



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
COMMUNITY AFFAIRS**

FISCAL YEAR

2018-2019

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-3, C-7, C-9 to C-10, C-16, C-23,
C-25,C-27, D-43 to D-61, F-7, F-9

Fiscal Summary (\$000)

	Expended FY 2017	Adjusted Appropriation FY 2018	Recommended FY 2019	Percent Change 2018-19
State Budgeted	\$502,479	\$845,801	\$839,940	(0.7%)
Federal Funds	\$597,586	\$452,917	\$464,517	2.6%
<u>Other</u>	<u>\$109,754</u>	<u>\$118,052</u>	<u>\$122,850</u>	<u>4.1%</u>
Grand Total	\$1,209,819	\$1,416,770	\$1,427,307	0.7%

Personnel Summary - Positions By Funding Source

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change 2018-19
State	84	84	84	0.0%
Federal	274	270	293	8.5%
<u>Other</u>	<u>524</u>	<u>510</u>	<u>527</u>	<u>3.3%</u>
Total Positions	882	864	904	4.6%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The Fiscal Year 2019 recommended appropriation for Consolidated Municipal Property Tax Relief Aid (“CMPTRA”) is \$639.238 million, unchanged from the Fiscal Year 2018 adjusted appropriation. Budget language would allow for the transfer of \$375.939 million from CMPTRA to the Energy Tax Receipts Property Tax Relief Aid account to support annual inflation increases in Energy Tax Receipts Property Tax Relief Aid, resulting in no change in combined formula aid distributed through these two programs.
- Funding for Transitional Aid to Localities (“Transitional Aid”) is recommended to be \$101.994 million, an increase of \$15 million from the Fiscal Year 2018 adjusted appropriation of \$86.994 million. The Governor’s proposed budget does not recommend the transfer of Fiscal Year 2018 Transitional Aid awards to the Fiscal Year 2019 CMPTRA allocation for any municipality. The Executive recommends the renewal of budget language that extends Transitional Aid eligibility to localities experiencing financial distress caused by the destruction or loss of a major business ratable.
- The Executive recommends renewing funding for the Neighborhood Reservation Program (\$2.5 million) and Main Street New Jersey Program (\$500,000), both of which attempt to revitalize threatened neighborhoods and classic downtown streets. Recommended budget language would support these programs using the collections from the portion of the realty transfer fee that would be credited to the New Jersey Affordable Housing Trust Fund.
- The proposed Fiscal Year 2019 Budget reflects a restructuring of the Neighborhood Revitalization Tax Credit program. The Executive recommends: (1) increasing the total amount of tax credits offered through the program from \$10 million to \$15 million; and (2) decreasing the maximum tax credit awarded to an eligible business entity from 100 percent to 80 percent of approved financial assistance. The department has awarded \$10 million in total tax credits annually for the period Fiscal Year 2010 through Fiscal Year 2018.
- The Fiscal Year 2019 recommended appropriation for the State Rental Assistance Program (“SRAP”) is \$18.5 million, unchanged from Fiscal Year 2018. Under a recommended language provision, SRAP funding would be payable from an estimated \$18.5 million in State revenue to be received from the New Jersey Housing and Mortgage Finance Agency. Budget language would also provide additional SRAP funding, in an amount not less than \$20 million, from the New Jersey Affordable Housing Trust Fund.
- New State funding for affordable housing construction is limited to collections of the additional fee segment of the realty transfer fee above the amount anticipated by the Executive, and revenues generated by the Statewide non-residential development fee, but only to the extent that these revenues are not need to provide the minimum funding level of \$20 million for SRAP. These additional revenues are estimated at \$35.7 million.

Highlights (Cont'd)

