



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT
OF STATE**

FISCAL YEAR

2008 - 2009

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF STATE

Budget Pages..... C-10; C-19; C-26; C-28; C-31; D-325
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Fiscal Summary (\$000)

	Expended FY 2007	Adjusted Appropriation FY 2008	Recommended FY 2009	Percent Change 2008-09
State Budgeted	\$1,234,145	\$1,344,352	\$1,229,820	(8.5%)
Federal Funds	32,096	35,587	34,816	(2.2%)
<u>Other</u>	<u>46,566</u>	<u>24,025</u>	<u>23,802</u>	<u>(.9%)</u>
Grand Total	\$1,312,807	\$1,403,964	\$1,288,438	(8.2%)

Personnel Summary - Positions By Funding Source

	Actual FY 2007	Revised FY 2008	Funded FY 2009	Percent Change 2008-09
State	389	377	356	(5.6%)
Federal	218	215	215	0.0%
Other	119	107	127	18.7%
<u>Colleges & Univ's*</u>	<u>20,216</u>	<u>20,216</u>	<u>20,216</u>	<u>0.0%</u>
Total Positions	20,942	20,915	20,914	0.0%

FY 2007 (as of December) and revised FY 2008 (as of January) personnel data reflect actual payroll counts. FY 2009 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years.

Note: In order to be consistent with the data as it is displayed in the Governor's budget, the funding and position data that are budgeted in the Department of State for Higher Educational Services are included in the above tables. Other explanatory material is not included in this analysis but is contained in a separate analysis of Higher Educational Services.

Key Points

- On May 10, 2007, Governor Corzine issued Reorganization Plan No. 001-2007 providing for the transfer of certain functions of the Commerce, Economic Growth and Tourism Commission (Commerce Commission) to the Department of State. Specifically, the plan transferred to the department the functions, powers, duties and personnel of the Division of Travel and Tourism and the New Jersey-Israel Commission.
- The Division of Elections was transferred from the Department of Law and Public Safety to the Department of State on April 1, 2008 pursuant to P.L.2007, c.254.

Key Points

- The Governor's FY 2009 budget recommendation for the Department of State, excluding Higher Educational Services, totals \$93.6 million, a decrease of \$31 million (25 percent) from the FY 2008 adjusted appropriation of \$124.5 million. Included in the budget proposal is \$32.8 million for Direct State Services, a 14.8 percent or \$5.7 million decrease; \$26.1 million for Grants-In-Aid, a 34.7 percent or \$13.9 million decrease; and \$34.7 million for State Aid, a 24.7 percent or \$11.4 million decrease.
- **New Jersey State Council on the Arts:** The Governor's FY 2009 budget recommendation of \$18.9 million for the New Jersey State Council on the Arts represents a \$9.6 million (33.7 percent) decrease from the FY 2008 adjusted appropriation of \$28.5 million. Funding for the Council's Cultural Projects grants is reduced by \$6 million (27 percent), from \$22 million in FY 2008 to \$16 million in FY 2009. The Governor's FY 2009 budget recommendation includes the elimination of grant appropriations, each of which was added in FY 2008 as a legislative initiative, to the following recipients: Rutgers Camden Center for the Arts, Paper Mill Playhouse, New Jersey Symphony, New Jersey Performing Arts Center, the Montclair Art Museum, Bergen Performing Arts Center, Oskar Schindler Performing Arts Center, Boheme Opera of New Jersey, Dante Hall Theater of the Arts, and Lenape Regional Performing Arts Center. Grants-in-Aid funding for the Newark Museum is also recommended to be reduced by \$2.3 million (or 48 percent), from \$4.7 million in FY 2008 to \$2.4 million in FY 2009, thereby eliminating a legislative funding initiative.
- **Division of State Museum:** The Governor's FY 2009 budget recommends \$5.7 million to fund the Division of State Museum, a \$2.8 million (33.3 percent) decrease from the FY 2008 adjusted appropriation of \$8.5 million. The State Museum has been closed for renovations since May 2003. Although the Department of State had anticipated it would re-open in the fall of 2007, the State Museum has not yet re-opened and no specific timetable for re-opening has been announced. While the FY 2009 budget would appropriate \$545,000 to the State Museum for re-opening, a reduction of \$1.4 million (72 percent), this reduction could be offset in FY 2009 by up to \$890,000 through proposed budget language. Grants-in-Aid funding reductions for Museum Services include a \$1.3 million reduction for the Battleship New Jersey Museum, and the elimination of a \$150,000 grant to the Museum for Contemporary Sciences, and a \$100,000 grant to the Thomas Edison Museum. In each case these reductions roll back FY 2008 increases added as legislative initiatives.
- **Historical Resources:** Total State funding for Historical Resources, which includes funding for the New Jersey Historical Commission, is recommended to decrease by \$1.7 million (32 percent) from the FY 2008 adjusted appropriation of \$5.3 million to \$3.6 million in FY 2009. The Governor's FY 2009 recommended budget of \$3.3 million in Grants-in-Aid funding for Historical Resources Development represents a \$1.5 million (or 32 percent) decrease from the FY 2008 adjusted appropriation of \$4.8 million. Within this program class, funding for New Jersey Historical Commission agency grants decreases by \$1.1 million (or 29 percent), from \$3.8 million in FY 2008 to \$2.7 million in FY 2009.
- **Public Broadcast Authority:** The Governor's FY 2009 budget recommendation of \$4.3 million for the New Jersey Public Broadcasting Authority (New Jersey Network)

Key Points

represents a \$1.6 million (28 percent) reduction from the FY 2008 adjusted appropriation of \$5.9 million. This reduction mainly affects salary and wages. The proposed budget also reflects a reduction in federal funding (4 percent) and other "off budget" funding (14 percent) for the Authority. In addition, newly recommended budget language (on page D-465, Interdepartmental Accounts) appropriates to the Household and Security Account \$526,000 from the Authority for utility, security and building maintenance costs. This seems to increase the Authority's FY 2009 operating expenses by that amount, but does not appear to be reflected in the Authority's detailed budget.

