector, financial sector: brokerage firms, financial services of all types, retirement management, pension management.

Logistics, what we call logistics: warehousing and distribution in the state. Just get out on the roads, into the airports, and into the ports and see that discussion. I regret very much the current dispute within the Port Authority of New Jersey and New York with the beggar-my-neighbor policy that what is mine is mine and what’s yours is mine between the state of New York and New Jersey. What’s good for the region is good for each state, and we have to come to that accommodation in our organizational structures.

Entertainment, tourism, casinos, hotels -- those five sectors, one in every three jobs in New Jersey. Nineteen percent growth over the last decade verses a 4 percent growth in employment in the rest of the economy. What is common to those sectors, what is common to public policy to promote those sectors? Certainly education: this institution, my institution, other higher education institutions, K through 12. A knowledge-based workforce: the dichotomy between-- The disconnect between individuals able to survive and thrive in that economy that I just described without the skills is just not going to
happen. You need, we need as a state those skills, and education is critical. And the Assembly Speaker and the legislators, it is incumbent upon them to make sure the public monies are spent well and efficiently, but we need that education structure to support the workforce that drives that economy.

We need continuous improvements to the business climate, the things that Saul described, things that the Speaker is involved in, that Joe is involved in. Continual improvement of a business climate just as we are engaged in our organizations, private, profit making or nonprofit making like my organization, continuous management improvement. And we need the infrastructure. We need the fiber-optic cable, we need the roads, the highways to connect it all to move people and goods quickly and promptly. But we also need to move ideas and data to network the state.

Information technology is at the root of this. We are in an information technology-driven economy: 8.2 percent of the gross domestic product in information technology directly. That’s doubled in just this decade. Information technology expenditure as a percentage of business investment expenditure, plant and equipment expenditures -- major force behind this recovery that Jim described -- 45 percent of the total is in information technology. Seven point four million direct jobs in information technology and falling prices. All the old economic rules are out of the way. We have falling prices, increasing capacity of that information technology driven by productivity.

1882, the first electric power station in the country in New York City. It took 50 years to get a network, an electric power grid, to distribute that power to 80 percent of the country. In 1932, 20 percent of the country still didn’t have electrification. That’s within living memory of people in the room. Franklin Roosevelt, one of his key platforms at the end of the year was the Tennessee Valley Authority, to electrify that whole region of the country. Fifty years to electrify the country and then the benefits of that electrification in households and in production.
Radio, 38 years to get 50 million people connected once radio was made commercial. TV, 13 years to get 50 million people connected. The Internet, 4 years for 50 million people to be connected. And the estimate -- and it’s always I bet an underestimate -- by the year 2002, 2 billion people will be connected and all the efficiencies of that Internet.

Here is an estimate for a financial service firm. It takes $5.90 to conduct one transaction over the phone with a customer and a person on the end of the line completing that transaction. It takes 45 cents to complete the same transaction if you do it by voice mail/Touch-Tone. It takes 14 cents if the customer does it over the Internet. It’s that cost pressure that’s driving down costs, keeping the inflation rates low, keeping those employment going, and that is the explanation behind as information technology penetrates all that we do, my industry, Saul’s industry in engineering.

I just had the New Jersey experience. I just wrote out my third check for hitting a deer. The New Jersey experience, right? (laughter) Hamilton Auto Body, a great place in New Brunswick, does tremendous work. Remember the old auto body shops? You used to go into the auto body shops, the smell, the paint, the dirt on the floor, the calendar on the wall, the guy with the rags. No, no. All suit and tie coming in my office. He looks at the car, doesn’t touch it. He looks at the car, just observes it, says, “Come in the office.” My model comes up on the computer screen, gets rotated around. “You need a fender, you need a light, you need a hood.” Turns out the price, punches it in, goes to the supplier. “It will be here on Tuesday.” It’s a totally different world, and that’s in something that used to be low tech as auto body repair. Everything that we do is penetrated by that, and this is just the beginning. And it’s our job as a State and the public policy makers to make sure that we have the human capital investment, the sophisticated skills that can take advantage of that technology, and the infrastructure and public tax and business policies to support it.

Thank you very much. (applause)
DR. DEMPESEY: Thank you, Doctors Hughes and Seneca.

The next panel discussion is on “The Health-Care Sector: Medical Services’ Growing Influence on the Economy. What Consolidation Means for the Quality and Cost of Health Care.” And the presenter is Dr. John K. Lloyd.

John is the President and Chief Executive Officer of Meridian Health Care Systems. You may remember Jersey Shore Medical Center, Riverview Medical Center, the Medical Center of Ocean County – they all came together under Meridian Health Systems. John is the head of that combine. He also happens to be a good friend of Monmouth University, and I’m pleased that he is serving on our Health-Care Management Advisory Board for a program that we are running in the MBA program.

John, please inform us about perhaps the biggest sector in this region. (applause)

DR. LLOYD: Thank you very much, Bill.

Speaker Collins and President Stafford and guests: It is my privilege to join this distinguished group today and to talk a little bit about the health-care sector.

It’s sort of the good news-bad news. Every speaker has 10 minutes, but now we are way behind, so I guess we are going to have to step it up. And the other thing is everything has been very positive up till now, and I think Monmouth and Ocean counties are great counties to be in. I guess I am the guy who is going to spoil the party a little bit because, unfortunately, in health care today, there is a lot of turmoil and a lot of challenges. And what I’d like to do is just to spend a few minutes talking about those.

Certainly, I think all of you recognize that hospitals and health care frequently represent the largest employers in our communities. And certainly that is no exception here in Monmouth and Ocean counties. Even when the hospitals were individual hospitals, frequently you saw two or three of the hospitals in the top five employers of Monmouth and Ocean County.
Meridian Health System today represents probably the first- or second-largest employer. We have 7500 employees throughout Meridian in 70 locations in Monmouth and Ocean counties. We also rank as the 20th-largest employer in the State of New Jersey. And I think that’s probably the same in all counties.

So what is the turmoil? I think we are all aware of the many changes because of managed care. Nationally we have seen those changes. Years ago there were probably 7000 hospitals. Today there are probably 6000 or less. The average occupancy rates across the country are about 47 percent occupancy. And here in New Jersey we have been somewhat immune until recently. New Jersey, up until about five or six years ago, was one of the most regulated states in the country, and we could debate whether that was good or bad, but, in any event, we have had deregulation for about five or six years. We have moved very rapidly into what they call a moderate managed care environment. Right now between 25 percent and 30 percent of all citizens in New Jersey are enrolled in some kind of managed care plan.

Keep in mind that Medicare frequently represents about half of our patient base, and only about 15 percent of Medicare patients are currently enrolled. There will be a very rapid movement to enroll more Medicare patients, so we will see a tremendous additional impact above what we have already seen.

What’s been the impact here in New Jersey? Probably as recent as six years ago, average hospital occupancies in New Jersey were 70 percent. Today that number is about 55 percent. In terms of financial performance, there has been a continued deterioration on the financial performance. The impact of managed care, as you know, has shifted patients from the inpatient setting to outpatient setting. Lengths of stay have plummeted. Just a few years ago the length of stay of a patient in a New Jersey hospital was 7 days. Today it’s probably about 5.5 days. And when you take into account the higher length of stay for Medicare patients, for non-Medicare patients it’s probably 4.5 days or 4.3 days.
That has resulted in decreased occupancies because of managed care. The reimbursement levels of hospitals have significantly been reduced. And right now the financial state of New Jersey hospitals is deteriorating pretty rapidly. The final numbers are not in for 1998. But through September of 1998 there was a plus of 0.5 percent margin for all of the hospitals in New Jersey. In one quarter, that number now looks like for the year it will end at about minus 1.5 percent operating margin. So just in a couple of months there has been a very rapid deterioration.

The impact of managed care certainly is responsible for part of that. The other thing we have seen, unfortunately we see now, is bankruptcies in health care. Probably the largest bankruptcy, although not in New Jersey, but nearby in the country, was the bankruptcy of the Allegheny Health System last year. Allegheny was over $2 billion in revenues, a 10-hospital system, the largest in Pennsylvania, one of the largest in the country. Bankrupt and sold nine of the hospitals in a bankruptcy sale just in October.

Here in New Jersey, probably about a year or so ago, we saw our first bankruptcy with United Hospital in Newark. And certainly I think, if you look at the financial health of other hospitals today, I think many of those are in jeopardy of closure as well.

In terms of managed care companies, the managed care companies I think for years ratcheted down cost. Certainly for years they had some pretty high profit margins, and now we are seeing the rapid consolidation of managed care companies, and now we have seen, yes, the bankruptcy of managed care companies here in New Jersey.

HIP went into bankruptcy near the end of last year. Also, American Preferred Provider, another managed care company. And I think many of us would feel there is probably another two, three, or four managed care companies probably on the brink of bankruptcy sometime this year. So this is all the bad news.

Is there any good news in all of this? I think what health care is going through is probably what many industries have gone through, and that is rapid change consolidation
as a result of deregulation and as a result of managed care. I think one of the things we are going to see throughout all of our communities -- we are going to see a tremendous shift in our workforce away from our hospital settings as they continue to downsize as those occupancies continue to go down.

There are certainly opportunities in the nonhospital areas in some hospitals and organizations, including Meridian -- are rapidly expanding into some of the nonhospital areas, expanding home care, expanding long-term care in both nursing homes and assisted living, and particularly in ambulatory care. So in some communities we will probably see an offset in the reduction in the workforce on the inpatient environment to some of these other alternative environments.

What are some of the other impacts? I think after years of stabilization, in terms of premiums for managed care companies and even in one or two years, a decrease in premiums; although, those of us in health care wonder where all the money has gone because it certainly hasn’t come to the hospitals and physicians. Unfortunately, now we are going to see an increase in insurance premiums with the financial problems that the hospitals and the managed care companies are having. The stabilization in those premiums over the last five or six years is now going to change, and unfortunately, we are going to see an increase.

We’ve also seen a tremendous resistance from many consumers in terms of managed care, particularly related to HMOs -- resistance in terms of being denied care, not having choice of doctors and hospitals, as well as just not being happy with sort of a cookbook-type medicine and long waits to see physicians in their offices.

An interesting statistic over the last five or six years: PPOs, preferred provider organizations, which offer a lot more choice, have actually seen faster growth than HMOs. And I think what we are going to see is a rise of PPOs and the point-of-service plans in terms of offering better products and more choice for consumers, employees, and your businesses. Quality certainly is going to be a challenge as we struggle to decrease cost. We
are always sensitive to the potential impact on quality, so I think that is going to be a continued struggle for all hospitals, particularly as the hospitals are going to be left with the very sick patients to care for.