- The Executive does not recommend Fiscal Year 2019 funding for the following nine Fiscal Year 2018 appropriations: (1) Camden Coalition of Health Care Providers Housing First Pilot Program, \$500,000; (2) New Jersey Re-entry Services Corporation–One Stop Re-entry Services, \$4 million; (3) Volunteers of America–Re-entry Services, \$4 million; (4) Boys and Girls Clubs of New Jersey–At Risk Youth, \$145,000; (5) Dismal Swamp Preservation Commission, \$200,000; (6) Anti-Violence Out-of-School Summer Program–Newark, Trenton, Paterson, \$3 million; (7) New Jersey Housing Assistance for Veterans, \$5 million; (8) County Prosecutor Funding Initiative Pilot Program, \$4 million; and (9) Preserve NJ Historical Constitutional Dedication, \$2.017 million. Budget language would carry forward the unexpended balance of Fiscal Year 2018 New Jersey Housing Assistance for Veterans funding into Fiscal Year 2019.
- The Fiscal Year 2019 recommended appropriation for the Lead-Safe Home Renovation Pilot Program is \$10 million, unchanged from the Fiscal Year 2018 adjusted appropriation. Renewed budget language from Fiscal Year 2018 would also transfer \$200,000 in Fiscal Year 2019 funding to the Department of Health to support childhood lead poisoning testing, prevention, and remediation efforts. The Executive intends to lapse \$9.8 million in Fiscal Year 2018 funding for the program.
- New Jersey’s Superstorm Sandy recovery efforts are ongoing. New Jersey has been allocated \$4.174 billion in federal Community Development Block Grant-Disaster Recovery (“CDBG-DR”) funds. According to the Sandy Recovery Program Dashboard, roughly \$2.653 billion has been disbursed as of December 31, 2017. CDBG-DR funds support homeowner assistance, affordable housing construction, rental housing and renter assistance, economic development, environmental and infrastructure programs, local government assistance, supportive services, and planning, monitoring, and oversight.
- The Budget anticipates all sales tax revenue collected in urban enterprise zones (UEZs) as State revenues, diverting \$48.883 million from the Enterprise Zone Assistance Fund that is statutorily dedicated to assist UEZ municipalities in undertaking public improvements and economic development projects. The estimated amount of revenues to be transferred to the General Fund is 25 percent less than the amount to be transferred in Fiscal Year 2018 (\$65.17 million), primarily due to statutory decreases in the percentage of many zones’ sales tax collections deposited in the Enterprise Zone Assistance Fund.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2017	Adj. Approp. FY 2018	Recom. FY 2019	Percent Change	
				2017-19	2018-19
General Fund					
Direct State Services	\$57,826	\$41,899	\$42,399	(26.7%)	1.2%
Grants-In-Aid	\$33,942	\$64,587	\$45,725	34.7%	(29.2%)
State Aid	\$1,423	\$1,600	\$4,100	188.1%	156.3%
Capital Construction	\$0	\$0	\$0	0.0%	0.0%
Debt Service	\$0	\$0	\$0	0.0%	0.0%
Sub-Total	\$93,191	\$108,086	\$92,224	(1.0%)	(14.7%)
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	\$409,288	\$737,715	\$747,716	82.7%	1.4%
Sub-Total	\$409,288	\$737,715	\$747,716	82.7%	1.4%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$502,479	\$845,801	\$839,940	67.2%	(0.7%)
Federal Funds	\$597,586	\$452,917	\$464,517	(22.3%)	2.6%
Other Funds	\$109,754	\$118,052	\$122,850	11.9%	4.1%
Grand Total	\$1,209,819	\$1,416,770	\$1,427,307	18.0%	0.7%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change	
				2017-19	2018-19
State	84	84	84	0.0%	0.0%
Federal	274	270	293	6.9%	8.5%
All Other	524	510	527	0.6%	3.3%
Total Positions	882	864	904	2.5%	4.6%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	37.0%	36.7%	N/A	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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COMMUNITY DEVELOPMENT MANAGEMENT

Direct State Services

Main Street New Jersey	\$0	\$500	\$500	—	D-48
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Established in 1989 and codified into law through P.L.2001, c.238 (C.52:27D-452 et seq.), the Main Street New Jersey (“Main Street”) program attempts to redevelop and revitalize local downtown districts by providing small business assistance to members of those communities, including business owners and entrepreneurs. Municipalities are selected for participation in the program through a competitive application process. Eligible municipalities are required to have a defined downtown commercial district that contains historic architectural resources. According to a department press release in April 2018, the Main Street program leveraged more than \$1.2 billion of private investments in local downtown districts from 1990 to 2017. The department also reported in the press release that 10,301 full-time jobs and 2,560 new and expanded businesses have been supported through the program over the last two decades.

The Executive recommends \$500,000 in funding for this program. A language provision recommended by the Executive would direct these monies to be used to provide technical assistance to promote historical preservation and recovery of economic vitality in localities that contain traditional historic business districts, including but not limited to training, guidance, and seminars for volunteers and managers of local organizations.

Grants-in-Aid

Camden Coalition of Health Care Providers Housing First Pilot Program	\$500	\$0	(\$500)	(100%)	D-49
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Established in February 2015, the Camden Coalition of Health Care Providers Housing First Pilot Program (“pilot program”) provides permanent housing and supportive services to chronically homeless persons. State funding of \$500,000 was provided in Fiscal Year 2018. \$250,000 of State funding was provided in both Fiscal Year 2016 and Fiscal Year 2017. According to the coalition’s website, additional financial support is provided by the Camden County Homelessness Trust Fund, the Virtua Foundation, the South Jersey Behavioral Health Innovation Collaborative, UnitedHealthcare, NeighborWorks America, and Horizon Blue Cross Blue Shield of NJ. The pilot program is supported by South Jersey Behavioral Health Resources, Volunteers of America – Delaware Valley, Saint Joseph’s Carpenter Society, OAKS Integrated Care, and Corporation for Supportive Housing.

