

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 2003 - 2004 BUDGET



DEPARTMENT OF COMMUNITY AFFAIRS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2003

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Local Government Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Pedro Carrasquillo with contributions from Cindy Lombardi Hespe.

Questions or comments may be directed to the OLS Local Government Section (609 292-1596) or the Legislative Budget and Finance Office (609 292-8030).

DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-9; C-16; C-22; C-29; D-33 to
D-66

Fiscal Summary (\$000)

	Expended FY 2002	Adjusted Appropriation FY 2003	Recommended FY 2004	Percent Change 2003-04
State Budgeted	\$1,109,125	\$1,054,967	\$1,032,397	(2.1)%
Federal Funds	242,982	245,812	239,229	(2.7)%
<u>Other</u>	<u>32,975</u>	<u>37,065</u>	<u>36,304</u>	<u>(2.1)%</u>
Grand Total	\$1,385,082	\$1,337,844	\$1,307,930	(2.2)%

Personnel Summary - Positions By Funding Source

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change 2003-04
State	689	628	636	1.3%
Federal	264	250	257	2.8%
<u>Other</u>	<u>89</u>	<u>78</u>	<u>79</u>	<u>1.3%</u>
Total Positions	1,042	956	972	1.7%

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 data reflect the number of positions funded.

Introduction

The basic mission of the Department of Community Affairs (DCA), created pursuant to P.L.1966, c.293, is to provide technical, advisory, and financial assistance to communities and individuals.

The DCA provides housing assistance, local government financial assistance and oversight, and services to the disadvantaged and sets building safety standards. It administers a variety of programs through its five divisions and the Office of Smart Growth. There are four quasi-independent agencies organizationally attached to the DCA: the Council on Affordable Housing; the New Jersey Meadowlands Commission; the New Jersey Redevelopment Authority; and the New Jersey Housing and Mortgage Finance Agency.

Key Points

- The FY 2004 recommended Budget for the Department of Community Affairs totals \$1.032 billion a decrease of \$22.6 million, or 2.1%, under the FY 2003 adjusted appropriation of \$1.055 billion. The total FY 2004 recommended budget consists of: \$33.3 million in Direct State Services, a decrease of \$5.1 million from the FY 2003 adjusted appropriation; \$22.2 million in Grants-In-Aid, a decrease of \$8.6 million from FY 2003 adjusted appropriation; and \$976.9 million in State Aid, a decrease of \$8.9 million from the FY 2003 adjusted appropriation.
- The municipal aid programs recommended in FY 2004 include:
 - Consolidated Municipal Property Tax Relief Aid (CMPTRA), which represents the largest source of State aid to municipalities. The FY 2004 recommended appropriation is \$835.4 million, equal to the FY 2003 adjusted appropriation. No inflation adjustment is recommended for CMPTRA; under statute, the adjustment would be 1 percent.
 - Special Municipal Aid Act, augmented funding for eight urban municipalities in fiscal year 2003 that have severe fiscal problems and structural budget deficits that could not be resolved without additional State funds. This program is recommended to receive \$38.5 million in FY 2004, a decrease of \$3 million from FY 2003 adjusted appropriation of \$41.5 million.
 - Legislative Initiative Municipal Block Grant Program, which provides aid to each municipality on a per capita basis. The FY 2004 recommended appropriation for this program is \$34.8 million, equal to the FY 2003 adjusted appropriation;
 - Extraordinary Aid, a program which provides short-term assistance to municipalities experiencing a catastrophic loss of tax rates. The FY 2004 recommended appropriation of \$25 million is a decrease of \$5.5 million over the FY 2003 adjusted appropriation of \$30.5 million;
 - Trenton Capital City Aid, which recommends \$16.5 million in funding for Trenton in FY 2004. In FY 2003 Trenton received a total of \$16.5 million under the provisions of the Special Municipal Aid Act. In FY 2004 Trenton is recommended to receive \$16.5 million in State Aid but will not be under the auspices of the Special Municipal Aid Act.
 - Regional Efficiency Aid Program (REAP), which provides annual State-funded property tax credits directly to residents in those communities and school districts which have implemented regionalization and other shared services. The FY 2004 recommended appropriation of \$8.99 million is equal to the FY 2003 adjusted appropriation;
- The Office of Neighborhood Empowerment is not recommended to receive any funding in FY 2004. In FY 2003 the adjusted appropriation for Direct State Services for the Office was \$1.3 million. Furthermore, the FY 2003 adjusted appropriation of \$1.0 million in Grants-In-Aid for Brownfields Redevelopment is not being recommended for FY 2004. Both the Office of Neighborhood Empowerment and Brownfields Redevelopment are under the purview of the New Jersey Redevelopment Authority (NJRA).