What are some of our concerns that the Legislature might help us with? And I’m sure many of the legislators here are very aware of these. A lot more needs to be done related to HMO legislation. There are significant problems right now with the HMOs not paying physicians and hospitals on a timely basis. There is a prompt pay bill that hopefully will be approved soon. New Jersey has done a lot in terms of patient bill of rights, and certainly we would like to see that continued. As HMOs become insolvent and go bankrupt, hospitals and doctors are left with millions of dollars in uncollectibles. Last year, through the bankruptcy of HIP alone, there is $80 million out there that hospitals and physicians won’t collect.

Oversight of financial performance and the solvency of HMOs I think is very important for government to oversee because without that our health-care system could deteriorate much more rapidly.

And finally, I think there is going to be tremendous challenge for uncompensated care. As you know, most -- all hospitals in New Jersey provide a significant amount of uncompensated care. And as hospitals are struggling from a financial viewpoint, they are going to be hard pressed to continue to provide the same levels of care to indigent patients as they have in the past. Meridian alone provides about $30 million in uncompensated care and receives about 25 cents on the dollar in terms of reimbursement.

So I guess, unfortunately, I am the one to sort of bring the bad news, but like all other industries health care is going through transition, we’re in turmoil, and certainly there is going to be a lot of change here in Monmouth and Ocean County and throughout New Jersey.

Thank you. (applause)

DR. DEMPESEY: Thank you, John.
The next speaker is going to talk about manufacturing and the high-tech sectors at a crossroad. The speaker is Doug Phillips. Douglas Phillips is currently the Vice President of General Operations for Wheelock, Incorporated, which has more than 400 employees in Long Branch. The firm markets, designs, and manufactures electronic signaling appliances.

So, Doug, would you please come forward and tell us a bit about the manufacturing sector in this region.

MR. PHILLIPS: Good morning.

A phenomenon that many of you can’t see that a few of us notice is that Deb Smarth is sitting up here with a watch in her hand (laughter), so we’ll try to be brief.

John, I guess it’s perhaps because I’m the second nonpolitician that’s up here, my picture perhaps isn’t as rosy as some of the prior speakers. Wheelock is a 77-year-old, privately held company that has been in Long Branch since 1953. We’re the largest industrial employer in Long Branch and probably a well-kept secret. When I joined the company 20 years ago, our technology was completely electromechanical. Today we are almost completely electronic.

The single most important asset we have, though it’s not on our balance sheet, is our employees. Over the past 20 years I’ve been party to and witnessed a complete transformation in our organization. Fundamental changes in this new and exciting work world have radically changed how work is done and the relationships between our employees who we now refer to as associates and our managers who we now call coaches. We have successfully become a team-based organization. But there is a real war for talent in the marketplace. The stakes used to be how to succeed. They are very quickly becoming how to survive.

Every high-tech company needs talent. We need bright, sophisticated people who are technologically literate, globally astute, and agile. As demand rises for these people, supply of this talent shrinks. The search for the best and the brightest is a constant and
costly battle. Unfortunately, it appears that no organization is going to come out a true winner.

Many organizations can not easily attract talented people. In our state we are close to full employment. It’s at a 25-year low of just over 4 percent. There are more than 44,000 job openings in our great state, all requiring talented and dedicated workers. Last year we had 500,000 claims for unemployment; 385,000 people sought new jobs. Too many of our young people drop out of high school. Even more of them are not functionally literate in the basic skills needed when they get a job after high school.

Fifty-one percent of Wheelock’s employees are reading below the eighth-grade level. Our economy has changed over the last 25 years. It used to be a manufacturing economy using disciplines taught by Taylor, Ford, and others. Today it is based on service and technology. David Kerns, who is the former CEO of Xerox, said, “The American workforce is in great jeopardy. We are running out of qualified people. If current demographic and economic trends continue, American organizations will be forced to hire a million workers a year who can not read, write, or even count at functional levels needed to survive.”

Wheelock has worked extremely hard to create an employee-centered organization. We try to listen to all of our associates and satisfy their needs. In order to survive and become a truly quality-oriented, customer-driven, healthy bottom-line organization, we’ve learned to believe in our people. We’ve put them first. We are not a large organization in the sense of an IBM or a Texas Instrument. We have received several New Jersey Department of Labor training grants. If we had not, quite honestly, we can not begin to imagine where we would be in terms of skill levels, and for that we thank you.

But we have also spent hundreds of thousands of dollars from our own budget for training and basic skills. What our needs are: a steady stream of training grants to continue to help supplement our own efforts and increased focus on our young people. We are looking into a day care facility near our plant for our people and to help us.
told that there is no grant money to support this effort. If we go ahead with this project, it will be at our expense.

We are truly at a crossroads in our company and industry. We employ over 400 associates on a three-shift basis. We anticipate continued growth, but we also outsource over a million dollars of our work to the Far East, Mexico, and even to South Carolina to permit us to be competitive. We believe this trend of outsourcing will continue out of necessity. The grim and critical reality is, can high-tech manufacturing in our business, which is electronics, afford to stay in New Jersey and continue to be competitive in this evolving global economy? We sure hope so, but we need everybody’s assistance.

Thank you. (applause)

DR. DEMPSLEY: Thank you, Mr. Phillips.

Next topic is “Energy Deregulation’s Impact on Utilities’ Growth and Industrial and Commercial Customers.” On your program Elizabeth Ard is listed; however, instead we have Julie Strout to fill in for Elizabeth.

Julie is the State Government Affairs Manager for New Jersey for GPU Energy, formerly known as Jersey Central Power and Light. Prior to that, she was a manager of legislative initiatives, a post she held since 1994.

So, Julie, would you please inform us of this topic. (applause)

MS. STROUT: Contrary to what Assemblyman Azzolina will tell you, I do not personally remember when the entire country did not have access to electricity. (laughter)

Energy deregulation legislation was signed into law this past February in New Jersey giving customers the power to choose their electric supplier. The bill was 125 pages in length, and it took a measure of courage for lawmakers to bring about this legislation. It was not always a popular subject, and there were often strong differences of opinion. Ultimately, the law reflected the best of the arguments. It speaks well of those legislators who devoted much time and effort to get it right.
Today I will briefly cover just a few of the many aspects of energy choice and what you can generally expect within the next several months from the electric utility industry.

The timeline. As I said, the Governor signed legislation back in February, and immediately following, the utilities entered into settlement negotiations hammering out the specifics of the implementation of customer choice. The BPU, Board of Public Utilities, will rule on the settlements and will release restructuring orders. Just a couple of days ago, they released one for PSE&G. GPU has filed their settlement and are waiting for their restructuring order. Then comes Conectiv. But that whole process will be completed by the end of May 1999.

As we speak here today, work is in progress on a statewide education program to educate all of New Jersey consumers on the subject of customer choice. The program will begin June 1 of this year. Legislation states that competition for 100 percent of its customers should begin on August 1, 1999. Now what that means is there will be an enrollment process in the beginning. Utilities right now are working on computer programming to accommodate the changing industry rules. And the rules that the utilities will have to abide by are presently still being worked out at the Board, which means that actual power flow from a third-party supplier won’t begin until the end of October 1999.

Rate reduction. Legislation calls for a 10 percent rate reduction from the utilities on your bill. From day one of competition, your bill will be reduced by 5 percent, and there will be a phase-in period of 36 months for the additional 5 percent. That reduction must be sustained for 48 months.

Safety and reliability. There have been many questions raised of late. If I flip the switch, will my lights go on? If I don’t do something different, will I not have power? When you flip the switch, your lights will go on. If you do what you are doing right now, you will have power. Your present utility company will still be responsible for the delivery
of safe, reliable service to you. Your present utility company will remain what we are calling your provider of last resort. Should you choose not to choose a third party or for some reason can’t choose a third-party supplier, your present utility company will have to supply you with your energy. Legislation requires your utility company to do that for the next three years. After this three years, the Board of Public Utilities will decide how the State will proceed with this issue of basic generation service.

Now, there may be additional opportunities for savings through aggregation, which is the bundling together of customers -- several customers -- to make one big customer. Counties and municipalities can aggregate their residences and business customers and then shop for a third-party supplier. Private aggregates can also band together businesses and then go out and shop for their third-party supplier.

Unauthorized switching, which is also known as slamming. During the legislative process, the Legislature was very concerned about the issue of slamming. After the deregulation of telecommunications, customers were being switched from company to company without their prior knowledge or consent. There are preventative standards in this bill. For example, third-party suppliers are required to receive a signature from the customer when they make that switch of generation. Also, there are fines involved. For a first offense a third-party supplier could get up to a $10,000 fine and up to a $25,000 fine for a second offense.

The enrollment process. In the near future you may be contacted by a third-party supplier, or an aggregator, or a marketer, to make a choice and change who you buy your generation from. You’ll negotiate a contract and sign that signature again with a third-party supplier. The third-party supplier is then required to notify electronically the utility company that you have made that switch to them. In return, the utility company is required to send the customer a conformation letter stating, “We the utility understand you’ve chose this third-party supplier,” completing this circle and again eliminating that slamming issue.
Metering and billing. At the start of choice, your present utility company will be doing your metering and billing. How you get that done now is how you will get it done then. And we will continue to do that metering and billing until one year from the start of retail competition when the Board of Public Utilities will hold hearings to determine how metering and billing will become competitive. So in the future you may be able to choose a company that will do your metering and billing.

A little about third-party suppliers. All suppliers doing business in New Jersey must obtain a supplier’s license from the New Jersey Board of Public Utilities. They must maintain an office in the State of New Jersey for record keeping and for customers to be able to get in touch with them. A third-party supplier must sign agreements with the utilities whose business territory they are entering into to do their own business. By legislation, the Board of Public Utilities is authorized to revoke a supplier’s license and administer a fine for any violations by that third-party supplier.

So to conclude, GPU Energy supports customer choice and are excited about the future of our industry. Restructuring is a big change for us and for our customers. We are confident that the benefits of restructuring will improve the quality of life in New Jersey by helping to bring jobs and businesses to the state because of the opportunity of lowering the cost of electrical generation.

Thank you. (applause)

DR. DEMPEY: Thank you, Julie.

Next on our program is the subject “Beyond Y2K: How to Transform Technology into Your Organization’s Most Strategic Asset.” We have two speakers to address this particular topic. First, Greg Phelan. Greg is the cofounder, President, and Chief Creative Officer of ePresence, a Web solutions provider based in Red Bank. He is the chief strategist and creative director of this company. He has worked with such corporations as Lucent Technologies and Merrill Lynch.
The second speaker addressing the topic is Joshua Feinberg. Joshua is President and founder of KISTech Communications, a systems integration and computer consulting firm based in Red Bank. Josh began his career in information technology back in 1989 -- ancient history in that industry -- and is a former PC support specialist for Merrill Lynch global research. He has worked on many of the most well-funded IT projects worldwide.