In December 2015, the department set aside 50 project-based Section 8 Housing Choice Vouchers for the Camden Coalition of Health Care Providers for referrals to the “Camden FUSE Housing First Pilot.” These vouchers support affordable housing and supportive services for Camden County residents who are chronically homeless and are “super-utilizers” of the health care system. During the Fiscal Year 2018 budget process, the department indicated that 40

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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individuals had secured housing through the pilot program and that another eight individuals were in the process of securing housing. The department also reported that Fiscal Year 2017 funding had been used to provide case management and care coordination activities.

State Aid

**Neighborhood
Preservation**

**(P.L.1975, c.248 and
c.249)**

\$0	\$2,500	\$2,500	—	D-49
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The Neighborhood Preservation Program (“NPP”) provides financial and technical assistance to support municipalities in the early stages of decline, but with the potential to be restored and rehabilitated. The Executive recommends \$2.5 million in funding to re-establish this program, for which the last appropriation was made in Fiscal Year 2008 (balances in the Neighborhood Preservation Loan and Grant Fund continued to support participants through Fiscal Year 2009). Fiscal Year 2019 funding for the NPP would be administered by the department pursuant to the “Maintenance of Viable Neighborhoods Act,” P.L.1975, c.248 (C.52:27D-142 et seq.) and “The Neighborhood Preservation Housing Rehabilitation Loan and Grant Act of 1975” (“Housing Rehabilitation Act”), P.L.1975, c.249 (C.52:27D-152 et seq.).

The Housing Rehabilitation Act allows the department, as well as municipalities, to offer loans and grants to eligible entities to finance housing rehabilitation projects in areas that have been determined, by the governing body of the municipality, to be substandard or deteriorating. Similarly, the “Maintenance of Viable Neighborhoods Act,” authorizes the department to issue grants to local government units that undertake measures to promote the restoration and rehabilitation of certain threatened, yet still viable, neighborhoods. Grants may be used to support: (1) intensive code enforcement in deteriorating areas; (2) grants and loans issued for privately owned properties pursuant to the Housing Rehabilitation Act; (3) rehabilitation or demolition projects; and (4) certain other activities related to the improvement of blighted areas.

Federal Funds

Housing Services	\$287,137	\$298,437	\$11,300	3.9%	D-49
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The department forecasts the following increases in federal grants from the U.S. Department of Housing and Urban Development that support housing-related activities for three programs:

(1) Funding for the Section 8 Housing Choice Voucher program is expected to increase by about \$9.9 million (4.4 percent). The program makes the private rental market more affordable to low- and very low-income households by reducing housing costs through direct rent subsidy payments to landlords. Vouchers are issued to subsidize about 70 percent of market-rate rents for eligible individuals and families;

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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(2) An increase of \$2.5 million is projected in grant monies received from the National Housing Trust Fund. The department has awarded most of the federal fiscal year (“FFY”) 2016 grant of about \$3.7 million and is accepting applications through May 15, 2018, for the FFY 2017 grant of about \$5 million. According to the notice of availability, the grant supports a new affordable housing production program, which is available to both for-profit and non-profit housing developers. Assistance is in the form of project-based vouchers, with a limit of four subsidized units and \$700,000 per application. The department will award only one grant per applicant and will support only one project in each municipality. Grants are to provide housing units for persons of extremely low income and families with special needs; and

(3) An increase of \$800,000 (25 percent) is estimated for the Emergency Solutions Grant program. In tandem with the State appropriation of \$2.3 million for Shelter Assistance, this grant funds the department’s Shelter Support and Emergency Housing Grant program, which provides assistance to renovate and improve existing homeless shelters and transitional housing, and pays certain social services and operating costs.

All Other Funds

Housing Services	\$48,850	\$54,200	\$5,350	11.0%	D-49
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The recommended \$5.35 million increase in Housing Services funding is primarily attributable to the Executive’s proposed restructuring of the Neighborhood Revitalization Tax Credit program. According to the Fiscal Year 2019 “Budget in Brief,” the program would be “restructured to offer a total of \$15 million per year with a business entity receiving an 80% tax credit for the amount of funding it provides.” Currently, the “Neighborhood Revitalization State Tax Credit Act,” P.L.2001, c.415 (C.52:27D-490), offers tax credits in an amount up to 100 percent of the approved financial assistance provided by business entities to nonprofit organizations to support qualified projects in eligible neighborhoods. The total amount of tax credits certified in any fiscal year may not exceed \$10 million.