- **Division of State Library:** The Governor's FY 2009 budget recommendation of \$24.3 million for the Division of State Library represents a \$869,000 (3.4 percent) decrease from the FY 2008 adjusted appropriation of \$25.2 million. The Governor's FY 2009 Budget recommends a \$900,000 (4.7 percent) reduction in State Aid funding for Library Services, from \$18.5 million in FY 2008 to \$17.6 million in FY 2009. Most of that reduction is reflected in the "Per Capita Library Aid" account, which is reduced by \$867,000 (10 percent) from the current level of \$8.7 million to \$7.8 million in FY 2009. These monies provide financial assistance to approximately 300 public libraries on a per capita basis.
- **The Office of the Secretary of State:** The Governor's FY 2009 budget recommendation of \$5.3 million for the Office of the Secretary of State represents a \$1.5 million (22.2 percent) decrease from the FY 2008 adjusted appropriation of \$6.8 million. The majority of the reduction occurs in Grants-In-Aid for the Office of Faith-Based Initiatives, which is recommended to decrease \$1 million (40 percent), from \$2.5 million in FY 2008 to \$1.5 million in FY 2009. The Governor's FY 2009 budget recommendation of \$500,000 for the New Jersey Cultural Trust is a \$220,000 (or 30.6 percent) reduction from the FY 2008 adjusted appropriation of \$720,000.
- **Records Management:** For FY 2009, the Governor's Budget projects total New Jersey Public Records Preservation collections of \$50.7 million. Of that amount, \$29.1 million represents the State's share of these revenues, with \$2.8 million of that amount being appropriated for the Division of Archives and Records Management (DARM) Direct State Services budget, a decrease of 7.8 percent or \$236,000 from the FY 2008 adjusted appropriation of \$3.04 million. Proposed budget language (in the Department of the Treasury) provides for the transfer of the balance of collections, or \$21.6 million, from the New Jersey Public Records Preservation Account to the Department of State for the local and county government's share, an increase of \$11.4 million over the \$10.2 million allocated for this purpose in FY2008. These transferred funds, less \$1.3 million appropriated off-budget to DARM's microfilm unit, are used by DARM to provide grants through two programs aimed at helping municipalities and counties develop and build infrastructure to support strategic and emergency records management, preservation and storage: the Public Archives and Records Infrastructure Support (PARIS) program and Records Disaster Recovery Triage (Records DIRECT) program.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2007	Adj. Approp. FY 2008	Recom. FY 2009	Percent Change	
				2007-09	2008-09
General Fund					
Direct State Services	\$24,686	\$41,759	\$35,564	44.1%	(14.8%)
Grants-In-Aid	1,182,894	1,256,428	1,159,575	(2.0%)	(7.7%)
State Aid	25,408	46,065	34,681	36.5%	(24.7%)
Capital Construction	1,157	0	0	(100.0%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,234,145	\$1,344,252	\$1,229,820	(0.4%)	(8.5%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,234,145	\$1,344,252	\$1,229,820	(0.4%)	(8.5%)
Federal Funds	\$32,096	\$35,587	\$34,816	8.5%	(2.2%)
Other Funds	\$46,566	24,025	23,802	(48.9%)	(0.9%)
Grand Total	\$1,312,807	\$1,403,864	\$1,288,438	(1.9%)	(8.2%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2007	Revised FY 2008	Funded FY 2009	Percent Change	
				2007-09	2008-09
State	389	377	356	(8.5%)	(5.6%)
Federal	218	215	215	(1.4%)	0.0%
All Other	119	107	127	6.7%	18.7%
Colleges and Universities*	20,216	20,216	20,216	0.0%	0.0%
Total Positions	20,942	20,915	20,914	(0.1%)	0.0%

FY 2007 (as of December) and revised FY 2008 (as of January) personnel data reflect actual payroll counts. FY 2009 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years.

AFFIRMATIVE ACTION DATA

Total Minority Percent

Office of the Secretary of State	57.5%	60.3%	60.3%	—	—
Commission on Higher Ed.	42.0%	44.0%	40.0%	—	—
Higher Ed. Student Assist. Auth.	29.9%	30.9%	30.9%	—	—

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2008</u>	<u>Recomm.</u> <u>FY 2009</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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CULTURAL AND INTELLECTUAL DEVELOPMENT**DIRECT STATE SERVICES****Personal Services:**

Salaries and Wages	\$8,187	\$6,478	(\$1,709)	(20.9%)	D-374
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The Governor's recommended budget of \$6.5 million in Direct State Services funding for Salaries and Wages represents a \$1.7 million (or 21 percent) decrease from the FY 2009 adjusted appropriation of \$8.2 million. The decrease is attributable to the following reductions in Salaries and Wages: a \$1.5 million reduction in Public Broadcasting Services (from \$5.4 million in FY 2008 to \$3.9 million in FY 2009), a \$166,000 reduction in the Development of Historical Resources (from \$405,000 in FY 2008 to \$239,000 in FY 2009), and a \$53,000 reduction in Support of the Arts (from \$496,000 in FY 2008 to \$443,000 in FY 2009). Most reductions target funding for vacant positions, but in the case of Public Broadcasting Services a reduction of the present staff complement is projected, from 150 to 147.

Services Other Than

Personal	\$1,911	\$545	(\$1,366)	(71.5%)	D-374
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The principal reason for this decrease is the elimination of \$1,275,000 in supplemental funding, authorized by language in the FY 2008 budget, to the State Museum for re-opening costs. The State Museum has been closed for renovations since May 2003. Although the Department of State had anticipated it would re-open in the fall of 2007, the State Museum has not yet re-opened and no specific timetable for re-opening has been announced. The supplemental appropriation was used to cover a portion of the re-opening costs including an advertising campaign, infrastructure improvements (new wiring, phones, etc.), and costs associated with conservation as artifacts were moved out of storage and back on display at the State Museum. While the FY 2009 budget would appropriate \$545,000 to the State Museum for re-opening, a reduction of \$1.4 million (72 percent), this reduction would be offset in FY 2009 by up to \$890,000 through proposed budget language.