I guess Mr. Phelan first. Please come forward. (applause)

MR. PHelan: Thank you.

I was at a family function the other day, and my sister pigeonholed me, and she said to me, “What’s going on with this Y2K?” She was in Barnes and Noble, and she saw all these books and magazines on how to survive the Y2K crisis. So, unfortunately, I’m not going to tell you how to do that today. I think we are going to be okay with Y2K. There is a lot going on with business, and I think the important thing about Y2K is that they are teaching us all that there is a big component with things that are happening in technology right now, and that is timing. Y2K is all about a clock that is ticking, and it’s going to go off in about nine months. And I think the ’90s-- If anything, I think the economists who talked before if they told us anything is that something happened that was rather strange in the early ’90s. We were in a kind of a doldrum, and around ’93, ’94 something started to change, and that was the Internet.

And we’ve read -- there have been a lot of magazine articles-- Interactive TV -- there were things that were going to come and change all of our lives. But I always say to people it’s clear to me that these things are all going to change business, they are going to change entertainment, they are going to change a lot of different ways that we live our lives, but a lot of people don’t know when. They just know that it’s going to happen fast, and it’s going to take a lot of us in business unawares.

My personal-- The way I got into this business: back in ’93 there was an article in the Asbury Park Press, actually an advertisement, for a journalist to write a technology column. And I was an English major who happened to get into the computer field, and I
always wanted to be a writer professionally, so I answered this ad trying to explain how I’d be a damn good journalist with absolutely no experience and submitted a couple of my term papers as sample writing. And my friends say to me that probably no one else answered that ad (laughter), but I got the job.

So I wrote a column for the Asbury Park Press for three years. I actually just retired from that about a year ago. And it was a great time to get into that because I am a really strong believer in education. You can see that theme that education and technology have a very strong overlap because technology makes people nervous. I think most of the people in the room who have successful companies or are successful in politics and in their community -- they will talk to me and say, “I don’t know how to use a PC. I don’t know what the Internet is. I don’t know what the World Wide Web is.” It’s not that hard. It’s something that I can explain to most people, within a half an hour, the basics that you would need to know to actually make a decision in your business.

But I think when I talk to people about this, whether they are inside a large company or running a small business, they tend to be very skittish about this. They tend to put it off. It’s like Y2K -- it scares them. “I don’t want to talk about it because it’s something that I don’t feel comfortable with.” So I very strongly believe in trying to educate people. That’s what I did with my column, with my writing, but something happened in ’95. I was actually an employee at AT&T for 10 years. I was a software architect, and I got a call from the Asbury Park Press saying that they wanted to put up a Web site, and they wanted to get my help. So it was a really nice opportunity for me to bridge out of a rather (indiscernible) job at Bell Laboratories and work with a company that had a very strong product to deliver once a day, which is a newspaper.

So we helped them get on-line with their Web site, the Asbury Park Press, and that led to other jobs and actually forming a company. The company is ePresence. We are about 35 people. We’ve growing about 100 percent every year since we were founded in ’95. And I like to tell people we work very hard, but it’s a question of timing. We were at
the right place at the right time with the right talents, and I think that’s the key to the people that I talk to about in business. It’s time. It’s time to start thinking about this.

The Y2K problem is one thing that you will hear about a lot in the next nine months. But the next thing you are going to start to hear, and I’m not sure if this is going to be the lingo that you’ll hear it in, but the question will be, “Is your company or business or whatever you happen to do -- is it IP-centric?” IP-centric means that, is your business using the Internet as a strategic asset? Is it using the Internet to do business?

Bill Gates just wrote a book, and he is pitching it pretty hard, but he is talking a lot about the digital nervous system. And I think for once he’s actually got it right. I mean the guy has got a lot of money, but he tends to follow the trend. And he turned around that company very seriously with the Internet, and he is bagging the whole of Microsoft on the Internet as the future of the company. And you have to watch these smart people who have a lot of money. They know what they doing. (laughter)

But what is the digital nervous system? It’s E-mail, it’s the Web, it’s the Internet, but it’s also knowledge management, it’s enterprise information portals, it’s communication using these tools. E-commerce, E-business, whatever you call it, if you are using something called the Internet protocol to help you transform your business from these old legacy systems that don’t talk to each other to a tool that everybody has on their desktop that no one needs to learn-- Everybody in-- It’s great, I wish I was in college now because they are all making Web pages. They are not going to question what is this thing called the World Wide Web. It’s going to be as easy for them to use as TV, and that’s the wonder of it. You’re not going to have to install software, you’re not going to have to train people how to use -- what a browser is. You’ll just be able to offer them products and services on-line.

What I like so much about New Jersey -- I grew up here and actually went to school here -- is we are close to everything. I really like the description of the clusters that the economists mentioned because out of those clusters we are focusing on our business,
on the financial industry, on the health-care industry. Hi-tech telecommunication obviously is shaping this. These are heavy-duty service industries that rely on information.

It’s very hard to sell financial services without explaining to people the variety of investments. And what’s nice about the Internet is it allows you to educate people. It allows them to actually customize their portfolio, to look at what their stocks are doing.

It’s very clear to me that the focus in the business-to-business transactions is really what’s going to be shaping it. You hear a lot about Amazon and about companies that the stocks are going out the window, but the things you don’t hear so much about are businesses communicating by the Internet.

We’re doing a neat project where Lucent is actually managing a supplier through the Internet where the supplier actually puts up their prices through a Web site allowing the transaction to go that much more smoothly. The theme I think is speed. It’s how fast can you embrace the technology. The companies that are fastest and become IP-centric are going to have a competitive advantage. Why is that? They are going to be faster in a market, they are going to be more responsive to customers, have a more loyal workforce, and have lower overhead.

As it was mentioned before, the Internet makes business exceptionally cheap. A transaction by a customer service representative over the phone compared to the Internet -- there is no comparison. You see Dell computer sells all their computers on-line -- millions of dollars a day. It’s just incredible.

The barriers to success -- I think this was also mentioned -- was the fact that we need candidates who understand the Internet, that are savvy, and we’re are not just talking about engineers and computer scientists. We’re talking about accountants and managers and humanities, writers, people who understand the technology, they are not scared of it. They understand that the issue is not really the technology. It’s how to transform your business processes to take advantage of it.
As you can tell by the Internet, the stock market is going crazy. There is tremendous growth in this sector. I think everybody is banking their Yahoo and Amazon stocks that at some point that these companies are actually going to make some money. I just have been reading lately that you see in the papers and the economists are saying really the growth in the economy-- They were saying, “do PCs actually help business?” And they are finally saying, “Yes, it does.” The technology is driving the growth, and it’s definitely keeping inflation down.

But the problem is -- and I think with New Jersey and with the Legislature and the issues that we face as a community is, how do we compete with other parts of the country? A lot of times when we compete for a job, people are saying, “Well, you are not from Silicon Valley/New York. You’re not from a high-tech place.” So as New Jerseyans we have a little bit of a PR issue to kind of communicate to others that we are the place where the transistor was developed, the satellite, Bell Laboratories, Thomas Edison. My wife is a third-grade teacher, and she just had her kids do a piece on inventors, and a good portion of them come from New Jersey. And we have a lot to be proud of, but we need to communicate that to people.

And I’d also like to put a pitch in, if you could put some tax breaks in there for us small Internet companies, that is going to help a lot, too. (laughter; applause)

MR. FEINBERG: Most of this morning we have been looking at how we can make the area more business friendly. My piece of that is I want to talk to you about how you can use technology to make your business more friendly and more business friendly in retaining and attracting the right people and resources that you need to make that happen for you.

Technology can be the key to attracting a lot of capital. It can be the key to attracting new clients, new partners. It’s your key to staying competitive, maybe your key to swimming with the sharks. It may be your key to competing with the big guys. It may
be a big part of growing without adding staff, and it allows small business to go after the big bucks.

My company, and my particular consulting practice, focuses on two areas: helping local small businesses put technology to work, and I’m also, like Greg, a big believer in education, a big believer in training and write a lot nationally. Actually, my first book is underway and will be coming out in November teaching small businesses how they can use networks more effectively to improve communication, operate more efficiently, improve the product cycle, reduce expenses, and overall just make a huge impact on the bottom line, just like the Fortune 1000 companies have been doing for years.

One of the biggest challenges in technology -- obviously there is a tremendous amount of growth. You can see that if you look back 10 years ago where the Dow was compared to today, you have at least had growth, and no one sees it really slowing down anytime soon. One of the biggest roadblocks, though, is this pool of qualified labor and the skills and the tremendous amount of training that people need to undertake every single year. You send your people out to learn the latest version of Windows, the latest version of a spreadsheet, or a word processing program, you can be sure that whether it’s one year, two years, or three years out that training has a short shelf life. So a lot of what the training is about is investing in the people, retaining the right people, just like the challenges at Wheelock and just like the challenges that most of us are facing. The key to growth is all in people and in the human capital and in the human resources.

How do you get beyond Y2K? What are you going to do next year? Well, in case you have been missing some of the headlines, organizations of all sizes, all industries are scrambling to complete their Y2K readiness projects within the next -- ready for this? -- 250 days. That’s what’s left. Those are calendar days, that’s not business days. I don’t know how many of you are planning on working all night and giving up weekends, but we are getting pretty close. And hopefully at this point most of you have your projects well
underway and have a pretty good idea of what’s happening and how you are progressing against the plan.

Like Dr. Seneca mentioned though, information technology is really critical. It’s become the big lever in our economy. Like Dr. Hughes said in his whole retrospect, “10 years makes a huge difference. It’s a whole different world now compared to where it was.” Ten years ago people had barely heard of Windows, there were no Web browsers, who knew what dot com was? Who knew from E-mail, who knew from E-mail viruses, who knew what Netscape or Amazon or E-trade or any of this was? There has been an incredible growth in companies just right here in the Garden State. Since 1996-- Before ‘96 Lucent Technologies didn’t exist. Look at the growth in just three years.

There is going to be a lot of challenges of Y2K, especially in smaller businesses, especially in health care. Dr. Fenster mentioned small manufacturers in New Jersey. There is a very strong Y2K impact. What’s the head count out there? Well, right now the Small Business Administration, the SBA, and the NFIB, the National Federation of Independent Businesses, counts about 7 million small businesses in the U.S.