The approved financial assistance for which a business entity earns a tax credit is to be paid to the department, for deposit in a nonlapsing fund. The department then distributes the funds to the nonprofit organization conducting the qualified project. A business entity is not required to designate support for a specific project; financial assistance may instead be provided to the department with the understanding that funding will be provided for an approved project. The department maintains a qualified project pool and a target amount of funding for which it awards tax credits.

Recipient nonprofit organizations are required to submit a neighborhood preservation and revitalization plan to the department for approval. Qualified projects may include housing and economic development activities, which are required to make up 60 percent of project costs, and other neighborhood revitalization activities, including, but not limited to, the improvement of infrastructure, the provision of social services, and the development of community outreach programs. Qualified projects are required to assist eligible neighborhoods that are located in, or adjacent to, a municipality that was qualified to receive Special Municipal Aid, pursuant to

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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P.L.1987, c.75 (C.52:27D-118.24 et seq.), or contains a formerly designated "Abbot" school district, subject to certain other restrictions.

SOCIAL SERVICES PROGRAMS

Grants-in-Aid

**New Jersey Re-entry
Corporation – One-
Stop Offender Re-
Entry Services**

\$4,000	\$0	(\$4,000)	(100%)	D-53
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The New Jersey Reentry Corporation ("NJRC") provides services to individuals released from correctional facilities. These services include individualized assessments and treatment plans that address essential needs such as housing, mental health care, medical care, and access to health insurance and other benefits. The NJRC also provides job training, employment counseling, and employment placement programs as a means of reintegrating formerly incarcerated persons into the general population. In Fiscal Year 2018, at the Legislature's initiative, the NJRC received \$4 million, of which \$2 million has been expended and \$2 million is encumbered, according to the New Jersey Comprehensive Financial System. Pursuant to Fiscal Year 2018 budget language, these funds support continued one-stop re-entry services in Newark, Jersey City, Paterson, and Toms River, as well as new services in Bergen, Union, Middlesex, Somerset, and Monmouth counties.

The Fiscal Year 2016 and 2017 appropriations acts provided \$3.5 million and \$2.5 million, respectively, for the NJRC; both grants were initiated by the Legislature. All Fiscal Year 2016 funding has been expended. Of the Fiscal Year 2017 appropriation, approximately \$2.133 million has been expended and \$366,000 has been encumbered. In response to a Fiscal Year 2018 OLS Discussion Point, the department estimated that 1,500 people would be served through Fiscal Year 2017 funding. According to the department, Fiscal Year 2017 funding was allocated as follows: Paterson, 29 percent; Newark, 27 percent; Toms River, 27 percent; and Jersey City, 17 percent. The Executive does not recommend Fiscal Year 2019 funding for this initiative.

**Volunteers of
America – Re-Entry
Services**

\$4,000	\$0	(\$4,000)	(100%)	D-53
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At the Legislature's initiative, the Fiscal Year 2018 Appropriations Act allocated \$4 million to the Volunteers of America Delaware Valley to provide expanded re-entry services in Atlantic City, Trenton, and Camden, Gloucester, Cumberland, and Salem counties. Grants of \$1.5 million and \$2.5 million were provided to the organization in Fiscal Year 2016 and Fiscal Year 2017, respectively, also at the initiative of the Legislature. The Comprehensive New Jersey Financial System indicates that all monies appropriated in Fiscal Years 2016 and 2017 have been expended; of the monies provided for Fiscal Year 2018, approximately \$2.3 million has been expended and nearly \$1.7 million has been encumbered. During a public hearing

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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concerning the Fiscal Year 2019 budget, the Volunteers of America Delaware Valley indicated that it has used State funding to support its "Safe Return" initiative, which provides housing, employment, substance abuse, and mental health treatment to formerly incarcerated persons. The Volunteers of America Delaware Valley also reported that the Fiscal Year 2018 funding of \$4 million helped serve over 3,000 people. The Executive does not recommend Fiscal Year 2019 funding for this initiative.

**Boys and Girls Clubs
of New Jersey – At
Risk Youth**

	\$145	\$0	(\$145)	(100%)	D-54
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The Boys & Girls Clubs of New Jersey is an alliance of 22 Boys & Girls Club organizations serving over 70,000 youth ages 5 to 18 throughout the State. At the Legislature's initiative, both the Fiscal Year 2017 and 2018 appropriations acts provided \$145,000 to the Boys & Girls Clubs of New Jersey to support mentoring, leadership, workforce readiness, career exploration, and college preparation programs for at-risk youth ages 13 to 18. According to information from the Comprehensive New Jersey Financial System, all Fiscal Year 2017 funding has been expended; of the monies appropriated in Fiscal Year 2018, \$72,500 has been expended and \$72,500 has been encumbered. The Executive does not recommend Fiscal Year 2019 funding for this initiative.