Key Points (Cont'd)

- The DCA's Main Street New Jersey program is not recommended to receive any funding in Direct State Services for FY 2004. In fiscal year 2003 Main Street New Jersey adjusted appropriation was \$200,000.
- Pursuant to Executive Reorganization Plan No. 001-2002 the Historic Trust was transferred from the Department of State to DCA as an in-but-not-of agency and is recommended to receive \$458,000 for administrative costs, the same as in FY 2003.
- The Office of Smart Growth is recommended to receive \$2.7 million in Grants-in-Aid for the purpose of awarding smart growth planning grants to qualifying local governments in FY 2004. The \$2.7 million in Grants-In-Aid would be funded from the receipts collected from a proposed 40% increase in Uniform Construction Code training fees.
- The Center for Hispanic Policy, Research and Development (CHPRD) is recommended to receive \$1.26 million in fiscal year 2004, a decrease of 50% from the FY 2003 adjusted appropriation of \$2.63 million; Grants-In-Aid funding to ASPIRA is recommended at \$50,000 in FY 2004, down 50% from the FY 2003 adjusted appropriation of \$100,000.
- Grants to Hispanic Women's Resource Centers are recommended at \$200,000 in FY 2004, down 50% from the FY 2003 adjusted appropriation of \$400,000.
- Grants to Displaced Homemaker Centers are recommended at \$575,000 in FY 2004, down 50% from the FY 2003 adjusted appropriation of \$1.075 million.
- In FY 2004 no funding is recommended for Local Finance Board members' salaries. In FY 2003, each of the seven board members received a \$12,000 salary for serving on the board for a total adjusted appropriation of \$84,000.
- According to the Governor's Budget Address for FY 2004, the Administration plans to merge the New Jersey Redevelopment Authority (NJRA) with the New Jersey Housing and Mortgage Finance Agency (HMFA) to "encourage the right kind of growth." Both agencies are quasi-independent and are in-but-not-of the Department of Community Affairs. As of this writing, no specific proposal to accomplish this merger has been received by the Legislature.
- Pursuant to Executive Reorganization Plan No. 002-2002 Boiler and Asbestos related inspections were transferred from DCA to the Department of Labor effective January 2003. As a result, the Bureau of Boiler and Pressure Vessel Compliance (Program Class: Workplace Standards)in DCA has been dissolved.
- The Office of Faith-Based Initiatives was moved from DCA to the Department of State pursuant to Executive Order No. 31 of 2002.

Program Description and Overview

The mission of the Department of Community Affairs is to provide technical, advisory, and financial assistance to communities and individuals to help them help themselves.

Acting as an advocate and service agency, the department interrelates a broad range of functions, programs and services such as: housing assistance, local government finance, Hispanic affairs programs, services that benefit women and the disabled, low-income energy conservation services, local government management assistance, and programs focusing on rooming and boarding houses, affordable housing, and many other issues of community interest. Acting as a service agency, the department coordinates resources to renew and revitalize New Jersey communities by administering five major State municipal aid and several special purpose aid programs as well as overseeing the Community Services Block Grants. There is a wide variety of programs in the department available to local governments, civic organizations, non-profit corporations and individuals. These programs and services are provided through the department's five divisions, the Office of Smart Growth, the Center for Hispanic Policy, Research and Development (CHPRD) and four quasi-independent agencies.