Special Purpose:**Travel and Tourism****Advertising and**

Promotion	\$10,855	\$9,000	(\$1,855)	(17.1%)	D-374
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The Governor's FY 2009 recommended budget of \$9 million in Direct State Services funding for Advertising and Promotion for the Division of Travel and Tourism represents a \$1.86 million (17 percent) decrease from the FY 2008 adjusted appropriation of \$10.86 million. While this funding level is well below the statutorily required minimum amount of \$12.76 million established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated.

On May 10, 2007, Governor Corzine issued Reorganization Plan No. 001-2007 providing for the transfer of certain functions of the Commerce, Economic Growth and Tourism Commission

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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(Commerce Commission) to the Department of State. Specifically, the plan transferred to the department the functions, powers, duties and personnel of the Division of Travel and Tourism.

GRANTS-IN-AID

Support of the Arts	\$27,998	\$18,430	(\$9,568)	(34.2%)	D-374
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The New Jersey State Council on the Arts provides financial grants to arts organizations and artists in New Jersey whose projects show professional merit and promise. The Governor's FY 2009 budget recommendation of \$18.4 million represents a \$9.6 million (34.2 percent) decrease from the FY 2008 adjusted appropriation of \$28 million. Funding for the Council's Cultural Projects grants is recommended to decrease by 27 percent or \$6 million to \$16 million in FY 2009. While this funding level is well below the statutorily required minimum amount of \$22.68 million established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated.

The Governor's FY 2009 budget recommendation includes the elimination of four grants in the amount of \$250,000 each (Rutgers Camden Center for the Arts, Paper Mill Playhouse, New Jersey Symphony, and New Jersey Performing Arts Center), and further eliminates \$375,000 in total grant funding to Montclair Art Museum, Bergen Performing Arts Center, Oskar Schindler Performing Arts Center, Boheme Opera of New Jersey, Dante Hall Theater of the Arts, and Lenape Regional Performing Arts Center. Grants-in-Aid funding for the Newark Museum is also recommended to be reduced by \$2.3 million (or 48 percent), from \$4.7 million in FY 2008 to \$2.4 million in FY 2009.

Museum Services	\$3,940	\$2,390	(\$1,550)	(39.3%)	D-374
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Grants-in-Aid funding reductions for Museum Services include a \$1.3 million reduction for the Battleship New Jersey Museum (which eliminates FY 2008 funding added subsequent to the Governor's FY 2008 budget recommendation), and the elimination of a \$150,000 grant to the Museum for Contemporary Sciences, and a \$100,000 grant to the Thomas Edison Museum.

Historical Resources

Development	\$4,789	\$3,263	(\$1,526)	(31.9%)	D-374
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The Governor's FY 2009 recommended budget of \$3.3 million in Grants-in-Aid funding for Historical Resources Development represents a \$1.5 million (or 32 percent) decrease from the FY 2008 adjusted appropriation of \$4.8 million. Within this program class, funding for New Jersey Historical Commission agency grants decreases by \$1.1 million (or 29 percent), from \$3.8 million in FY 2008 to \$2.7 million in FY 2009. While this funding level is well below the statutorily required minimum amount of \$3.84 million established in P.L.2003, c.114, it is

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2008</u>	<u>Recomm.</u> <u>FY 2009</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated.

The Governor's FY 2009 budget recommendation also includes the elimination of \$189,000 for Grants in New Jersey History and a \$100,000 reduction in funding to support the Ellis Island New Jersey Foundation.

FEDERAL FUNDS

Museum Services	\$715	\$0	(\$ 715)	(100.0%)	D-375
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The FY 2009 budget no longer anticipates receipt of a \$715,000 National Endowment for the Humanities Grant. The grant has been anticipated annually since FY 2006 but has never been secured by the department.

ALL OTHER FUNDS

Support of the Arts	\$225	\$0	(\$ 225)	(100.0%)	D-375
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The reduction in funding represents the elimination of \$225,000 from the Cultural Centers and Historic Preservation Fund, a revolving fund created pursuant to section 20 of P.L.1987, c.265 for the purpose of making low-interest loans available to units of county or municipal government, or to tax-exempt nonprofit organizations, to finance the historic preservation costs of acquiring, restoring, repairing, or rehabilitating historic structures.

Public Broadcasting Services	\$14,057	\$12,081	(\$1,976)	(14.1%)	D-375
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This reduction represents reductions of \$1.3 million in funding from the NJN TV Food Network/Time Warner Capital Project, and \$650,000 in revenue from rental of NJN studio and production facilities.

DIVISION OF STATE LIBRARY**STATE AID**

Per Capita Library Aid	\$8,665	\$7,798	(\$ 867)	(10.0%)	D-378
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This reduction comprises a 10 percent across-the-board cut to this aid program. The State Library has requested flat funding for this account. These monies provide financial assistance to approximately 300 public libraries on a per capita basis to ensure the libraries are funded at a level to provide certain minimal standards, including requirements in the hours of operation, number of staff, and materials. It is unclear how the reduction will affect each library receiving aid under this program.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2008</u>	<u>Recomm.</u> <u>FY 2009</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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GENERAL GOVERNMENT SERVICES**DIRECT STATE SERVICES****SPECIAL PURPOSE****9-11 Memorial**

Commission	\$50,000	\$0	(\$50,000)	(100.0%)	D-380
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This appropriation provides funding for Arts Inclusion projects at the 9-11 Memorial at Liberty State Park. The account has been funded annually at \$50,000 since FY 2005. FY 2005 funding was expended on the Memorial design competition, and FY 2006 funding has only been partially expended, and funds from both FY 2007 and 2008 have not been expended. Even with no funding in FY 2009, more than \$100,000 is currently available for Arts Inclusion at the Memorial.