**Dismal Swamp
Preservation
Commission**

	\$200	\$0	(\$200)	(100%)	D-54
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Established pursuant to P.L.2009, c.132 (C.40:55D-88.1), the Dismal Swamp Preservation Commission ("commission") is authorized to review and approve all applications for development within the Dismal Swamp Conservation Area ("Dismal Swamp"). The Dismal Swamp is an approximately 660-acre area located within Middlesex County that contains freshwater wetlands, forested uplands, and dense populations of unique birds and wildlife. The Fiscal Year 2018 Appropriations Act provided \$200,000 for the commission. According to a news report published by the Edison Patch, Fiscal Year 2018 funding may be used to: (1) conduct a survey and environmental study of the area; (2) develop access trails; (3) post signage; (4) pursue restoration initiatives; and (5) develop educational programs. Information from the New Jersey Comprehensive Financial System indicates that \$100,000 has been expended, and \$100,000 has been encumbered. The Executive does not recommend funding for this legislative initiative.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Anti-Violence Out-of-School Youth Summer Program – Newark, Trenton, Paterson	\$3,000	\$0	(\$3,000)	(100%)	D-54

At the Legislature's initiative, the Fiscal Year 2018 Appropriations Act provided \$3 million for the Anti-Violence Out-of-School Youth Summer Program ("Anti-Violence Program"). Information from the New Jersey Comprehensive Financial System indicates that Newark, Trenton, and Paterson are each to receive \$1 million; as of May 14, 2018, each city has received \$500,000. According to a news article published by the Paterson Press in April 2018, Paterson's community police division will use the grant to launch an intervention program targeting 60 local adolescents deemed at risk of becoming involved in street crime. According to Lieutenant Governor Oliver, in the same news article, the Anti-Violence Program targets youths between the ages of 12 and 17 who are "identified as being on a trajectory towards academic dismissal and a congruent path towards delinquency." The Executive does not recommend continued funding for this program.

STATE SUBSIDIES AND FINANCIAL AID

Grants-in-Aid

New Jersey Housing Assistance for Veterans

S \$5,000	\$0	(\$5,000)	(100%)	D-56
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On January 8, 2018, Governor Christie signed into law the "New Jersey Housing Assistance for Veterans Act," ("act") P.L.2017, c.258 (C.52:27D-516 et seq.). The act established a five-year pilot program under which grants are to be awarded to qualified charitable organizations to help modify and rehabilitate the primary residences of disabled and low-income veterans. Permitted uses of grant funding include rehabilitating homes that are considered to be in a state of disrepair, installing certain energy efficient features, and improving certain housing accommodations, such as installing wheelchair ramps, widening doors, reconfiguring bathrooms, removing door thresholds, and installing appropriate floor coverings.

The act also appropriated \$5 million to support the pilot program and provided that \$1 million in grants be awarded to qualified charitable organizations during each year of the program's operation. The Executive does not recommend additional funding for this legislative initiative. However, a proposed language provision would carry forward the unexpended balance of the Fiscal Year 2018 funding and require the Director of the Division of Housing and Community Resources to administer the monies for the purposes of the pilot program.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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State Aid

**County Prosecutor
Funding Initiative**

Pilot Program (PTRF)	\$4,000	\$0	(\$4,000)	(100%)	D-56
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Fiscal Year 2018 budget language allocated this aid as follows: Camden County, \$895,000; Essex County, \$1,811,000; Hudson County, \$802,000; and Mercer County, \$491,000. Established in Fiscal Year 2005 with an initial funding level of \$8 million, this aid serves to offset local property taxation, and does not directly affect the amount of funding for prosecutors’ offices in the four recipient counties. The Fiscal Year 2011 Appropriations Act reduced the funding level to \$4 million. The Legislature acted to maintain this funding in Fiscal Year 2018 after it was deleted from the Governor’s proposed budget. The Executive does not recommend Fiscal Year 2019 funding.