Everyone kind of has their own definition as to what a small business is. Most of them peg it at 100 employees, 100 computers in the organization. The State of New Jersey generally estimates that there is about 350,000 small businesses. Why are small businesses getting hit so hard? Why are they facing these challenges right now? Well, for starters, small businesses are generally operating with smaller pockets, the lowest resource spaces. They are also just like everyone dealing with the challenge of finding skilled technology professionals. It’s an extremely tight job market. Frequently small businesses are getting outbid by the Fortune 1000, and it’s not just with technology jobs. You look at accounting, you look at finance, marketing. Every area of their organizations are affected by this whole idea of attracting the right people -- training, being king, the short shelf life of training.
Microsoft accounts that there is only about 300,000 technology providers in North America, and those 300,000 technology providers, companies like computer resellers, system integrators, and consultants, are servicing these 7 million businesses just in the U.S., and those are businesses of all sizes.

To top it off, the Department of Labor every year does a survey to count the number of unfilled technology jobs in the U.S. And between '97 and '98 that doubled from 180,000 to 360,000 unfilled technology jobs in this country. Needles to say, if you have sons, daughters, friends that are in college right now, that could be a deciding factor for what they may want to concentrate in.

As a result, small businesses with all of these challenges generally have little, if any, in-house expertise. If they have technical expertise on the smallest to small businesses, it's generally relatively light. And a lot of times they are relying entirely on outsourcing, and they generally prefer to outsource with smaller local firms. They typically-- A small business wouldn't contract with a national system integrator of an international system integrator. They just don't have the budget. They are not operating in the same kind of framework that a Fortune 1000 company would.

Small businesses also tend to take a shorter-term view of technology. It's generally perceived as an expense, not necessarily a long-term investment. As a result, a company talks about putting a Web site up or installing a network or installing E-mail. They are looking for immediate return on investment. They are not planning with a six-month, twelve-month, eighteen-month horizon the same way a Fortune 1000 competitor might be. Small businesses also tend to underestimate the time and financial costs. A lot of time they are basing the decision solely on price. And a lot of small-business owners, much like their CEO counterparts and much larger companies, have no interest in getting their hands dirty with anything remotely technical.

My message today is very simple. You can learn enough to talk intelligently about technology. You can know the right concepts that you want to hit. You can learn
the right questions to ask. In the next two minutes, I am going to tell you some of these key areas that you want to be concentrating on.

The goal for today is really for me to tell you what you need to take control of your organization’s technology, strategy, and planning. The rules have changed tremendously in 10 years. They have also changed tremendously in the past 12 months, 6 months, and they are changing every single day. Business managers, a lot of times, want to argue that they can avoid technology, but for how long? Someone that’s in offset printing they, of course, are going to be affected by the Internet. You can log on and go to www.savemesomemoney.com. People that are in the medial health-care kind of profession, of course, are going to be affected. You go into your doctor and you’ve probably already gone on the Web and researched all about your health-care issues or your ailments.

Another major issue is don’t get intimidated, don’t get teched out. What does all of this mean? You don’t need to be an expert in particular areas of technology, but you do need to feel comfortable discussing how it impacts your business, why it’s important, why you need to make these investments, so you can really be empowered. So unless you are planning on retiring or selling your business or merging or being acquired next week, it may be time to think about getting up to speed because chances are your competition already is.

So what do you need to look at? For example, do you know if your computer has a network, what kind of software is being used, what kind of cabling may be in your walls or ceilings, how many desktops do you own, what does your inventory look like, do you even have a current asset inventory to know what your company has made investments in and what it looks like right now? A lot of times, when I go into offices, I see technology that was last upgraded when President George Bush was in the White House. It’s pretty scary stuff. You go in there and you see the cobwebs are building up -- 386- base systems, the old, real floppy discs, no mice, no Windows, no browsers. And a lot of times it’s interesting because you can leapfrog three or four generations at a time, and with a small
business you can do this very rapidly. It doesn’t get mired down with a lot of bureaucratic or political issues.

Another issue to look at when you are trying to understand what your company already has or organization has with technology is whether you have any mainframe or midrange systems. Do you keep track of software licensing? Do you know if you are in compliance? Do you have a written policy on what people can do with company-owned technology resources such as what is appropriate use of the network, what’s appropriate use of E-mail, what’s appropriate use of Web browsing on company-owned assets and company-owned time?

Do you have any on-line, wide area connections to other offices within your organization? Can they talk together electronically, or is there still a lot of phone calls and faxes and Federal Express bills constantly going back and forth all the time, or is it more instantaneous and on-line? Do you have any electronic relationships with your business partners?

Are you using anything like EDI in place with your vendors or customers? How is your most valuable data protected? How strong is your data security? Do you have a plan to deal with power problems? No offense to GPU or anything like that, but typically, when you are setting up a network, you want to be concerned in making sure that your power is clean, so you can be up 24-7 like most organizations want to.

Do you have a plan to deal with virus contamination or data corruption? Does your technology plan forecast out what you are looking to do with technology six months, twelve months, two years from now? Microsoft’s old marketing message, “Where do you want to go today?” it’s kind of true. You really have to think about, well, am I just buying PCs? Am I just buying software? No, chances are you are making investments, you’re placing bets, and you want to make sure your bets are being placed in the right place. So it really does make sense to think about, does this make sense with where we want to be a
year from now, two years from now, three years from now? Do you have a formal disaster recovery plan? Is it kept current?

Finally, what kind of documentation do you have about your technology? Is it adequate, who keeps it up to date, is a hard copy kept offsite? The biggest question that you want to ask for a small business though is-- You typically don’t have a lot of redundancy in a small organization when it comes to your technology. What would happen tomorrow if your internal technology guru decided to leave for another position in another company? How would you be prepared to deal with it?

So the bottom line is really think big picture. If you don’t know the answer to some of these questions, it may be a good time to start asking your in-house staff, friends, relatives, anyone who is in the business, talking to consultants, talking to your accountants, talking to your advisors. Don’t think of technology as just buying a bunch of computers and software. It’s a lot more than that. And many people will tell you, if you want to compete in the next century, you need a lot more than that. Think about investing.

Another thing is don’t try to take the easy way out with, “Well, I’m not a techie, I’m intimidated by all of this stuff, someone is taking care of it.” As we are finding out with Y2K, someone else may not be taking care of it. A lot of people were assuming all along that “oh, well, it’s just going to kind of go away. I’m a small business, this stuff possibly can’t affect me. It only affects big companies.” It’s affecting everyone.

Finally, you need to come up with a list of what your problems are, so you can start working on what some of those solutions are and gain a bigger idea, again a big picture idea, of where you want to concentrate your technology investments.

Thank you. (applause)

DR. DEMPSEY: Thank you, Greg and Joshua.

The next topic is “Covering the Business Beat: Emerging Business Issues.” We are fortunate to have George Taber to speak to us on this issue, or this topic I should say. George is the founder and President of Business News New Jersey. He got this enterprise off
the ground back in 1988. Prior to starting his own business news -- or in getting into business, he was editor and writer for 21 years in the area of business for Time magazine.

Also, you may know George from his daily business commentating on the radio station New Jersey 101.5, which prides itself on being a New Jersey, and not a Philadelphia and New York, station.

George. (applause)

M R. TABER: Thank you very much, Dr. Dempsey.

Speaker Collins was talking about the wonders of a 10-minute segment for focusing your thoughts, and since I’m used to speaking actually in 1-minute radio broadcasts, 10 minutes is an eternity to me. (laughter)

The job of a journalist in a lot of ways is to talk to as many people as you can and to find out what is on their minds. And I thought what I was going to do today was really to talk a bit about what businesspeople are telling me and, in effect, what is on the mind of New Jersey business.

As I go around the state talking to businesspeople, I think the primary concern that the businessmen have today -- the businesspeople have today is the worker shortage. Every quarter my publication does a poll of business asking the same 120 people what is going to happen in their business in the next quarter. When we polled them about a month ago, the largest segment, 41 percent of the people, said that their biggest problem today in business was hiring trained workers.

The second big theme I’m hearing an awful lot about from business is really-- What I think businesspeople see is the challenge of the Internet. The two speakers before me were talking a lot about the opportunities, and there is no doubt that there are lots of opportunities out there. But it’s clear that the Internet is a tool for good or ill, but one thing that is absolutely certain is it is revolutionizing businesses. A lot of businesses out there are very scared of what is going to happen to them in the future.
The smart ones know that they have to adapt to the Internet. A lot of them though are not sure exactly how to do it. Just a couple of days ago I saw something from a guy that runs a one-person shop in New Brunswick. His name is Bill Milbrow (phonetic spelling), and he is basically a-- It’s a one-man sound house. He does commercials for radio and lots of other things that have to do with sound, and he was putting out a whole new list of things that he was going to be doing because of the Internet. And when you think that there has been a lot of talk about the biggest companies trying to adapt to the Internet, but even that one-man shop has to talk and has to be aware of what is happening in the Internet.

Certainly a publication has to be aware. Andy Globe, the former Chairman of Intel, said last week that all newspapers have three years to live. And since I run a newspaper, obviously that has focused my thinking.

Another issue that is on the minds of an awful lot of businesspeople continues to be the problem of regulation in New Jersey. There is no doubt that a lot of progress has been made in the last six years in cutting back regulation. There is also no doubt that New Jersey’s regulations still is a heavy burden on the state’s businesses, particularly in the construction industry.

The fourth issue that a lot of businesspeople are talking about is Wall Street. We have never seen anything like what is going on in Wall Street today. We have become a nation of investors. The time of the Korean War, the early 1950s, about 4 percent of Americans were investing in stocks; today something like 40 percent, a tenfold increase. Just a couple of months ago a milestone was passed with very little attention. There is now more money invested in mutual funds than there is in bank accounts. We are clearly-- I think New Jersey is very fortunate that we have become a center for Internet trading. Three of the leading companies in Internet trading of stocks are based in New Jersey.

If you look at those four issues, those four topics, that are on the minds of so many businesspeople that I talk to, I think the one theme that goes throughout those four
topics really is the question of worker training. This is going to be the most important issue we face as a state. We are now in an economy where growth will be killed by worker shortages.

In the past -- in the old economy, it is very clear what happened to the economy. Inflation would start bumping up, the Federal Reserve would come in, knock inflation down by raising interest rates, inflation would go down and the economy would start growing for a while. But in the new economy, the periods of growth are going to be stopped because we don’t have enough trained workers to man, or to staff, the economy. I think it’s imperative for the economy, for the State, for our political leaders, for our business leaders really to be spending a lot more time looking at the issues of how we are going to train our workers. It’s an issue that involves all levels of education. It involves high schools in the school-to-work program. It involves community colleges in a very major role.