Amistad Commission	\$150,000	\$0	(\$150,000)	(100.0%)	D-380
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Because of an accumulation of unspent appropriations balances (about \$660,000 as of April 25, 2008) which are recommended to carry forward to FY 2009, this reduction should have no impact on the current scope of commission activities, since spending has averaged about \$300,000 over the last three completed fiscal years.

The Amistad Commission, established pursuant to P.L.2002, c.75, is responsible for the creation and implementation of education and awareness programs aimed at memorializing events concerning the enslavement of Africans and their descendants in America.

GRANTS-IN-AID**Office of Faith-Based**

Initiatives	\$2,500	\$1,500	(\$1,000)	(40.0%)	D-380
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The proposed FY 2009 budget recommends a \$1 million (40 percent) reduction in State grants distributed by the Office of Faith-Based Initiatives. In FY 2008, the Office supported 71 organizations through its \$2.5 million grant program. The Office also received an allocation of federal Temporary Assistance for Needy Families (TANF) funds from the Department of Human Services (DHS) from which \$1.3 million in grants were provided for post-TANF outreach and referral programs offered by faith-based organizations. The recommended FY 2009 level is equal to the level of funding in FY 2007.

Cultural Trust	\$720	\$500	(\$ 220)	(30.6%)	D-380
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The Governor's FY 2009 budget recommendation of \$500,000 for the New Jersey Cultural Trust is a \$220,000 (or 30.6 percent) reduction from the FY 2008 adjusted appropriation of \$720,000. While this funding level is well below the statutorily required minimum amount of \$720,000 established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2008</u>	<u>Recomm. FY 2009</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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STATE AID

Presidential Primary	\$10,515	\$0	(\$10,515)	(100.0%)	D-381
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This reduction reflects the elimination of non-recurring funding which reimbursed local governments for their costs of conducting the presidential primary election.

FEDERAL FUNDS

Secretary of State	\$5,634	\$4,870	(\$ 764)	(13.6%)	D-381
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This decrease is attributable to an anticipated reduction in funding for Americorps Grants, and the Learn and Serve account.

Language Provisions

2008 Appropriations Handbook

p. B-171

A sum, not to exceed \$225,000, is appropriated from the "Cultural Centers and Historic Preservation Fund," established pursuant to section 20 of P.L.1987, c.265, for costs attributable to planning and administering grants for the development of cultural centers, subject to the approval of the Director of the Division of Budget and Accounting.

2009 Budget Recommendations

No comparable language.

Explanation

The Cultural Centers and Historic Preservation Fund is a revolving fund created pursuant to section 20 of P.L.1987, c.265, the "New Jersey Green Acres, Cultural Centers and Historic Preservation Bond Act of 1978," for the purpose of making low-interest loans available to units of county or municipal government, or to tax-exempt nonprofit organizations, to finance the historic preservation costs of acquiring, restoring, repairing, or rehabilitating historic structures. The funds available in the Cultural Centers and Historic Preservation Fund (CCHPF) have been exhausted. Since there is no money remaining in the Fund, language appropriating funds from the CCHPF to the New Jersey State Council on the Arts for grants administration is not recommended for continuation in FY 2009. It is anticipated that the Council will have adequate resources to support its grants administration functions without this funding.

2008 Appropriations Handbook

p. B-171

In addition to the amount hereinabove appropriated for the Division of State Museum, there are appropriated such sums as are required to cover additional costs related to re-opening the Museum, not to exceed **[\$1,275,000]**, subject to the approval of the Director of the Division of Budget and Accounting.

2009 Budget Recommendations

p. D-376

In addition to the amount hereinabove appropriated for the Division of State Museum, there are appropriated such sums as are required to cover additional costs related to re-opening the State Museum, not to exceed \$890,000, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The State Museum has been closed for renovations since May 2003. Although the Department of State had anticipated it would re-open in the fall of 2007, the State Museum has not yet re-opened and no specific timetable for re-opening has been announced. The FY 2008 language provided an amount not to exceed \$1.275 million to be used to cover start-up costs, including

Language Provisions (Cont'd)

an advertising campaign, infrastructure improvements (new wiring, phones, etc.), and the offset of costs associated with conservation as artifacts were moved out of storage and back on display at the State Museum. While the FY 2009 budget would appropriate \$545,000 to the State Museum for re-opening, a reduction of \$1.4 million (72 percent), this reduction is offset by the FY 2009 language recommendation that provides up to \$890,000 for one-time costs related to re-opening.

2008 Appropriations Handbook

p. B-187

...and \$1,850,000 shall be used for the Travel and Tourism Cooperative Marketing Program; except that any amount for the Cooperative Marketing Program is available for expenditure only to the extent that an amount equal to 25% of the State funds are expended from funds raised by the Commerce Commission, pursuant to subsection j. of section 9 of P.L.1977, c.225 (C.34:1A-53), through contributions from private tourism industry concerns and non-State public entities as determined by the Director of the Division of Budget and Accounting.

2009 Budget Recommendations

p. D-376

The sum hereinabove appropriated for the Travel and Tourism, Advertising and Promotion—Cooperative Marketing Program is subject to the condition that any such amounts expended from such appropriation by the Division of Travel and Tourism are for programs which are funded by a 75% match by private tourism, industry concerns, and non-State public entities pursuant to subsection j. of section 9 of P.L.1977, c.225 (N.J.S.A. 34:1A-53), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Under the FY 2009 recommended language, any monies expended from the appropriation for the Division of Travel and Tourism, Advertising and Promotion—Cooperative Marketing Program must be expended for programs which are funded by a 75 percent match by private tourism, industry concerns, and non-State public entities. The Division of Travel and Tourism, under Reorganization Plan No. 001-2007, was transferred from the Commerce, Economic Growth and Tourism Commission to the Department of State on May 10, 2007. FY 2008 Department of Treasury budget language (B-187) imposed a 25 percent match requirement on such expended appropriations. According to the Office of Management and Budget, the 75 percent match included in the FY 2009 language is a technical error and it is the intention of the Executive to retain the 25 percent match. It is not the intention of the administration to increase the match percentage in FY 2009.