**Consolidation
Implementation
(PTRF)**

\$1,000	\$1	(\$999)	(99.9%)	D-56
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Fiscal Year 2018 budget language permitted Consolidation Implementation funds to be used to reimburse local government units that consolidated or entered into shared services agreements, and assist local governments involved in the implementation of the “Property Tax Assessment Reform Act,” (“act”) P.L.2009. c.118 (C.54:1-86 et seq.). The act established a system of county property assessment in Gloucester County and requires the State to reimburse municipalities the cost of property revaluations required for implementation of that initiative. According to budget and fiscal information, none of these funds will be distributed to any eligible local government units. The Executive recommends Fiscal Year 2019 funding of \$1,000. Budget language governing the funds is continued; this language authorizes supplemental appropriations as necessary for reimbursement of non-recurring costs associated with local government unit consolidations.

**Transitional Aid to
Localities (PTRF)**

\$86,994	\$101,994	\$15,000	17.2%	D-56
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Transitional Aid to Localities (“Transitional Aid”) is the State’s only discretionary municipal financial assistance program. The Executive recommends a \$15 million increase in Fiscal Year 2019 funding for Transitional Aid. Transitional Aid is awarded to help municipalities in serious fiscal distress meet immediate budgetary needs and regain financial stability. According to the department’s website, \$27.492 million has been awarded to seven municipalities for their fiscal year ending December 31, 2017, as follows: Asbury Park, \$500,000; Atlantic City, \$13 million; Newark, \$7.431 million; Nutley, \$3.675 million; Penns Grove, \$356,000; Salem, \$1.13 million; and Seaside Heights, \$1.4 million. While the website provides no information on applications from or awards to any municipalities for their fiscal year ending June 30, 2018, available fiscal information indicates that the department intends to award aid to four other municipalities, Camden, Paterson Trenton, and Union City, but requires additional funding of about \$4.7 million to do so.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Under budget language authorizing State aid to be shifted from one program to the other, the following twelve municipalities will also continue to receive a portion of prior Transitional Aid awards as Consolidated Municipal Property Tax Relief Aid ("CMPTRA"): Asbury Park, Atlantic City, Beverly City, Camden City, Chesilhurst Borough, Harrison Town, Lawnside Borough, Maurice River Township, Newark City, Penns Grove Borough, Trenton City, and Union City. These municipalities remain eligible to apply for additional State financial assistance. No new shift of Fiscal Year 2018 Transitional Aid to Fiscal Year 2019 CMPTRA was approved.

According to Local Finance Notice 2018-14, Transitional Aid will be available only to municipalities that have severe structural deficiencies and anticipate difficulties in making payments toward nondiscretionary or critical obligations including, but not limited to, debt service, contractual obligations and payroll. The Executive also recommends the reauthorization of budget language that extends eligibility for Transitional Aid to local government units that experience financial distress due to the loss or destruction of a "major business ratable."

MANAGEMENT AND ADMINISTRATION

Grants-in-Aid

**Preserve NJ Historic
Preservation
Constitutional
Dedication**

S	\$2,017	\$0	(\$2,017)	(100%)	D-60
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As amended by the voters of the State on November 4, 2014, the State Constitution dedicates four percent of Corporation Business Tax ("CBT") revenues for open space, farmland and historic preservation, water programs, public and private site remediation, and underground storage tank programs from Fiscal Year 2016 through Fiscal Year 2019, and further increases this annual dedication to six percent commencing in Fiscal Year 2020. Specifically from Fiscal Year 2016 through Fiscal Year 2019, the State Constitution annually dedicates 71 percent of the four percent CBT dedication for open space, farmland, and historic preservation purposes.

P.L.2016, c.12 established the following framework for appropriating and allocating the dedicated CBT funds from Fiscal Year 2016 through Fiscal Year 2019: the Preserve New Jersey Green Acres Fund, 60 percent; the Preserve New Jersey Farmland Preservation Fund, 31 percent; the Preserve New Jersey Blue Acres Fund, 4 percent; and this line item, the Preserve New Jersey Historic Preservation Fund, 5 percent. The law also provides for specific funding allocations from each fund, and appropriations by the Legislature, as may be necessary, for project lists that have been proposed by the Garden State Preservation Trust. This framework results in supplemental appropriations after the fiscal year begins as project lists are submitted and considered by the Legislature, instead of appropriations recommended in the budget for inclusion in the annual appropriations bill.

Significant Language Changes

Main Street New Jersey Program

Addition

2018 Handbook: p. –
2019 Budget: p. D-50

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Main Street New Jersey shall be used to provide technical assistance and other tools to promote historical preservation and recovery of economic vitality in localities that contain traditional historic business districts, including but not limited to training, guidance, and seminars for volunteers and managers of local organizations, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Budget recommends \$500,000 in funding for the Main Street New Jersey (“Main Street”) program. Established in 1989 and codified into law in 2001, the Main Street program operated until the State discontinued funding in 2017. The Main Street program attempts to redevelop and revitalize local downtown districts by providing small business assistance to members of those communities, including business owners and entrepreneurs. This language provision would direct Fiscal Year 2019 funding to be used to provide technical assistance and other tools to promote historical preservation and recovery of economic vitality in localities that contain traditional historic business districts, including but not limited to training, guidance, and seminars for volunteers and managers of local organizations.