Tom Peters, the business guru, in one of his recent books talked about what he saw as the center point. The community colleges were going to be playing in what he called the lifetime learning process. Clearly, it also is a question that is important for our independent colleges. One-third of all of our teachers in this state are trained in independent colleges. Are the independent colleges being funded by the State property? And finally, of course, our State institutions. Are they being funded properly?

As I said before, the biggest question facing New Jersey is, where will the trained workers come from? They are the foundation of our future economic growth. (applause)

DR. DEMPSEY: Thank you, George.

Next on the agenda is the subject “Tourism’s Importance to the Regional Economy.” We have today to speak to us in this regard Dr. Harold Nolan, who is from our sister institution at Georgian Court College. Dr. Nolan is the Director of the Institute for Tourism and Recreational Management at Georgian Court College. He has been doing this
since 1986. Dr. Nolan has been a professor in the Department of Business Administration, Accounting, and Economics at Georgian Court since 1985.

Dr. Nolan, please. (applause)

DR. NOLAN: Well, if I’ve learned anything else today is to have a lot more empathy for all those students I have in those two and a half hour evening classes. (laughter)

The travel and tourism industry continues to grow. It grows at a worldwide level, it grows in a national level, it grows at our state level, but this is nothing new. Even in bad economies, the travel and tourism industry has continued to grow. It’s always been deemed as a doomsday economy. That is, when the economy goes bad, everybody tends to look toward travel and tourism as one of those economies that will carry us through until other economies come back up to snuff.

Right now, if we look on a macrolevel, we are looking at roughly worldwide about 11 percent of the worldwide economy is a direct result of travel and tourism. Eleven percent of employment worldwide is a direct result of the travel and tourism economy. This certainly trickles down to the U.S. where about $380 billion and also then certainly down to New Jersey where roughly we are, in terms of tourism spending, we are running about $26 billion. So we do certainly continue to grow.

Jack Collins mentioned before that we have created 337,000 new jobs within the State of New Jersey over the last few years. Jim Hughes mentioned before that one out of three jobs are in the hospitality/tourism area. That’s consistent with the data we have been seeing that roughly, within New Jersey, 100,000 new jobs that have been created are a direct or indirect result of a travel and tourism industry. So we certainly-- It’s an industry that we don’t perhaps pay as much attention to, but it certainly has a major economic impact on our particular state. That’s the good news.

The rest of this is certainly -- according to information provided by the U.S. Travel and Tourism Administration that they have identified four major aspects,
attractions, that bring people to an area. One is the water-based activities, coastal recreation activities. Eighty-seven percent of people, when they surveyed across the U.S., said, when they travel, they like to travel to coastal areas. Hiking, camping, climbing was identified by 57 percent of the U.S. population. We also have the area of fishing in which 50 percent of travelers travel for fishing activities. And then, lastly, 47 percent of the population, when they travel, travel to visit theme parks.

Think about our area -- we are talking about Monmouth and Ocean County -- we have it all, and we have it all more than perhaps other sectors of the state and other parts of the country. We have the ocean, we have the theme parks, we have the camping, the Pine Barrens, and so forth. And certainly we have the camping and hiking opportunities in all our various county and State parks within our particular region.

We are doing a great job, absolutely. Can we be doing a better job? Certainly. And some of the things we need to address from an economic standpoint include the fact that we are certainly right now a day-tripper economy. And by that I mean we are in such a large metropolitan area that we have no trouble bringing warm bodies to the Monmouth and Ocean County area for a day. That is certainly good in terms of the local municipalities in terms of beach fees and the county parks, and so forth. It doesn’t do a whole lot for our support industries, and it doesn’t do -- in terms of restaurants, lodging facilities, shopping, and so forth. So we certainly need to do more within this particular area.

One of our biggest concerns, and we have talked about this in our various tourism groups with the region, is a distinct lack of accommodations. We have the attractions, we don’t have the accommodations in which we can bring people in for two days, three days, a week. We need more hotels, motels, B-and-B’s, these kinds of things, in order to attract what we call not an excursionist market, but a vacation market, a market that will come here for a number of days.
We have the problem of having too good of an economy. In a good economy, people have more disposable income. When they have more disposable income, they can travel farther afield, they can afford airline flights, hotels, and so forth. So in a good economy and when it makes a choice of do I go down to the Jersey Shore area or do I go to Disney or some other place, they have the money to jump on a plane and go to those other areas.

We certainly have the problem of competition. And this is competition not only at the state level, or the interstate level, it’s certainly at the national level. Over the last two or three years I have had the opportunity to be a marketing consultant and training specialist in places like South Africa, China, Bermuda, and so forth, and seeing what these places are doing, what these countries are doing to spur their tourism economy.

South Africa, just as an example, the whole Mandela economy is going to be shifted around two or three things in which travel and tourism is going to be a major focus. It’s a developing, redeveloping country, which is going to be a major player within this area. China the same thing. These are countries that historically have not been in this particular industry, but are now becoming major players.

Also the competition at the national level. I can probably peruse this group today and ask you, would you consider for your summer vacation, unless you had some relatives out there, going to the state of Illinois? Not much out there, a lot of corn, but if you look now at the states in terms of tourism spending for promotion and advertising, Illinois leads the pack of the 50 U.S. States. Forty-one million dollars they will spend this year to promote their travel and tourism attractions and activities.

Our surrounding states, Pennsylvania at $19 million and New York at $24 million, are spending three to four times the amount of money that New Jersey spends to attract travel and tourist. As any good marketing professional will tell you, it’s all about market share. It’s about keeping market share. It’s about getting market share. Our job in New Jersey is certainly to get new market share, that is, people from other states, people
from other countries to come to our area, but it’s also about keeping what we’ve got. And every tourist, every individual we keep in state that takes advantage of our attractions, rather than some other state’s or nation’s attractions, is more dollars in our local economy.

At the macrolevel again, at the national level, two years ago some of us were at the White House Conference on Tourism, and at that time there was a whole restructuring of the travel and tourism administration to a U.S. travel agency that was going to be a public-private kind of provider. As of a month ago, the U.S. government, the White House, has not provided any dollars towards this particular U.S. agency. So right now we’ve got a U.S. agency that is there to promote travel and tourism with virtually zero funding. So we’ve got two major problems. One, we are not getting the funding at the national level. Secondly, we’re not, certainly not, getting it at the sufficient amount of money at the state level to compete with again other states, other nations.

The other thing, which has already been mentioned this morning that I want to mention, is again the area of education. It was mentioned that it’s a war for talent, and it certainly is a war for talent. We have created all of these job opportunities, and I think, from my perspective, it’s not a question of people to fill jobs. It’s a question of qualified people to fill jobs. We have a lot of bodies out there, but they are not qualified to do many jobs. And this is certainly true in the travel and tourism industry.

Within our immediate area, we have four colleges: two two-year, two four-year. We don’t have one college that offers a full-blown curriculum within the travel and tourism industry. Tomorrow I will be in a plane for North Carolina. I’ll be doing some consulting work down there. And in doing some preliminary data search, North Carolina has eight four-year institutions, both public and private, that have fully developed travel and tourism curriculums of various natures. That is, travel, tourism and planning, marketing, operations management, tour management -- the whole gamut that runs this whole particular mega industry.
The Asbury Park Press, as you know, this week ran an interesting study about the fact that so many students leave New Jersey to go to other places. I would think that some of the reasons is such that we are not offering the type of curriculums, and I know certainly within this industry that would keep people within the state. They have to go elsewhere to get this kind of training. It’s also training at the vocational level, also training at the high school level because certainly, within this industry, not all jobs are at the management level. There are certainly other jobs that must fill the industry. The bottom line is these people have to be trained.

Lastly, I would just talk about some of the opportunities and goals that we might have. We need and we have been striving for and hopefully this will become forthcoming within a short time -- we need a master plan, a vision plan, for what we want to be at the shore area. We've had a lot of good luck over the years because we have these warm bodies. As we become more competitive, again from these other areas, we are going to have to really take a hard look at just who we want to be.

Florida did this a number of years ago. They took a look, for example, at Orlando, and what they discovered—Everybody thinks is a land that was being a big vacation. What they found out is that basically, in 1987, 50 percent of the people that come to Orlando are Orlando residents or they are there for business and conference activities. We haven’t really tapped into that market as well as we should have, in particular the business and conference area.

We need to look at new opportunities. For example, one of the hottest things that is on the market right now is intergenerational travel. Intergenerational travel deals with grandparents and grandchildren traveling together. The numbers are outstanding in terms of this particular market share for travel and tourism. It’s going to get greater as these baby boomers start having more and more grandchildren. So it’s a major market.
Most of you heard about the concept of ecotourism. It’s been around for the last eight or ten years. Anybody in the (indiscernible) realizes that ecotourism, really by other terminologies, has been around for probably 20 or 30 years. It continues to grow.

We look at other areas such as heritage tourism, cultural tourism, multicultural tourism. These are hot topics, hot areas of tourism growth. We have to look and see where we can begin to package these particular types of attractions. Yes, we have in New Jersey, not only in New Jersey, but our particular area is loaded with historical attractions. We need to look at those kind of attractions and how we can begin to package these in such a way that we can draw these, certainly in particular markets.

George Cromm, who is a German writer, has recently talked about the whole concept of experiential economies. We talk about commodities, and we talk about products, and we talk about certainly the service industry. We are in an experiential economy. And he uses the example of a birthday party. That not too many years ago, if you were going to bake a cake for a birthday party, you would go out and you buy the commodities and you would bake the cake. As me moved into a product economy, you actually would then go and buy the cake and decorate yourself. As we moved into a service economy, you would actually buy the cake all made, all decorated, and you would just pick it up. Now today we go take the kids to a Chuck E. Cheese or someplace, pay the money, and they have an experience. Everything is based upon its experiential economy.

Travel and tourism is at the forefront of this particular economy. It’s going to continue to grow, and the bottom line that I would leave you with today is that it’s an old saying, You either make dust or you eat dust. And I think we are at a point in time where either we get on the bandwagon -- we are going to be more competitive. We are doing great now. What I’m concerned about is the future because everybody else is involved in it, and if we don’t begin to plan a little more, begin to do some of these things that I mentioned, then, we may be left behind.

Thank you very much. (applause)
DR. DEMPSEY: Thank you, Dr. Nolan.

We have one more session. It’s going to be on the topic of “The Rise of Entrepreneurship and Home-Based Businesses.” We have an excellent speaker in Suzanne Pease, who is the owner of Ampersand Graphics. Ms. Pease is also very active in women’s business organizations, and I can tell you she is a dynamite speaker.

Suzanne, please. (applause)

M S. PEASE: Thank you. I was asked to speak on the rise of entrepreneurship and home-based businesses.