Language Provisions (Cont'd)

2008 Appropriations Handbook

No comparable language.

2009 Budget Recommendations**p. B-376**

Of the amounts hereinabove appropriated for Public Broadcasting Services, \$526,000 shall be transferred to the Interdepartmental Household and Security account.

Explanation

The FY 2009 recommended language transfers \$526,000 appropriated for Public Broadcasting Services to the Interdepartmental Household and Security account. According to the Office of Management and Budget, in prior fiscal years the New Jersey Public Broadcasting Authority has not been required to contribute to the cost of the operation of its facilities (utilities, maintenance, janitorial services, security, etc.) because those costs were supported entirely from the central Interdepartmental Household and Security account. This recommended budget language represents a reimbursement to the central account. It is not clear how this proposed transfer will impact (or be absorbed) by Public Broadcasting Services given that total funding for Public Broadcasting Services from both on- and off-budget sources is recommended to be reduced from \$5.9 million in FY 2008 to \$4.3 million in FY 2009.

2008 Appropriations Handbook**p. B-174**

Notwithstanding the provisions of any law or regulation to the contrary, up to 40 **[percent]** of the receipts deposited in the New Jersey Public Records Preservation account in the Department of the Treasury **[less \$10,000,000]** are appropriated and allocated as grants to counties and municipalities for the management, storage, and preservation of public records based on **[guidelines]** promulgated by the Division of Archives and Records Management and approved by the State Treasurer.

2009 Budget Recommendations**p. D-381**

Notwithstanding the provisions of any law or regulation to the contrary, up to 40% of the receipts deposited in the New Jersey Public Records Preservation account in the Department of the Treasury are appropriated, subject to the approval of the Director of the Division of Budget and Accounting, and allocated as grants to counties and municipalities for the management, storage, and preservation of public records based on regulations promulgated by the Division of Archives and Records Management and approved by the State Treasurer. Of the amount so appropriated, an amount not to exceed \$100,000 may be used for the administrative expenses of this grant program, subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)

Explanation

The FY 2008 and FY 2009 language provide that up to 40 percent of the funding for the New Jersey Public Records Preservation account will be allocated as grants to counties and municipalities for the management, storage and preservation of records. The FY 2008 language transferred \$10 million of the receipts on deposit in the account into the General Fund as State revenue. The FY 2009 recommended language allocates \$100,000 of the appropriated amount for the administrative expenses of the grant program. There were no specific appropriations for administrative expenses in FY 2008.

2008 Appropriations Handbook

No comparable language.

2009 Budget Recommendations

p. D-381

The unexpended balance at the end of the preceding fiscal year in the 9-11 Memorial Commission account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2009 recommended language appropriates the unexpended FY 2008 balance in the 9-11 Memorial Commission account for the same purposes in FY 2009. The account has been funded annually at \$50,000 since FY 2005. FY 2005 funding was expended on the Memorial design competition, FY 2006 funding was only partially expended, and funds from both FY 2007 and 2008 have not been expended. According to the Office of Management and Budget, this appropriation provides funding for Arts Inclusion projects at the 9-11 Memorial at Liberty State Park. There is currently more than \$100,000 available in the account.

Language Provisions (Cont'd)**2008 Appropriations Handbook**

No comparable language.

2009 Budget Recommendations**p. D-382**

Of the amount hereinabove appropriated for Office of Faith-Based Initiatives, an amount not to exceed \$50,000 may be used for administrative purposes, including the oversight of cultural projects, to ensure their compliance with all applicable State and federal laws and regulations including the Single Audit Act, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Under the FY 2009 recommended language, an amount not to exceed \$50,000 may be used by the Office of Faith-Based Initiatives for administrative purposes, including the oversight of cultural projects, to ensure their compliance with all State and federal laws and regulations, such as the Single Audit Act. According to the Office of Management and Budget, these funds will support the administrative costs of several programs in the Office of the Secretary of State (9-11 Memorial Commission, Personal Responsibility Programs, Amistad Commission, Office of Volunteerism, Martin Luther King Jr. Commemorative Commission, Office of Faith-Based Initiatives, and the Cultural Trust). These costs were previously supported from Special Purpose Direct State Services appropriations. Special Purpose appropriations have been reduced or eliminated over the past few budget years. Because the Office of Faith-Based Initiatives (OFBI) is the largest of these programs, the Department of State requested that the FY 2009 language be added to allow OFBI to support some of the administrative costs of the programs.

2008 Appropriations Handbook**p. B-136**

In addition to the amount hereinabove for Presidential Primary, there are appropriated from the General Fund such additional sums as may be required for county and municipal costs of the Presidential Primary, as certified by the Commissioner of Registration of each county, and certified by the Office of the Attorney General, subject to the approval of the Director of the Division of Budget and Accounting.

2009 Budget Recommendations**p. D-382**

The unexpended balance at the end of the preceding fiscal year in the Presidential Primary account is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting. In addition there are appropriated from the General Fund such additional sums as may be required for county and municipal costs of the Presidential Primary, as certified by the Commissioner of Registration of each county, and certified by the Office of the Secretary of State, subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)**Explanation**

Under the FY 2009 recommended language, the unexpended FY 2008 balance in the Presidential Primary account is appropriated for the same purpose. In addition, the language appropriates from the General Fund additional sums as may be required for the county and municipal costs of the Presidential Primary. The Division of Elections requested this FY 2009 language because reimbursements to counties for election expenses are disbursed only after the actual Presidential Primary expenses are certified by each county's Commissioner of Registration and by the Office of the Attorney General. The division indicates that these disbursements may not be completed by the end of FY 2008. The Division of Elections was transferred from the Department of Law and Public Safety to the Department of State on April 1, 2008.