The department's five operating divisions are the Division of Codes and Standards, the Division of Housing and Community Resources, the Division of Local Government Services, the Division on Women, and the Division of Fire Safety. While the operating divisions are listed separately, they work together, often joining together the financial and technical resources of several different units to better meet the needs of the community as a whole.

The Division of Codes and Standards

The Division of Codes and Standards is the primary building codes and standards agency in the State. The division implements and oversees the enforcement of all construction codes in New Jersey including building, plumbing, fire protection, electrical, mechanical, barrier free access, asbestos, lead abatement and radon codes. These responsibilities include code adoption, supervision of all State and municipal level code enforcement, training and licensing of local and State inspectors involved in the enforcement of construction codes. Other code related responsibilities include enforcement of the State multi-family housing code, licensing of all rooming and boarding houses in the State, the administration of New Jersey's 10-year insurance-backed New Home Warranty program, the review of all condominium and cooperative sales offerings and providing information on New Jersey's landlord-tenant laws, and the development and implementation of Statewide residential site improvement standards for use by municipalities. In addition, the division performs construction plan review for large and complex structures including public schools so as to ensure compliance with the uniform construction code and educational space requirements. State funds of \$12.6 million are recommended for this division in FY 2004, a decrease of \$1.1 million from the FY 2003 adjusted appropriation.

It should be noted that for FY 2004 the Bureau of Rooming and Boarding House Standards is not recommended to receive any Direct State Services funding. Instead, the Bureau of Rooming and Boarding House Standards is budgeted to receive "All Other Funds" of \$1.07 million comprising surplus Housing and Mortgage Finance Agency revenue to be transferred to the General Fund.

Pursuant to Executive Reorganization Plan No. 002-2002 Boiler and Asbestos related inspections were transferred from DCA to the Department of Labor effective January 2003. As a result, the Bureau of Boiler and Pressure Vessel Compliance in the Division of Codes and Standards has been dissolved.

Program Description and Overview (Cont'd)

Division of Housing and Community Resources

The Division of Housing and Community Resources provides information, training and technical assistance for housing development to municipalities, nonprofit organizations and private developers in order to encourage and facilitate the construction of affordable housing for low-and moderate-income families. The division is also responsible for planning and implementing programs that provide rental housing assistance and support neighborhood preservation and community development initiatives. It also provides financial and technical assistance to community-based nonprofit and local governmental agencies in an effort to improve the quality of life for New Jersey's low-income, disabled and disadvantaged citizens.

This division has two major program areas: the housing services program and the community resources program.

The housing services program is responsible for planning and implementing programs that address housing and community development needs in the State. This program has three elements: 1) Housing and Community Support, 2) Housing Assistance, and 3) Housing Production and Community Development. The Housing and Community Support element administers programs that provide financial and technical assistance to municipalities, community action agencies, and other non-profit and for-profit organizations. The element also administers New Jersey's housing affordability controls. The Housing Assistance element administers programs that address the housing needs of the homeless and provides housing assistance to eligible households. With the exception of the Homelessness Prevention Program, all programs are funded in large measure by the U.S. Department of Housing and Urban Development. The Housing Production and Community Development element provides grants for developers building low and moderate income households. It also provides financial and technical assistance for homeless shelters, downtown and neighborhood business development, economic development and infrastructure improvement.

The community resources program area provides financial and technical assistance to community-based non-profit and local government agencies in an effort to improve the quality of life for New Jersey's low-income, handicapped, and disadvantaged citizens. Its Office of Community Services administers the Community Services Block Grant program, which provides funds to community action agencies and other eligible non-profit community groups throughout the State. These agencies provide various services needed by the State's most disadvantaged residents, including emergency assistance of food, clothing and shelter, alcoholism counseling and treatment, transportation, job training, child care, weatherization assistance and educational assistance.

Other offices funded through the division include the Office of Administration and Operations, Audit Review and Fiscal Monitoring, and the Office of Research and Policy Development.