Thirty years ago we were in an agricultural society. People worked on a farm, they lived above their shop or next door to their shop, and this was the way it was. We were pretty much a home-based business society. Then came the Industrial Age with its pollution and noise, and so towns started writing zoning ordinances to separate the problems of industry and family living.

Today, you’ve heard today again and again we are moving into that Information Age, and it makes many businesses so compact and clean that they are an unintrusive addition to any neighborhood, and so home-based businesses are proliferating throughout the United States. It is estimated that over 600,000 home-based businesses add to the economy of New Jersey.

I believe that besides the economy, there are so many advantages to the community of home-based businesses that we can not afford not to protect and encourage their viability.

The home is the best incubator for start-up businesses. These home-based businesses often grow to a stage where they have the resources to pay rent or mortgage, hire employees, move out of the home, and become a rateable space in the community. Such giants as Apple Computer, Lillian Vernon mail order, Mrs. Fields Cookies might never have begun without the safe haven of a home-based incubator.
Home-based businesses also provide economically priced services to many small businesses in the community and large businesses. They also add value to the community itself. Today's two income families, many times the home-based business owner is the only responsible adult present in our suburbs. They watch over the empty homes, they report vandalism, delinquency, they re-pen stray pets, or provide a safe haven for children when their mothers or fathers are stuck in traffic. By the way, home-based businesses do not contribute to that traffic jam.

In addition, home-based working mom or dad models values and ethics for children. Yesterday I spoke at AT&T’s Take Your Daughter to Work Day. One day a year taking your daughters or children to work, which is all choreographed, just doesn’t give a child a clue about the day-to-day working in the business world. Deadlines, customer service, reliability all are clearly demonstrated when the children see its enactment day-to-day in a home-based business.

Assemblyman Azzolina, Chris Hansen, Jim Leonard, and others have worked to introduce legislation that will support the home-based business. It will still protect the quality of life in our neighborhoods. We propose that regulation is needed for the problems but not for the business. In other words, if a business in the home can not be seen, heard, smelled, or otherwise change the residential nature of the neighborhood, then the owner should not be afraid to advertise or become active in their Chamber of Commerce. The reality is that many of the 600,000 home-based businesses in the New Jersey are hindered in their growth by fear of discovery. How do you attract clients and grow without advertising?

Home-based businesses are not for everyone. You need a great deal of self-discipline and drive to work at home. The flip side of the flexibility issue is being able to work all night to meet a deadline so that you can take your child to Little League the next day or play a round of golf is not knowing when to stop. I turned my computer off at midnight last night -- actually it was about 1:00, and I certainly will pay the trade off today.
You have the possibility of great rewards in small business, but you also have the possibility of great failure. There is a great variety. You get to do everything. You get to do the sales, you get to sweep the floor, you get to do that technological management that helps your business to grow. Yes, you have no boss to tell you what to do, but you also have no one to tell you what you should be doing. You can set your own hours, but the work never ends.

Those that are successful often say that business takes over their lives and their home for a business owner is never caught up, and with the work always waiting, I know that I only truly feel relaxed when I leave town. Although now the laptop, unlimited access via cell phone, E-commerce and E-mail is quickly eliminating that excuse as well. E-business is following me wherever I go.

Another home-based business problem is isolation. And there I recommend, if you do have a home-based business or a small business, that you join supportive organizations such as NJAWBO and the Chamber of Commerce to be a part of that business community and have the support from your peers and to form those alliances that I believe are going to really create the virtual corporations and alliances of the future. You can have that business anywhere because you are doing business with other small businesses.

Of course, there are those problems that are attached to all business: ownership, no guaranteed salary, a magnitude of regulations and paperwork, and no clear one-stop shop for information. There is equity treatment for small business that sometimes doesn’t balance out with the larger businesses. One-hundred percent health-care deductibility and clarification of the independent contractor laws -- all of these are issues that the small businesses face.

I believe that small-business owners are the unsung heros and heroines of today’s economic world. Small business got us out of the recession. In the last recession, 100 percent of the new jobs created during that recession were created by small business.
There is no minimum wage or fair labor laws for this business owner. New businesses begin with several years of tough challenges, with the owner working longer hours and taking home less pay than his employees and putting most of the profits back in the business. They feel that they can make a difference. They are responsible for their own success or failure. New Jersey can not afford to put additional roadblocks in the way of start-ups and small businesses.

But, with all the problems, most entrepreneurs that have been in business for a few years can never imagine working for someone else again. The challenge of being in charge of their own destiny and the thrill of seeing your company grow is a creative high, and although it is not for everyone, it is definitely for me. And I thank you for letting me represent small business and home-based business today. (applause)

DR. DEMPSLEY: Thank you, Suzanne. I know it’s always toughest to go last when we are running a bit behind time.

It’s now my pleasure to introduce my colleague, Dr. Eugene Simko. Gene was at Monmouth College, now Monmouth University. He has been here for about 20 years now, I believe, and he is an expert in the area of strategic management and management of purchasing systems.

So, Gene, I think it’s up to you to make a brief summary, and then we need to have our audience ask some pertinent questions.

DR. SIMKO: Thank you, Bill.

Ladies and gentlemen, I will be up here exactly 120 seconds, and I’ve decided after listening to everyone to call my short speech summary.com. (laughter)

While it appears that all of our-- There are three parts to what I’m going to say: first, findings; second, recommendations; and then, three, the role of State government. As far as strategic findings from this morning’s discussions, we find that the economic life signs, most of them, are healthy in the state and appear to be maintaining their health for the foreseeable future, certainly into the next millennium. We see that
dynamics have changed throughout the past two or three decades and even beyond so that businesses now have to take on much more of an organic nature than a mechanistic nature, and it’s not business as usual, even before electricity, Joe.

We have to allow ourselves to begin to take advantage of this new, sunny business climate but to do so in a way that’s going to allow us to tap an ever increasing need for trained workers for a train base. And we have to also realize that the role of governments, both local, State, regional, and Federal governments, take on new meanings when we start to talk about how fast information comes to us. Let’s face it, what was available today on most of our desks, as far as information processing, 25 years ago maybe 50 percent of CEOs let alone someone working at lower echelons in the organizations.

And the last strategic finding I have, of course, that it’s probably right now the best time of all in South Jersey to open up a new restaurant. (laughter)

As far as recommendations go, I say this to you in the strongest words possible, and they are three words. Education, education, education. And my apologies to the real estate people out there.

I say to you, legislators, lawmakers, businesspeople, anyone involved in New Jersey, come to see what the New Jersey students have to offer. They have to offer more than what you think, and they are just sitting there beyond reach underneath a layer whether you are talking about NJIT, whether we are talking about Georgian Court, or our great University of Monmouth. Perhaps the information highway, as we call it, should be called for New Jersey the information parkway or the information turnpike. Let’s see what we can do with this information technology, get on the right exit, and stay on there and use it as a tool.

I’ve heard motivation this morning, I’ve heard the word team work. And for that I say to the New Jersey State Legislature be the coach, get in there and lay some of the ground rules and motivate the great players, the potential players that we have out there.
Perceive problems, seek out solutions not for business, not on behalf of business, but in conjunction with business. Coach the team, become an associate.

To everyone in the room I say promote education in business administration. Twenty-one years ago President Stonesifer (phonetic spelling), who is no longer with us, invited me as a new faculty member to come to his house for a cocktail reception for new faculty. And in a casual conversation with some members of nonbusiness faculty, I had the “audacity” to suggest that perhaps our students could be thought of as customers, and I wasn’t invited back to another cocktail party for about five years. (laughter)

And, finally, I say to the Speaker of the Assembly, from a business viewpoint, Mr. Speaker, let them say in the next millennium, when they speak of the New Jersey State Legislature, yours and our Legislature, that truly Trenton makes, the world takes.

Thank you. (applause)

DR. DEM PSEY: Thank you, Gene.

You can see that some academics are able to move very quickly. (laughter)

It’s now your turn, members of the audience. We have a microphone up here near the front, and we invite any of you that would like to ask questions of members of the panel to please come forward and pose your questions. Meanwhile, on your tables here, for the panelists, the microphones with the yellow tape are the ones that are for the sound system in here, and the other microphones are to record the proceedings.

So, do we have any questions from the audience? (affirmative response)

Yes, please come forward -- or to the mike.

ASSEMBLYMAN AZZOLINA: And keep it short. (laughter)

MR. HANSEN: I will be short, I assure you.

Mr. Speaker and honored presenters, I am Chris Hansen, the President of the Home-Based Business Council. One of the things that was addressed today was business retention and business growth, but according to all economic studies, the most important thing in a development of an economy, especially what Dr. Bruce Kurchoff (phonetic
spelling) at NJIT issued in a paper a few years ago, is new business development. That is more important than anything else because new jobs are created by new business development.

Eighty-five percent of all new businesses are started in the home, and I ask the Speaker to make every effort possible to see to it that the Home-Based Business Promotion Act move through and that we encourage the formation of businesses that work within a community because that is where our future will be. If you look at all of the people that have come on to the Fortune 500 and on the growth of the Dow Jones and NASDAQ, these are all start-up businesses and virtually all started at home.

DR. DEMPESEY: Any response?

SPEAKER COLLINS: Yes, this is an easy response. I agree. The Assembly passed the bill. It’s over in the Senate. Call your Senator. (laughter; applause) And I really don’t think that they are going to need a lot of prodding as a timing situation, and so on.

And let me just give an agreement, and as we have already heard from those who have done it -- but Assemblyman Azzolina really carried the ball for that as you folks know. At times it was difficult, but he was there and had a goal, and we were very happy to be able to support that in the Assembly. (applause)

DR. DEMPESEY: Would you please come to the microphone.

MS. PAUL: I’m Connie Paul, Director of the Central Jersey Regional Library Cooperative. And I just wanted to say to Suzanne and to all of the people who have small businesses that I’d like for you to remember that your local libraries, both academic and public in Monmouth and Ocean County, stand ready to help you with your information needs. That’s one of the things that we all share, is a need for information.

And the other thing that libraries do is help in the training issues because we all know how important the Internet is, and yet fewer than half of our homes have Internet access now. So libraries are the place where people can get Internet access, can get the
training. My own job is to help the libraries do that job more effectively and for the librarians to get the training themselves.

So I just encourage you to remember your libraries and remember the great source of information that you have there.

Thank you.

DR. DEM PSEY: Thank you.

Any response from the panel? (no response)

Back here in the back, I saw your hand first.

MR. PASCERAL: My name is Roger Pasceral, and I’m from Olympic Limousine Service, and I’d like to be a copycat and talk about education, education, education.

My first question is, when are we going to stop graduating bodies from high school? I tell my employees that if you have a problem or if it’s bad news, tell me and I won’t get mad at you. If you don’t tell me, it may cost you your job.