Discussion Points

1. The FY 2009 recommended budget reduces the number of State employees through an early retirement initiative and layoffs. The ability to hire employees to fill these vacant positions will be limited. The impact these personnel actions may have on the Department of State's programs and services is not clear.

- **Questions:** How many employees are eligible for the early retirement initiative or may be laid off, by division? To the extent that new employees cannot be hired, what services or programs will be reduced or eliminated? How will the reductions affect the department?

2a. The New Jersey State Council on the Arts distributes State and federal matching grants to arts organizations and artists whose projects show professional merit and promise in support of the arts. Some of the major categories of matching grants that individuals and organizations may apply for include: General Operating Support, General Program Support, Arts Education Special Initiatives, Arts Project Support, and South Jersey Initiatives. The Council's State grant funding comes from revenues generated by the hotel and motel occupancy fee established pursuant to P.L.2003, c.114. The Governor's FY 2009 budget recommendation of \$16 million for Cultural Projects is a \$6 million (27 percent) reduction from the FY 2008 adjusted appropriation of \$22 million. While this funding level is well below the statutorily required minimum amount of \$22.68 million established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated. Pursuant to continuing budget language, 25 percent of grant awards must be allocated to the eight southernmost counties (Cape May, Salem, Cumberland, Gloucester, Camden, Ocean, Atlantic and Burlington).

- **Questions:** How many grants for Cultural Projects were awarded by the New Jersey State Council on the Arts in FY 2008? Please provide a list of grantees and grant awards. Within that list, please identify which grantees are located within the eight southernmost counties and which represent first-time recipients. How many FY 2007 grantees received no funding in FY 2008? What was the total of their FY 2007 grant awards? Please provide examples of reasons why funding was discontinued for these grantees.
- **Questions:** Based on applications for FY 2009 received to date, what percentage of bona fide funding requests could be approved and funded with the recommended appropriation? What was the percentage of bona fide requests funded in FY 2008? Has the Council discussed and determined strategies for allocating FY 2009 funding? If so, please summarize any conclusions or decisions the Council has reached. What capacity does the New Jersey Cultural Trust have to offset the impact of the recommended reduction in the Council's funding?

2b. In Governor Corzine's Line-Item Veto message to the FY 2008 Appropriations Act, he justified the reduction of specific grant appropriations to certain arts and cultural organizations as follows:

"I am troubled by the inclusion of specific line-item appropriations in the General Appropriations Law for specific arts or cultural organizations when State law provides a process through the State Council on the Arts in the Department of State, funded by a general appropriation, for arts and cultural organizations to seek needed funding. I recognize that there may be some concerns that the

Discussion Points (Cont'd)

processes used by the State Council on the Arts may not meet the demonstrated needs of the arts and cultural community. I am therefore requesting that the Secretary of State and the State Council on the Arts review the processes used by the Council and recommend changes, if necessary. I would expect that this review and any changes to the processes of the State Council on the Arts that it may bring will eliminate or at least dramatically curtail the practice of including specific line-item appropriations for arts and cultural organizations in the General Appropriations Law and I am not likely to look favorably on any such specific line-item appropriations in the future."

- **Questions:** Have the Secretary of State and the State Council on the Arts conducted the review of the process used by the Council in allocating grants to arts and cultural organizations as directed by the Governor in his Veto Message? Did the review find any evidence that the processes used by the Council did not meet the needs of the arts and cultural communities? What changes or recommendations for change to the grant award process have resulted from the review?
- **Questions:** Given the Governor's stated position regarding the practice of including specific line-item appropriations for arts and cultural organizations in the annual appropriations act, why does the Governor's budget for the Department of State recommend specific line items for the Newark Museum (\$2.4 million), Battleship New Jersey Museum (\$1.5 million), Battleship New Jersey – Utilities (\$390,000), the Ellis Island New Jersey Foundation (\$450,000), and Grants in Afro-American History (\$13,000)? Are these recommended appropriations consistent with the Council's processes and endorsed by the Council?

3. On January 3, 2005, the State Auditor issued an audit report on the Department of State, Selected Programs. The selected programs included the Division of Archives and Records Management (DARM), the Office of the Secretary of State, the Council on the Arts, the Division of State Museum, and the Historical Programs. The audit included financial activities accounted for in the State's General Fund, the Cultural Centers and Historic Preservation Fund, and the New Jersey Cultural Trust. The State Auditor's report recommended that the department's internal audit process of its grant programs be expanded, and that the department enforce its own grant monitoring procedures to ensure the awarding and expenditure of grant funding in accordance with grant program terms and objectives. At the time the State Auditor's report was released, the department's formal response concurred with its findings, and indicated it would work with the Office of Management and Budget to increase its staff allocation to the department's audit and review process in order to better monitor and review grant awards.

- **Questions:** Have the issues and concerns raised in the audit successfully been addressed? Please provide an update on the Department of State's compliance in implementing the recommendations raised during the audit. What measures are in place to ensure that grants are awarded and spent in accordance with grant terms and objectives and that documentation required of grantees is submitted in accordance program guidelines? How many filled positions are currently dedicated to the monitoring and auditing of the department's grant programs?

4. Although not mandated to do so by the federal Help America Vote Act (HAVA), New Jersey requires that each voting machine produce an individual permanent record for each vote cast. Although this requirement was initially to be implemented by June 2008, proposed

Discussion Points (Cont'd)

legislation (Assembly Bill No. 2229/Senate Bill No. 1381) would change the deadline to January 1, 2009. This State-imposed requirement means that modifications must be made to relatively new voting equipment. The proposed budget includes a \$10 million appropriation for a "Voter Verified Paper Audit Trail," the same level of funding provided for this purpose in the current budget year.