Use of Realty Transfer Fees for the Neighborhood Preservation and Main Street New Jersey Programs

Revision

2018 Handbook: p. B-24
2019 Budget: p. D-51

The amount hereinabove appropriated for the Shelter Assistance program ~~and~~, the Prevention of Homelessness program, the Neighborhood Preservation Program (P.L.1975, c.248 and c.249), and the Main Street New Jersey program shall be payable from the receipts of the portion of the realty transfer fee directed to be credited to the “New Jersey Affordable Housing Trust Fund” pursuant to section 4 of P.L.1968, c.49 (C.46:15-8) and from the receipts of the portion of the realty transfer fee directed to be credited to the “New Jersey Affordable Housing Trust Fund” pursuant to section 4 of P.L.1975, c.176 (C.46:15-10.1). If the receipts are less than anticipated, the appropriation shall be reduced proportionately.

Explanation

As revised, this language provision adds the Neighborhood Preservation Program (“NPP”) and Main Street New Jersey (“Main Street”) program to the list of programs supported by realty transfer fees credited to the New Jersey Affordable Housing

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Trust Fund. The Executive proposes to use realty transfer fees, in the estimated amount of \$59.303 million, to support all or a portion of Fiscal Year 2019 appropriations for: (1) Client Housing, General Assistance Emergency Assistance, and Social Services for the Homeless in the Department in Human Services; and (2) the Office of Local Planning Services, Affordable Housing Administration, and the Shelter Assistance, the Prevention of Homelessness, NPP, and Main Street programs in the Department of Community Affairs.

New Jersey Housing and Mortgage Finance Agency and State Rental Assistance Program

Revision

2018 Handbook: p. B-24
2019 Budget: p. D-51

Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated to the General Fund as State revenue such amounts as may be received from the New Jersey Housing and Mortgage Finance Agency. The amount hereinabove appropriated for the State Rental Assistance Program ~~are appropriated to the Department of Community Affairs for the purposes of providing to provide~~ rental assistance shall be payable first from the amount received from the New Jersey Housing and Mortgage Finance Agency.

Explanation

As revised, this language provision would: (1) credit the monies received from the New Jersey Housing and Mortgage Finance Agency (“NJHMFA”) to the General Fund as State revenue; and (2) use those monies to support the Fiscal Year 2019 appropriation for the State Rental Assistance Program (“SRAP”). The Executive anticipates receiving \$18.5 million in NJHMFA revenue with which to support an equal amount of recommended SRAP funding. If NJHMFA revenues are insufficient to support the Fiscal Year 2019 SRAP appropriation, the remaining balance would be supported using General Fund monies.

New Jersey Re-entry Corporation – One Stop Offender Re-entry Services

Deletion

2018 Handbook: p. B-26
2019 Budget: p. --

~~The amount hereinabove appropriated for the New Jersey Re-entry Corporation—One Stop Offender Re-entry Services shall be utilized to continue to provide One Stop Re-entry services in Newark, Jersey City, Paterson, and Toms River and to establish new services in the counties of Bergen, Union, Middlesex, Somerset, and Monmouth, which shall include medication-assisted treatment for relapse prevention.~~

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The Fiscal Year 2018 Appropriations Act allocated \$4 million to the New Jersey Re-entry Corporation (“NJRC”) to provide continued one-stop re-entry services in Newark, Jersey City, Paterson, and Toms River, as well as to establish new services in Bergen, Union, Middlesex, Somerset, and Monmouth counties. According to its website, the NJRC provides case management, employment training, addiction treatment, and legal assistance as a means of reintegrating formerly incarcerated persons into the general population. Program participants receive individual assessments and treatment plans that address essential needs, such as housing, mental health care, medical care, and access to health insurance and other public benefits. Since the Executive does not recommend Fiscal Year 2019 funding for this program, this language is unnecessary, and is recommended for deletion.