Today the average student graduating from high school will spend 13,000 hours in school, and yet as a number of experts said here today, a lot of them are illiterate, they can’t read or write. I have—Ten years ago my son was in second grade. He had gone to school for five years, approximately 3000 hours he has been in school, and he was illiterate. He could only read at about a four-year-old level.

I went to the local school authorities, and they assured me I had nothing to worry about. They said, “He was a late bloomer.” I then went privately with my own money, hired a language therapist, and had him tested. The therapist gave him a test to write down 15 vowel sounds. He misspelled 13 of these sounds, and she said that he had dyslexia. So I said, “What are we going to do?” She suggested that I have him tutored by her privately for two hours a week. This tutor tutored my son for 30 weeks, approximately 60 hours. And at the end of 60 hours of tutoring, he was now reading at the second-grade level, and for the first time in his life was getting good grades.
So the comparison is we've got kids graduating from high school that have been there for 13,000 hours, they can’t read. And my son was able to learn how to read in 60 hours with somebody who was competent.

Well, now it’s 10 years later, and my son is 17 years old. I ran into -- about two years ago I ran into Peter Driscoll, whose father was the Governor of New Jersey, and I was talking to him about my son, and he has dyslexia and what have you, and he said, “You should get your son classified.” And I said, “Well, I never did that because there never seemed to be a need.”

And he said, “Well, one of my kids had dyslexia, and he only reads 85 words a minute, and the difference between being classified and not being classified he is able to take an untimed college board test.” It was 500 points on his son’s college board score. He had a very severe case of dyslexia. And he said, as a result of having him classified, he got into Harvard, graduated, and he got into Harvard med school, graduated, and is a very successful doctor. And if he had never been classified, he would never have been able to get into Harvard.

So this summer I went to the Monmouth-Ocean Employment Services, and I tried to get my son classified as having a learning disability. We were interrogated by social workers and teachers and what have you. A lot of the interrogation was kind of, like, silly I thought. But the conclusion they told me, “Your son is getting excellent grades, he is doing very well, and there is nothing wrong with him.” And I said, “Well, he has dyslexia. He only can read 125 words a minute.” They said, “Well, the State of New Jersey Department of Education does not recognize dyslexia as a learning disability. There is nothing wrong with your son. He is just going to have to do as well as he can on the college boards, but there is no way that we are going to classify him.”

Now, I happen to have done some -- know something about dyslexia. And about 7 percent or 8 percent of the population in the United States has dyslexia, and to me it is absolutely-- We have, you know, tens of thousands of kids, 18 years old, graduating
from high school, and they are illiterate. And a major cause of this is, if you don’t identify a kid when he is in second or third grade or first grade that he has dyslexia, he is never going to learn how to read.

Three years ago I have a cousin who went to Sloane Kettering. She had chest pains. And the doctors there said that there was nothing wrong with her, they checked her out, and that she should go to a physical therapist. And she did for about six months. She went back to Sloane Kettering. She ended up having lymph cancer, and she is no longer with us today. And to me the analogy of dyslexia to lymph cancer is really the same thing. If you don’t get it when it starts or when that child is young, we are going to lose that child forever, and he is never going to be able to read or to write.

And I would just appreciate the Legislature looking at what the policies are with regard to learning disability. And instead of having child study teams getting paid millions and million of dollars a year to go through busy work -- and a monument structure is really to addressed what the needs of young kids are. And if we can start solving -- giving them a good education when they are in kindergarten or first or second grade, most everybody is going to graduate from high school and is going to be able to read and write.

Thank you. (applause)

D.R. DEMPESEY: Any response from the panel? (no response)

Other questions?

Let me suggest that -- we’ll start with you and others that would like to ask questions, maybe if you line up behind the microphone, then we don’t have to worry about somebody getting cheated out of their slot.

M.R. SANPIERI: Mr. Chairman and members of this panel, my name is Paul Sanpieri. I run a food, beverage, and lodging trade organization.

Several months ago we were successful in defeating a tax bill for the lodging industry. Here we are doing our best to bring more business into New Jersey to increase productivity, and every so often the Legislature comes up with a new tax. We defeated this
one, and now there is a new one which was introduced, which would put a 2 percent sales tax on all hotel and lodging facilities with 100 or more rooms in the shore area.

I agree with the person who is from the tourism industry that we should do all we can to increase business in New Jersey to bring more people in, but an additional tax is certainly not the right way to go about it.

Thank you.

SPEAKER COLLINS: I don’t anticipate any increase in taxes in any area in the immediate future. And I just want to say one thing. In the Legislature, there are 6000 bills in the two Houses right now. Any member, the 120 legislators, can introduce a bill at any time. People should always be vigilant of bills that have been introduced that have an impact on their interest, pro or con, but just because a bill is introduced that means -- I can’t say nothing, but it’s a bill that’s introduced. I am not familiar with the bill. I have not heard anyone talk about increasing taxes on hotel, motels, or whatever else. And I assure you, during this term, which will end next January, there will be no tax increase.

D.R. DEMPSEY: Let me-- John Lloyd has to leave. Do any of you have questions regarding the medical services industry in this section of New Jersey? (no response)

Okay, John, you’re excused. (laughter; applause)

Also, I ask that your comments or questions to be as brief as possible.

Thank you.

MR. BRODY: I’ll try.

Fred Brody is my name. I learned of a very interesting program yesterday called Principals for a Day. And it’s up in Newark where my business is. I signed up, and a week from today I am going to be going into East Side High School, where there is 1600 students, and I’ll be principal for a day.

I asked the principal, after he told me what it’s about -- I said, “What are you looking for me to do?” And he said, “As a businessman in the community, we are just
looking to get some ideas as to what businesses need from students.” And that’s really the only comment that I have. I don’t know whether this is a program that is statewide or what, but I think it’s an excellent opportunity for the businesspeople to come into the schools and say--

I own a trucking and transportation and a worldwide freight service -- if anybody has any freight. (laughter) We have billing, we have salespeople, customer service, and it’s just a very unique opportunity for the businesspeople to come into the schools and say this is what we are looking for in your students.

Thank you.

DR. DEMPEY: Thank you.

SPEAKER COLLINS: Let me just comment on that. First, if I may speak for the Legislature, or very honestly the State of New Jersey, thank you for that, going in and exposing young people to who you are and what you do. This is the second time I’ve heard of this program. Assemblyman Azzolina said, “I’m not familiar with it.” I wasn’t until, I think, yesterday. I didn’t know the detail until what you just said, but yesterday how I discovered it is, and there is a little bit of pressure on you, I happen to read it on a little note on the sports page that Michael Jordan was just principal for a day in a Chicago School. (laughter) And I’ll tell you, you have a tough act to follow there. (laughter)

MR. BRODY: No problem.

DR. DEMPEY: Next, please.

MS. GRYBER: Yes, my name is Penny Gryber. I’m an environmental consultant for D.W. Smith. We’re civil engineers. And I would just like to talk about something that George Taber brought up, which I think is important for the Assembly to respond to. And I’ll quote him because he said it much better than I can. There was an article in Business News, an editorial on April 5th, called “The Heavy Hand of Regulation,” and I’ll just quote a few sentences from that. He said, “It’s been estimated that up to one-third of the price of a new, single-family free-standing house in New Jersey is attributable
to State-based rules, regulations, and statutes. The cost of residential housing in surrounding states is considerably lower and building is considerably quicker. It’s also estimated that the regulatory cost of building a new, single-family free-standing house in one of our neighboring states runs from one-third to one-half of what it would cost to build the same structure in New Jersey. If the State is serious about business retention, it will do something about construction regulation.”

And I would just like to state my job is to obtain construction permits from the DEP. Currently, there are over 100 permits required from the various agencies that regulate development in New Jersey. There is little coordination between the agencies, and many requirements are duplicated in the different regulations. When Governor Whitman’s initiative to include the policies of the State Development and Redevelopment Plan into the different regulations, the process becomes further complicated. In order for New Jersey to be business friendly, there must be some streamlining of this process.

I have two questions for you. Number one, is the Assembly aware of this problem, and if so, what is it doing to streamline the process? And, number two, if not, why not?

SPEAKER COLLINS: I think that question is for you, George. (laughter)
MR. TABER: I think they got the politicians on the spot.
ASSEMBLYMAN HOLZAPFEL: I always work on the principle that our speaker-- It’s like Vidal Sassoon. If he looks good, we look good. So I’ll pass that back to you, Jack. (laughter)

SPEAKER COLLINS: I hate being with politicians. (laughter)

Well, let me just say this. First off, we are very familiar with it. If you go back, not that I would expect anyone to remember, but my comments at the podium when I said, “Governor Whitman said, ‘New Jersey is open for business, and it’s a business-friendly state,’” it set a tone, but it does not resolve the problem. And here is one of the areas in which we have to continually address decisions that a number of us made, along with many
others. I voted for regulations that in retrospect I wish I had not, but there some other
times that maybe we should have done more.

It is a challenge. I accept the statistics as stated by George and the article and
what you repeated, but what I say continually -- just the way I react to all of these things
is -- we are New Jersey. That’s it. We can’t hide from it. We have good, we have bad. We
have permits, and it’s ridiculous I understand.

And I'll say one other thing beyond the home building. That the one thing that
I’ve learned in particular to when people have jobs -- and New Jersey is better over 14 years
-- is that particularly small businesses-- I really question at times how you can even operate
with us regulating issue after issue after issue.

So I acknowledge the problem. I may see it differently than you and others in
this room, but there is a problem. The challenge that we have is that we are New Jersey,
the most densely populated state in America, bordered on three sides by water, wetlands
throughout the state, on and on and on. That’s the rules by which we have to play.

The secondary thing is, as anything in life I think we could agree, it’s easier to
put something in than take it out. Bureaus are created, constituencies develop, “What do
you mean you are going to stop doing that?” It’s a challenge that we continually deal with
and sometimes successfully but often fail. In 1994, the citizens of this state gave the
Legislature the right to oversee the regulations, which we never had before. We had to go
through new legislation, etc.

It has been slow in us being able to come up with formats to do what we have.
We have a Regulatory Oversight Committee, chaired by Assemblywoman Heck. We’ve
done some things. We are going to continue to do more. We are quite reluctant, and I
think you have seen this over the last four years -- we are very reluctant to put in more
regulations. We are trying to get some off. But, interestingly enough, in the bigger picture,
the pressure on us right now is coming not from reducing regulations for constructions, etc.,
It’s to control that growth, not let people move into various areas of the state, and so on.
So it’s kind of interesting that when the reality is that we have more regulations than probably any state to allow growth and development, the pressure right now -- the political pressure -- across the society is, “Hey, wait a minute, we don’t want anymore construction or development in our areas,” and I think one of the reasons for that is the economy is so good, so everybody is pretty comfortable saying, “Hey, I’m here. Everybody else stay away.” We try and balance it out, we continue to work on it. The one thing for sure I can answer is we know about it.