- **Questions:** Please provide a status report on the State's progress toward meeting the deadline, including estimated expenditures for the necessary retrofit of voting machines. Has New Jersey received any federal funding for this purpose? If so, in what amount and for what specific purposes have funds been expended to date? If not, will the amount of State funds appropriated for this purpose (including the proposed appropriation) be sufficient to defray the costs? Have other states received federal funding for this purpose?

5. The New Jersey Historical Commission is responsible for the formulation and implementation of programs that advance public knowledge of New Jersey's historical heritage. In FY 2008, the Commission received \$3.8 million from the revenues generated by the hotel and motel occupancy fee established pursuant to P.L.2003, c.114. This funding supports agency grants to historical organizations, museums, libraries, and other similar organizations with collections of programming related to New Jersey's history. The FY 2009 recommended budget provides \$2.7 million for agency grants, a decrease of \$1.1 million (29 percent) from the FY 2008 adjusted appropriation. While this funding level is well below the statutorily required minimum amount of \$3.84 million established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated.

- **Questions:** Please provide a listing—by grantee, grant amount, and county—of all awards distributed in FY 2008 and a brief description of the purposes for which each grant was used. Please identify within the listing which grantees are first time recipients. How many FY 2007 grantees received no funding in FY 2008? What was the total of their FY 2007 grant awards? Please provide examples of reasons why funding was discontinued for these grantees. How will the recommended budget decrease in funding impact the grant award process?

6. The FY 2009 budget recommendation of \$4.3 million for the New Jersey Public Broadcasting Authority (New Jersey Network) represents a \$1.6 million (28 percent) reduction from the FY 2008 adjusted appropriation of \$5.9 million. This reduction mainly affects salary and wages. The proposed budget projects no growth in federal or other "off budget" funding for the Authority. Evaluation data in the budget indicates a reduction of three positions, from 150 filled positions in the current fiscal year to 147 funded positions in FY2009. In addition, newly recommended budget language (on page D-465, Interdepartmental Accounts) appropriates to the Household and Security Account \$526,000 from the Authority for utility, security and building maintenance costs. This seems to increase the Authority's FY 2009 operating expenses by that amount, but does not appear to be reflected in the Authority's detailed budget.

- **Questions:** Please explain whether recommended salary and operating reductions will be offset by other resources, and if so, please identify the sources of those funds. If no replacement funds are available, what impact on the Authority's programs and activities will the reduction cause? Does the Authority's budget anticipate and make

Discussion Points (Cont'd)

adequate provision for the proposed additional transfer of funds to the Interdepartmental Accounts budget? If not, has the Authority developed a revised FY 2009 budget that accounts for the impact of this transfer? Please provide a copy of the Authority's FY 2008 and FY 2009 budgets, encompassing all funding sources, including the NJN Foundation, including any revisions to each year's budget made subsequent to the release of the Governor's FY 2009 budget.

7. The proposed FY 2009 budget recommends a \$1 million (40 percent) reduction in State grants distributed by the Office of Faith-Based Initiatives. In FY 2008, the Office supported 71 organizations through its \$2.5 million grant program. The Office also received an allocation of federal Temporary Assistance for Needy Families (TANF) funds from the Department of Human Services (DHS) from which \$1.3 million in grants were provided for post-TANF outreach and referral programs offered by faith-based organizations.

- **Questions:** Please discuss the rationale for the proposed reduction to the Office of Faith Based Initiatives. Is this reduction based upon findings and conclusions about grantee performance? If so, please elaborate. Is there any intention to phase out this program with reductions in future fiscal years? Is this reduction recommended under the assumption that other funds are available to replace State funds, and if so, please identify those alternative funding source(s).

8a. On May 10, 2007, Governor Jon S. Corzine issued Reorganization Plan No. 001-2007 providing for the transfer of certain functions of the Commerce, Economic Growth and Tourism Commission (Commerce Commission) to the Department of State. Specifically, the plan transferred to the department the functions, powers, duties and personnel of the Division of Travel and Tourism. The transfer, which was conceived as part of the Executive's "Economic Growth Strategy developed by the Office of Economic Growth, was seen as a vehicle to enable the Division of Travel and Tourism to create "synergies" with the New Jersey Council on the Arts, the Cultural Trust, and other entities located in the Department of State.

- **Questions:** Please provide a status report on the Division of Travel and Tourism's transfer from the Commerce Commission to the Department of State. Have the functions, powers, duties and personnel of the Division of Travel and Tourism all been successfully transferred from the Commerce Commission to the Department of State? How many positions, if any, have been eliminated? Has the transfer enabled the Division of Travel and Tourism to create "synergies" with the New Jersey Council on the Arts, the Cultural Trust, and other entities located in the Department of State? If so, please provide examples of this synergy. How, if at all, will the operations of the division change under the Secretary of State's leadership?

8b. According to testimony provided by Secretary of State Nina Mitchell Wells before the Senate Wagering, Tourism and Historic Preservation Committee on January 28, 2008, the Department of State will work to increase the funding for destination management organizations (DMOs). DMOs are often convention and visitors' bureaus aligned with local chambers of commerce which work with public relations and marketing firms to do a micro-level promotion of the State. Whereas the Department of State operates to promote New Jersey travel and tourism on a broader level, the DMOs advertise, market, and promote specific geographic regions of the State that are of interest to the travel and tourism industry. According to Secretary Wells, the department's website and the DMO websites include a booking engine to allow tourists to plan their entire trip and include the ability to make hotel reservations,

Discussion Points (Cont'd)

purchase theater tickets, make restaurant reservations, locate family activities, etc., all in the specific region tourists choose to visit. Nationwide, cultural and heritage tourism are the two fastest growing components of overall tourism. DMOs are currently in place in a number of regions in the State including, but not limited to, Princeton, Middlesex, the Meadowlands, Atlantic City, the shore area, Morristown, and the Skylands area. Upon completion of the RFP process, DMOs will be located in every region of New Jersey.