Volunteers of America – Re-entry Services

Deletion

2018 Handbook: p. B-26
2019 Budget: p. --

~~The amount hereinabove appropriated for Volunteers of America – Re-entry Services shall be utilized to provide expanded re-entry services in Atlantic City, Trenton, and the counties of Camden, Gloucester, Cumberland, and Salem, which shall include medication-assisted treatment for relapse prevention.~~

Explanation

The Fiscal Year 2018 Appropriations Act allocated \$4 million to the Volunteers of America Delaware Valley to provide expanded re-entry services in Atlantic City, Trenton, and Camden, Gloucester, Cumberland, and Salem counties. During a public hearing concerning the Fiscal Year 2019 budget, the Volunteers of America Delaware Valley indicated that it has used State funds to support its “Safe Return” initiative, which provides housing, employment, substance abuse, and mental health treatment to formerly incarcerated persons. Since the Executive does not recommend Fiscal Year 2019 funding, this language is unnecessary, and is recommended for deletion.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

New Jersey Housing Assistance for Veterans

Addition

2018 Handbook: p. –
2019 Budget: p. D-57

Notwithstanding the provisions of P.L.2017, c.258 or any law or regulation to the contrary, the amount hereinabove appropriated for New Jersey Housing Assistance for Veterans is subject to the following conditions: funds shall be administered by the Director of the Division of Housing and Community Resources under the direction of the Commissioner of Community Affairs; such amounts as are determined to be necessary for program administration expenses shall be available, subject to the approval of the Director of the Division of Budget and Accounting; and the unexpended balance at the end of the preceding fiscal year in the New Jersey Housing Assistance for Veterans account is appropriated for the same purposes, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The “New Jersey Housing Assistance for Veterans Act,” P.L.2017, c.258 (C.52:27D-516 et seq.) appropriated \$5 million to the Division of Local Government Services to fund a five-year pilot program to help rehabilitate the primary residences of disabled and low-income veterans. Fiscal Year 2018 funding has not been expended as of May 3, 2018. The recommended language would carry forward the unexpended balance of the Fiscal Year 2018 appropriation, and require the Director of the Division of Housing and Community Resources to administer the remaining program funds, rather than the Director of the Division of Local Government Services, to whom the statute assigns program administration responsibilities. The language also allows the expenditure of funds for program administration without limit. The statute does not authorize any use of the appropriation for program administration, as it specifies a five-year program with grants to total \$1 million per year.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Distribution and Transfer of Consolidated Municipal Property Tax Relief Aid

Revision

2018 Handbook: p. B-27
2019 Budget: p. D-57

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Consolidated Municipal Property Tax Relief Aid shall be distributed in the same amounts, and to the same municipalities that received funding pursuant to the previous fiscal year’s annual appropriations act; provided further, however, that from the amount hereinabove appropriated there are transferred to the “Energy Tax Receipts Property Tax Relief ~~Fund~~ Aid account such amounts as were determined for fiscal year ~~2003, 2019 and prior~~ fiscal ~~year 2006, fiscal year 2007, fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2012, fiscal year 2013, fiscal year 2014, fiscal year 2015, fiscal year 2016, and fiscal year 2018~~ years pursuant to subsection e. of section 2 of P.L.1997, c.167 (C.52:27D-439), as amended by P.L.1999, c.168; and except that the amount of Consolidated Municipal Property Tax Relief Aid received by a municipality shall be increased by such amounts of Transitional Aid to Localities deemed to constitute Consolidated Municipal Property Tax Relief Aid by the Director of the Division of Local Government Services in the previous fiscal year.

Explanation

As was the case in Fiscal Year 2003, Fiscal Years 2006 to 2010, Fiscal Years 2012 to 2016, and Fiscal Year 2018, the proposed budget provides that the annual inflation adjustment to Energy Tax Receipts Property Tax Relief Aid (\$28.405 million or 2.5 percent) be funded by reallocating Consolidated Municipal Property Tax Relief Aid rather than by appropriating additional State funds. Municipalities will not receive an inflation-based increase in total municipal aid in Fiscal Year 2019.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

County Prosecutor Funding Initiative Pilot Program

Deletion

2018 Handbook: p. B-28
2019 Budget: p. --

~~The amount hereinabove appropriated for the County Prosecutor Funding Initiative Pilot Program shall be distributed as follows: Camden County, \$895,000; Essex County, \$1,811,000; Hudson County, \$802,500; and Mercer County, \$491,500.~~

Explanation

This language provision governs the allocation of the \$4 million Fiscal Year 2018 appropriation for the County Prosecutor Funding Initiative Pilot Program. This aid serves to offset local property taxation and does not directly affect the level of funding for county prosecutors' office in the four recipient counties. Established in Fiscal Year 2005 with an initial funding level of \$8 million, program funding was reduced to \$4 million by the Fiscal Year 2011 Appropriations Act. Since the Executive does not recommend Fiscal Year 2019 funding for this program, this language is unnecessary, and is recommended for deletion.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2019 budget are encouraged to contact:

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