

NEW JERSEY COMMERCE COMMISSION

- 1A. The Governor has proposed the elimination of the New Jersey Commerce Commission and a consolidation of its functions within other government entities. The proposed budget would appropriate \$2,938,000 to the New Jersey Commerce Commission, with funds available to the entity that will succeed its duties. This is a reduction of \$2,450,000 from FY 2008.

Is this reduction a reflection of the savings from consolidation? If so, how was it determined? What variables will affect this amount? Will any of the employees that would be eliminated through the elimination of the Commission eligible for the Governor's proposed early retirement program? If so, how will this impact the assumed savings from the elimination of the Commission?

Answer: The \$2.45M reduction of funding to the Commerce Commission effects three different programs. The Small Business Development Centers represent a \$1M reduction, the Division of Business Services in the Commerce Commission represent a \$450,000 reduction and the remaining \$1M is an overall reduction in funding to the Commerce Commission. The \$1M reduction to the Commerce Commission is a reflection of consolidation and cost cutting measure by the Commission. The Commerce Commission is still in the process of determining which positions would be eliminated as a result of this reduction of funding. Only after the early retirement legislation has been made public can the commission determine how many staff members will be eligible to take advantage of the program. As a result, we cannot determine if any of the employees who hold positions that would potentially be eliminated are eligible for retirement.

- 1B. Proposed budget language would allocate "such sums as are necessary" from the Commission's appropriation to the Office of Economic Growth and the Division of Minority and Women Business Development.

Which of the current Commission's functions would be moved to the Office of Economic Growth and the Division of Minority and Women Business Development? Is there an estimate of how much of the Commission's appropriation would be transferred to each of these entities? Will any current Commission staff be transferred to these entities?

Answer: The reduction of funding to the Division on Business Services reflects the reduction of salaries as this Commission's function transfers to the Department of Treasury. Additionally, the Commerce Commission has served as the funding source to the Office of Economic Growth since inception per Executive Order 50. The Deputies Attorney General advise OEG and the Commerce Commission on the appropriate allocation of funds for economic development. Some funds are dedicated to specific uses, and we are guided by the advise of the Deputy Attorney Generals. In FY2007, \$823,665 was transferred to OEG, in FY2008 the anticipated budget transfer is \$1,400,000.

- 1C. The Division of Minority and Women Business Development was transferred from the Office of Economic Growth to the Department of Treasury this year to “expand the Division’s mission” and “build capacity.”

How will the transfer of any of the Commerce Commission’s functions enhance this goal?

Answer: The Commerce Commissions’ Division of Business Services has provided certification services to the small, women- and minority-owned enterprises. In FY 2007, the Governor signed EO 34 establishing the Division of Small, Women- and Minority- owned Business Development which was charged with three priorities: 1) tracking, monitoring, and reporting of the State’s procurement practices, 2) use of technology to proactively connect MWBE providers to the state’s procurement opportunities, and 3) setting a basis for the establishment of policies, procedures, and standards to be used and incorporated into the daily operations of State government. The underlying goal of the three priorities was to “open the doors” and ensure equal access for minority- and women-owned enterprises in the State purchasing and procurement process. The Division has made significant progress in each of these priorities. Earlier this year, the Division was transferred from OEG to the Treasury Department. As part of the Governor’s proposed budget, the Business Services functions currently conducted by the Commerce Commission will be transferred to the Department of Treasury in order to ensure the integration of business certification with other business registration and tracking processes. The Commerce Commission function will be integrated with the ACE team functions across the state to ensure that businesses support for small, minority and women – owned businesses continues to improve.

- 1D. With the creation of the Office of Economic Growth and the clarification of roles of economic development agencies, the Economic Development Authority (EDA) has become the funding arm of the economic development programs in the executive branch.

Will the Commission consolidation affect that function? Will EDA assume any of the Commerce Commission’s functions? If so, will any of the Commission’s recommended appropriation be transferred to EDA? Will any of the current Commission staff be transferred to EDA?

Answer: The future role of Commerce is being discussed in light of the Governor’s stated intentions for consolidation of functions. The design is intended to make the state’s economic development functions more effective. The Commerce Commission redesign is underway, and when completed we will provide you with a functional redesign including accountability to the legislature.

2. The Governor has proposed an early retirement program for some State employees.

Of the anticipated 22 filled positions, how many employees will be eligible for the proposed early retirement incentive plan?

Answer: The 22 positions represented in the budget are only positions on state payroll related to economic development. The breakdown of these positions is as follows: FY06: 5 are for TV and Motion Picture Commission, FY07: 5 are for TV and Motion Picture Commission, 1 is for FMERPA, FY08: 5 for TV and Motion Picture, 11 for OEG, 6 for FMERPA (FY08 numbers are filled positions as of a certain payperiod), FY09: 16 for OEG, 6 for FMERPA (these represent funded levels). Additionally, the Commerce Commission staff is waiting to review the early retirement plan. Only after the legislation has been made public can the commission determine how many staff members will be eligible to take advantage of the program.