- **Questions:** Please provide an update of the DMOs currently in place. Please provide specific examples of how they have successfully advertised, marketed, and promoted specific geographic regions of the State that are of interest to the travel and tourism industry.

8c. Proposed FY2009 funding for Travel and Tourism Advertising and Promotion is recommended to be reduced from \$10.86 million in FY2008 to \$9.0 million in FY2009, a reduction of 17 percent. While this funding level is well below the statutorily required minimum amount of \$12.76 million established in P.L.2003, c.114, it is equal to the level of funding below which, under that law, the authority to impose and collect the fee would be terminated. Funding for Travel and Tourism's Cooperative Marketing Program is recommended to remain unchanged at \$1.85 million.

- **Questions:** What specific impact will the recommended reduction in Travel and Tourism's advertising budget have on its promotional, educational and informational programs? Please indicate how the current year appropriations have or will be expended under the Advertising and Promotion program and the Cooperative Marketing program. Please describe the division's current year advertising and promotion campaigns in your response. Please indicate how the funds appropriated for advertising and promotion are allocated either by county or by tourism region of the State (i.e. – Skylands region, Shore region, etc.).

8d. In a recent press conference, the State's Commissioner of Environmental Protection announced that recommended FY2009 funding reductions for parks management will result in the closure of nine State parks.

- **Question:** Please discuss how the closure of nine State parks will impact the travel and tourism sector of the State's economy.

9. In January, 2007, Governor Corzine signed Executive Order 49, extending the mission of the New Jersey-Israel Commission (NJ-IC) through January 1, 2012. The NJ-IC was transferred to the Department of State from the Commerce Commission as part of Reorganization Plan No. 001-2007. The Commission's budget recommendation for FY2009 is \$130,000, the same amount as provided in the current fiscal year.

First established in 1988, the Commission was created to foster increased economic, scientific, educational and cultural relations with the State of Israel.

- **Question:** Please provide an update on the recent activities, programs and accomplishments of the Commission, particularly as they relate to the Governor's "Economic Growth Strategy."

Discussion Points (Cont'd)

10. The Governor's FY 2009 Budget recommends a \$900,000 (five percent) reduction in State Aid funding for Library Services, from \$18.5 million in FY 2008 to \$17.6 million in FY 2009. Most of that reduction is reflected in the "Per Capita Library Aid" account, which is reduced by \$867,000 (11 percent) from the current level of \$8.7 million to \$7.8 million in FY 2009. The State Library had requested continuation funding for this account. These monies provide financial assistance to approximately 300 public libraries on a per capita basis to ensure the libraries are sufficiently funded to provide certain minimal standards, including requirements in the hours of operation, number of staff, and materials.

- **Questions:** Is this reduction based upon findings and conclusions about library performance? Please describe the impact the reduction in funding will have on the ability of libraries to provide "minimal" standards. Please provide a spreadsheet summary of the per capita aid distributed to each of the public libraries in the FY 2008 and estimate the distribution of aid to each library for FY 2009.

11. The New Jersey Public Records Preservation Account (allocated within the Department of the Treasury) receives the revenue generated by the \$5 increase in recording fees charged by county clerks and registers pursuant to section 38 of P.L.2003, c.177 (C.22A:4-4.1). These revenues, which are divided between the State and local and county governments, are dedicated to the storage and preservation of public records, with 60 percent earmarked for the State Division of Archives and Records Management (DARM) and 40 percent dedicated to counties and municipalities.

For FY 2009, the Governor's Budget projects total New Jersey Public Records Preservation collections of \$50.7 million. Of that amount, \$29.1 million represents the State's share of these revenues, with \$2.8 million of that amount being appropriated for DARM's Direct State Services budget. Proposed budget language (in the Department of the Treasury) provides for the transfer of the balance of collections, or \$21.6 million, from the New Jersey Public Records Preservation Account to the Department of State for the local and county government's share, an increase of \$11.4 million over the \$10.2 million allocated for this purpose in FY2008. These transferred funds, less \$1.3 million appropriated off-budget to DARM's microfilm unit, are used by DARM to provide grants through two programs aimed at helping municipalities and counties develop and build infrastructure to support strategic and emergency records management, preservation and storage: the Public Archives and Records Infrastructure Support (PARIS) program and Records Disaster Recovery Triage (Records DIRECT) program.

Since the inception of the PARIS and Records DIRECT programs, revenue realized in one fiscal year have been carried forward to support grants in the following fiscal year. (For example, revenues realized in the first year, FY2004, were used for grants awarded in FY2005, etc.)

According to DARM's website, applications for PARIS grants awarded in the 2008 – 2009 funding cycle were due in February 2008 and will be awarded in May 2008. Hence, monies intended for the current grant cycle have not yet been expended. In fact, none of the \$10.2 million in revenues intended to be transferred from the New Jersey Records Preservation Account to DARM for county and municipal grants in the FY2008 budget have been transferred as of April 2008.

Discussion Points (Cont'd)

- **Questions:** What is the status of the FY 2008 PARIS grant process? When will these awards be announced and funding committed? How much does DARM estimate will be awarded in PARIS grants to: a) local governments that received prior year PARIS grants awards; and b) new grantees? Does DARM intend to reserve any funding for Records DIRECT grants, and if so, how much? If the budget is approved as recommended, how and when will DARM allocate grants using FY2009 resources? What would be the impact of deferring any grant awards that would occur in FY2008 and FY2009, respectively, to FY2010 or beyond? Has DARM made commitments to previous grantees to continue funding with FY 2008 or FY 2009 resources? If so, to which grantees, in what amounts and for what purposes?

OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2009 budget are encouraged to contact:

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