ASSEMBLYMAN HOLZAPFEL: And just as a follow-up in one other area, not just in construction. I serve as Vice Chairman of the Consumer Affairs and Regulated Professions, and I did not know how many regulated professions there were out there until I got on that particular committee.

The majority of new regulations that come down are -- they result from people in those particular professions, fields, occupations, etc., coming to the Legislature and saying we need to be regulated. They come with their horror stories, they come with the victims, whether it’s rent to own, whether it’s psychoanalysis, whether it’s other forms of psychological teaching, etc. On and on it goes from plumbing and electricians, and etc. They come in-- We have one now pending to regulate Kung fu and instructors in martial arts. Thousands of letters, and I am not exaggerating -- thousands of letters on that one particular issue.

And many times it’s the Legislature which is, so to speak, the catcher, meaning people are pitching these ideas, they are coming from the people out there in the workforce saying, “We want to be regulated.” And in some instances the reason they want to be regulated is because it then gives them a way of, in some cases, keeping other people out of that particular profession because now all of sudden there is a certification or a license or something else that’s needed before you can do it.

So it’s not just the political guys sitting around and saying, “Well, let’s regulate or do things.” Many times, at least in my experience, it’s because there are people out
there, and in some instances quite valid, come up and say, “These are the problems that we are having. There are people out there saying they can do these things who can’t. And we need you – whether it’s from doing fingernails to cutting hair, on and on it goes, we need to have some kind of a committee, a commission, a board, someone to regulate this particular group.” And, unfortunately, in some instances, the Legislature responds just on that reason alone. But we try to look at it from a standpoint of saying, is it really needed? But just so you know that it’s not just a one-way street. An awful lot of it comes from out there to us.

Thank you.

DR. DEMPESEY: Okay, I have been instructed by my boss that we have to keep the questions and the answers short. (laughter) We have to regulate speech.

MS. DAVIS: Hi, my name is Barbara Davis. I own an employment service. I have offices in Red Bank and in Freehold. We supply temporary employees to businesses throughout Monmouth and Ocean counties. My big thing right now is I do have talented, skilled workers, but these skilled workers don’t always have cars. What are we going to do about improving the efficiency of the public transportation throughout Monmouth and Ocean counties?

I have a candidate who is a legal secretary. She just relocated from Manhattan. She lives in Hazlet. She is willing to take a job in Shrewsbury. She lives on Route 35, the job is on Route 35. You think it would take her 20 minutes by bus. There is no bus that goes that route. There is a train. Sure, she can go to the train, and then she gets off in Red Bank and has to take a bus. This is for a $12-an-hour job.

What are we going to do about this? And I’d like to know what the Legislature is doing and what they plan to do?

ASSEMBLYMAN AZZOLINA: I can remember when the bus service was terrible; then, New Jersey Transit took it over. It’s much better than it’s been, but unfortunately, because we are spread out cities – we are just spread out homes, that’s all
we are, and it’s very difficult and expensive to put buses from here to there and everyplace. I know there are buses that go through Cambell’s Junction, I believe. It covers most of the towns of Bayshore and heads into Red Bank. But I didn’t know they didn’t have one from Hazlet, and so forth. But there are buses into Red Bank from other areas. We have to ask New Jersey Transit about it.

Thank you.

DR. DEMPESEY: Next please.

SPEAKER COLLINS: We have another answer there from another Monmouth County legislator.

ASSEMBLYMAN SMITH: I don’t know if many of you know that there is a $500,000 grant for transportation. Using the scat buses to take people from the inner cities out to the workplace.

We found out that those people who want to get off of welfare, the problem was this transportation issue as you’re saying. The buses run figuratively, and they are just not there. So the county, together with the State, came up with a $500,000 grant to use the scat buses for this, to take those people from their homes to the workplace and back. That’s one solution. But that $500,000 is gone now, and this is another year, and the way that we are going to get $500,000 again remains (indiscernible).

MS. TRAJANKOWSKI: I’m Elaine Trajankowski, the Executive Director of the Governor’s School of New Jersey, and I’d like to share two secrets with you.

First of all, I’m sure no one in the audience knows what the Governor’s School is. It is a gifted and talented program for high school-level students. In order to get into this program, you have to be in the top 1 percent of the state. We have them in high school, but we keep in touch with them during their college years. And I can tell you that we are losing them to business and industry out of the State of New Jersey.

So the Governor’s School -- I’d like to share a second secret with you -- would like to start a partnership with business and industry here in the State of New Jersey. And
the biggest secret I have is in the trunk of my car. I have 350 resumes of these kids, the best and the brightest of New Jersey who are going to the top colleges and universities in the United States. They want jobs in New Jersey.

I will be standing outside -- I know this is not supposed to be for -- but I’m not making any money on this. I will be standing outside in case anyone is interested in giving me any contacts with business and industry with these top kids, so we can keep them here in New Jersey, especially when they graduate from college.

Thank you.

I also wanted to say that the Governor’s School is funded by the New Jersey lottery.

DR. SIMKO: And it’s here.

MS. TRAJANKOWSKI: And it’s also at Monmouth University.

DR. SIMKO: Thank you.

MS. TRAJANKOWSKI: They do house our School of Public Issues, for which I thank you.

SPEAKER COLLINS: Let me just say thank you very much. I agree with your comments of the caliber of Governor School participants, since my daughter was one 14 years ago here at Monmouth University. And we are not in the employment business here today, but let me recommend to those of you who may be interested in outstanding individuals make sure you see her afterwards. There are just wonderful people in this wonderful program.

Thank you for bringing it up today.

MR. WINNER: Good morning and thank you. I’m Ken Winner of Winner Yacht Basin, a 49-year-old, full-service boatyard marine in Mantoloking, New Jersey. Why am I up here? I would just ask everybody in the Legislature to know what is going on in the DEP. I don’t think you do, or if you do, we need to tighten up the reins.
I can not get an answer to find out how to dispose of this sandblast aggregate until I go have a lab fee, and then I’m told to get rid of three drums of sandblast material that is going to cost me $1100 and some dollars. That’s about 30 bags that cost me to purchase $350.

What am I leading up to? I am now dealing with Brick Township for over a year to put up a membrane building to contain this sandblast operation and they are throwing up every roadblock in the world. We want to be environmentally friendly, we want to be a good corporate citizen, but for god sake help us, don’t kick us.

I know you don’t have total control over this, but the political realities of it is we have to control the boards, the bureaucrats, and etc. I’m also past president of the Marine Trade Association of New Jersey. I would ask that you help our vocational education system. I happen to sit on the Ocean County Vocational Advisory Board. It’s a wonderful experience. We need it. Not everybody is academically oriented, and who fixes your car, your washing machine, your television, wires your house? Where do they come from? The vocational system. It’s not a stepchild.

Thank you for your help. (applause)

MR. POSA: My name is Raymond Francis Posa. I’m the owner of R. Francis Associates, a computer consulting firm in Farmingdale. And I have an issue, it’s wetlands.

We’ve heard before that we are at an all-time low record of available rental properties. So the solution for small businesses that are trying to grow is to build new. Well, I was looking into building on Route 33. And it turns out that Route 33 from the Parkway west to Freehold is wasteland, or wetland. We can’t build on any of it. Every little puddle is considered a wetland. I think we need to take a second look at what a wetland is.

I think if we look at a stream and it’s got fish, it’s got amphibians, it’s a viable wetland. If we have a puddle with oil, antifreeze, run off from the road on it, I think that’s not a viable wetland, and we should have two tiers so that businesses can go in, develop the
nonviable ones and try and clean them up. Give us a little incentive because every business
that’s near one of these locations wants to present a good corporate image and will take the
effort to clean it up. And I think, if we just get a little bit of leeway, we can take these
nonviable ones, which are nothing but tick farms and undergrowth -- I think we can really
turn it around and really make use of a very viable corridor which is Route 33.

ASSEMBLYMAN AZZOLINA: You’re absolutely right.

MR. BATALANO: I’m Steve Batalano. I’m a friend of the University. I just
wondered if there is a program to track growing firms and to proactively court them for
when they are ready to expand to New Jersey or also to say, “Hey, use New Jersey as part
of your supply chain.” Just a thought.

DR. FENSTER: I think there is a-- I mentioned some of the divisions of the
new department of commerce and whatever that thing is called.

DR. SIMKO: Opportunity for Economic--

DR. FENSTER: I’ll remember Commission on Commerce and Economic
Opportunity. I mentioned one of the divisions, but there is another division which I think
is dedicated to just that issue, and I have it. I have the material here. I’ll give it to you.

DR. DEMPSEY: Okay, we have one more question, I think, and then we have
to stop because we are well over time.

MS. CLOSE: I’ll be brief. I’m Linda Close. I’m the Executive Director of the
southern Monmouth area Chamber of Commerce. We are talking about business and
business growth, and I just want to reiterate the biggest problem that my members are
facing is labor. And the problems because of labor are, yes, the education is very important,
child care is very important, but I want to reemphasize transportation.

The State a while back offered me someone, and I was going to train them.
They would give me the labor free of charge. I would train the person. I am waiting eight
months later. The Department of Labor can’t find this person for me because they can’t
find someone to get to my door. There is no bus, there is no train, there is nothing.
I’m still waiting. I’m still willing to take this person, help train them, provide them with those other things, get this person off the welfare. But until we can solve this transportation problem, I think we are going to be stymied in our growth.

That’s just a statement. (applause)

DR. DEM PSEY: Speaker Collins, I think it’s your turn now to wrap things up.

SPEAKER COLLINS: I will wrap them up quickly.

First, thank you very much for your attendance and particularly thank you to the panelist who have shared their insights. I was thinking as, Linda, you made your last comment and supported, particularly with applause, that-- As I had said earlier, in these kinds of interchanges who is to know the educational value as time goes on. There are particulars that jump right up with regard to wetlands and the challenges of DEP and regulations of moving products that -- waste products. We are so familiar with the issues, the continually massaging, if I may, to try and change things.

Transportation is one that when we think of transportation, my immediate reaction is roads. Now we are having some light-rail, which is leading to a good deal of discussion, but what about between Hazlet and Shrewsbury and along the various routes. It is here, it will continue to be part of an ongoing dialogue and a discussion that we hope will continue to move New Jersey forward.

So I thank all of you for your involvement here today. I wish you a safe trip home, a wonderful weekend, and thank you very much. (applause)

(MEETING CONCLUDED)