- 3A. Evaluation data in the proposed budget lists an anticipation that there will be 7,000 new jobs in new businesses, 7,000 new jobs in existing businesses and 7,000 jobs retained. These are the same numbers as anticipated in FY 2008. The figures for new jobs in both new and existing businesses in FY 2008 were substantially higher than the figures for FY 2007.

How are these numbers determined? Are the FY 2008 figures still applicable? Does the Commission expect these targets to be hit?

Answer: Historically these figures have been created by evaluating incentive programs in the state. Given the current economic downturn, it is likely these numbers will be altered demonstrating the need of the State to focus our efforts on retention.

- 3B. While the number of new jobs anticipated has risen in the past few years, the number of jobs retained has fallen dramatically, from 13,897 in FY 2007 to 7,000 in FY 2008 and FY 2009.

What factors are impacting this reduction? What efforts is the State making to increase the number of retained jobs?

Answer: As a result of the reconfiguration of the Business Advocacy unit in the New Jersey Commerce Commission, the Commission now uses a system of actual numbers based on BRRAG activity to define retained jobs. Actual activity for the BRRAG programs for FY2008-to-date accounts for 1,655 retained jobs spread over five applications. This is only a partial reflection of total retention efforts of the unit. When these figures include subjective retention numbers as we have in the past, such as taking retention credit jobs that would have left the State if the Commission had not provided business advocacy assistance, the retention number would be 7,425 (5,770+1,655). This number compares to the 13,897 estimate from FY2007.

4. The Small Business Development Centers create jobs and help finance New Jersey businesses. They have stated that the reduction in the Commission's budget will cause centers to close and strain their budget by 40%.

Is the Commission concerned that this cut will result in job loss, or lack of job creation?

Answer: The state works to maximize the federal funding for programs that provide grants to New Jersey organizations. The budget reductions proposed require all of

our economic development organizations to work more effectively. Anticipating the need for doing “more with less”, the state launched the ACE Small Business Technical Assistance Team in 2008. No reduction in staff is anticipated. In addition, the SBDC's will continue to receive support through the Urban Enterprise Zone Program.

5. *Please provide specifics on the savings that will be generated with the elimination of the New Jersey Commerce Commission? What programs are being eliminated? Scaled back? Has an analysis done of each of the Commission's programs to determine their success or failure?*

Answer: The future role of Commerce is being discussed in light of the Governor's stated intentions for consolidation of functions. The design is intended to make the state's economic development functions more effective. The Commerce Commission redesign is underway, and when completed we will provide you with a functional redesign including accountability to the legislature.

6. On March 20, 2008 the Assembly Budget Committee convened met with invited members of the business community to discuss what the Legislature could do to help promote business. One of their major concerns was the lack of a State advocate for business; someone who will represent their interests when confronted with bureaucratic regulations and red tape.

As part of the new plan for the restructuring of the Commerce Commission, will there be a true business advocate? Will there be someone who will represent business against the Department of Environmental Protection (DEP) when permit approval is needed?

Answer: The Commerce Commission is the state advocate on behalf of business. But more than that, it is the entry point for businesses to navigate the perceived maze that is state government. The Commission and its staff receive positive feedback from the business community and work with companies through all issues. In addition to advocacy, the State is working with the perceived and real issues of the business climat. The State and all entities that work towards promoting economic growth in New Jersey need to work together to increase the perception that New Jersey is a good place to do business. The business portal (www.newjerseybusiness.gov) represents a clear result of what the Commerce Commission, the Office of Economic Growth and many other state agencies have worked to accomplish in order to make the State of New Jersey increase our perception that we are in fact a great place to do business.

7. *If the proposed elimination of the Department of Agriculture becomes a reality, what agency in the Administration will become the new advocate for the business of agriculture?*

Answer: The Governor's Office announced the Department of Agriculture will not be eliminated.

8. *Will the role of the Economic Development Authority (EDA) change? Will it pick up some of the current responsibilities of the Commission? Will General Fund appropriations be made to the EDA to cover the costs associated with an enhanced role?*

Answer: The future role of Commerce is being discussed in light of the Governor's stated intentions for consolidation of functions. The design is intended to make the state's economic development functions more effective. The Commerce Commission redesign is underway, and when completed we will provide you with a functional redesign including accountability to the legislature.

9. *Will the trade offices continue to operate? Why was the Israel Commission transferred to the Department of State? Is this a tourism related commission or a trade office?*

Answer: No contracts with trade offices exist today. The Israel Commission is both trade and tourism related and was transferred to the Department of State as a result of reorganization legislation signed on January 4, 2008 . The Executive Order that extended the Israel Commission referred to the "Sister State Agreement" and referenced " Agreement calls for the development of trade and cultural and educational exchanges, in addition to encouraging the development of capital investment and joint business ventures" and " Commission has effectively fostered a spirit of cooperation between the citizens of the State of Israel and the citizens of the State of New Jersey that should continue in order to further the goals of the Agreement". The Israel Commission continues to work closely with the Division of Business Advocacy in the Commerce Commission.

10. *What department or agency will be responsible for the oversight of the Urban Enterprise Zone program? Who will be charged with assuring that the program is operated pursuant to law and regulation? Previous audits have questioned certain spending related to UEZs.*

Answer: The future role of Commerce and the Urban Enterprise Zone program is being discussed in light of the Governor's stated intentions for consolidation of functions. The design is intended to make the state's economic development functions more effective. The Commerce Commission redesign is underway, and when completed we will provide you with a functional redesign including accountability to the legislature.

11. According to the Program Data on page D-412 of the proposed budget, funding will continue for 22 positions in FY 2009. Of these, 16 are supported by state appropriations and 6 are funded through revenues of the Commission.

Is the program data accurate when it projects an equal number of employees between FY 2008 and FY 2009?

Answer: The 22 positions represented in the budget are only positions on state payroll. The Commerce Commission maintains a staff of 64 employees at this date. The funding for these employees included the appropriation as well as funds from the

Urban Enterprise Zone program. The Commission projects a reduction of employees for FY09. The details of this reduction of employees are yet to be determined.

12. *Please provide a list of all FY 2008 Science and Technology grant recipients and the intended use of the funds, as taken from the grant application.*

Answer: Please see attached.

13. The State Library attempted to secure \$3 million in FY 2008 and again in FY 2009 for its Knowledge Initiative. Instead \$2 million is provided in the current year and another \$2 million is proposed for the next fiscal year. This program is intended to benefit small and start-up businesses by providing a shared research resource. The program was forced to shut down at the end of February due to a lack of resources.

As this is a program of particular value to business, has the Commerce Commission attempted to help find additional funding.

Answer: The Commerce Commission, in participation with the Office of Economic Growth is working to create a task force that will help the State Library create a new business plan. This is working towards the model of all state government to do more with less.

Commission on Science & Technology

Fiscal Year 2008 Commitments

	Total	Grant Number	Funding End Date
SBIR Bridge Grant Program			
MH Acoustics	50,000	08-2042-014-01	9/30/2008
Total	50,000		
Incubator Seed Fund Program			
Adsorptech	49,000	08-2042-014-16	12/4/2008
BanDeMar Networks	49,176	08-2042-014-17	12/4/2008
Lightening Energy	50,000	08-2042-014-18	12/4/2008
Total	148,176		
Edison Innovation R&D Fund			
Aestus Therapeutics	500,000	08-2042-014-26	1/1/2008
Li Creative	500,000	08-2042-014-27	12/4/2009
New Jersey Microsystems	500,000	08-2042-014-28	12/4/2009
Treadstone Technologies	500,000	08-2042-014-29	12/4/2009
TRIM-edicine	500,000	08-2042-014-30	12/4/2009
Total	2,500,000		
Technology Incubators			
ACIN	130,000	08-2042-014-36	3/31/2009
Burlington High Tech	130,000	08-2042-014-37	3/31/2009
Burlington Life Science	130,000	08-2042-014-38	3/31/2009
EDA Commercialization Center	130,000	08-2042-014-39	3/31/2009
NJIT EDC I, II, III	390,000	08-2042-014-40	3/31/2009
Jersey City	130,000	08-2042-014-41	3/31/2009
Picatunny	130,000	08-2042-014-42	3/31/2009
Rowan SJ Tech Park	130,000	08-2042-014-43	3/31/2009
Rutgers Camden	130,000	08-2042-014-44	3/31/2009
Rutgers EcoComplex	130,000	08-2042-014-45	3/31/2009
Rutgers Food Innovation	130,000	08-2042-014-46	3/31/2009
Meadowland's Feasibility Study	30,000	08-2042-014-47	3/31/2009
Total	1,720,000		
New Jersey Tech Fellowships			
ProFact Proteomics (Meghan Tierney)	85,000	08-2042-014-50	10/31/2008
Kordinate (Elman Elnahrawy)	85,000	08-2042-014-51	10/31/2008
Aestus Therapeutics (Meredith Prysak)	75,000	08-2042-014-52	12/28/2008
Lux Biosciences (Daniel Haders)	75,000	08-2042-014-53	12/4/2008
Neurotez (Steven Greco)	75,000	08-2042-014-55	1/2/2009
Treadstone Technologies (Joshua Finch)	75,000	08-2042-014-56	2/5/2009
TRIM-edicine (Christopher Ferrante)	75,000	08-2042-014-57	3/31/2009
DOV Pharmaceutical	85,000	08-2042-014-58	3/30/2009
Total	630,000		
NJ BIN	630,000	08-2042-014-97	
SBIR Training	52,800	08-2042-014-98	12/31/2008
NJMEP	1,200,000	08-2042-014-99	12/31/2008
Total	6,930,976		