For FY 2004, the Housing Services program area is recommended to receive \$10 million in Direct State Services and Grants-In-Aid, a reduction of \$700,000 from the FY 2003 adjusted appropriation. This reduction is the result of the recommended elimination of funding for Main Street New Jersey which had an FY 2003 adjusted appropriation of \$200,000; the Prevention of Homelessness program is recommended to receive \$3.96 million in FY 2004, a decrease of \$500,000 from the FY 2003 adjusted appropriation of \$4.4 million. For FY 2004, the total State Aid recommended for housing services is \$16.6 million, down \$350,000 from the FY 2003 adjusted appropriation of \$16.9 million due to a decrease in the Neighborhood Preservation Program from \$2.75 million to \$2.4 million.

Program Description and Overview (Cont'd)

For FY 2004, Community Resources program area is recommended to receive \$410,000 in Direct State Services, equal to the amount received in the FY 2003 adjusted appropriation and \$2.4 million in Grants-In-Aid, a decrease of \$1.5 million from the FY 2003 adjusted appropriation of \$3.9 million. The Center for Hispanic Policy, Research and Development is recommended to receive \$1.3 million in Grants-In-Aid for FY 2004, a decrease of \$1.4 million from FY 2003 adjusted appropriation of \$2.6 million. The recommended Grants-In-Aid funding for ASPIRA in FY 2004 is \$50,000, down \$50,000 from the FY 2003 adjusted appropriation of \$100,000. The Trenton Urban Gardening Program and the Camden Urban Gardening Program, which both received \$50,000 in the FY 2003 adjusted appropriation, are not recommended to receive any funding in FY 2004.

Division of Local Government Services

The Division of Local Government Services, through its bureaus and programs, is responsible for the financial integrity of all local government units. Specifically, it provides technical and financial assistance in budgeting, financial reporting, consolidation and regionalization of services, purchasing, and management issues to municipalities, schools, counties, authorities, fire districts and other public agencies. It administers professional certification programs for Certified Municipal Finance Officers, Certified Tax Collectors, Registered Municipal Clerks and Certified Public Works managers. It also administers various State aid programs that provide financial assistance to municipalities and provides oversight and assistance to local governments and the public on a wide range of laws and programs. The Direct State Services component of the division's budget is recommended at \$4.6 million for FY 2004, a reduction of \$1.2 million from the FY 2003 adjusted appropriation of \$5.8 million. For FY 2004, the Local Finance Board members' salary funding of \$84,000 is recommended to be eliminated. The Local School Contracting Oversight and Assistance FY 2003 adjusted appropriation of \$930,000 is also recommended to be eliminated. The Division will not perform this function in FY 2004. Other decreases include a reduction of \$131,000 from the FY 2003 adjusted appropriation in salaries for the Special Municipal Aid Act - Administration account.

The FY 2004 recommended Property Tax Relief Fund - State Aid appropriation for the division is \$959.3 million, down \$8.5 million from the FY 2003 adjusted appropriation of \$967.8 million. Recommended appropriations for FY 2004 Property Tax Relief Fund - State Aid are as follows:

(1) \$835.4 million for the Consolidated Municipal Property Tax Relief Aid (CMPTRA) program, which is the same level of funding as the FY 2003 adjusted appropriation. This is the second fiscal year since legislation was enacted that applied an annual inflator to this aid program (P.L.1999, c.168) that the funding level will not be increased. The inflator is based on the Implicit Price Deflator for State and Local Government Purchases published by the U.S. Department of Commerce and would produce a 1 percent adjustment if implemented in FY 2004. In addition, about \$19 million in CMPTRA will be reallocated to the Energy Receipts Property Tax Relief Fund to satisfy the FY 2003 mandatory 2.5 percent inflationary adjustment in that aid program.

(2) \$25 million for Extraordinary Aid, which represents a decrease of \$5.5 million below the FY 2003 adjusted appropriation. According to the department, the focus of this program is to provide emergency tax relief to municipalities and provide short-term assistance to municipalities experiencing a catastrophic loss of ratables. Further, the department has stated that the program is not meant as permanent aid, but rather as a short-term measure to assist municipalities to address their revenue and spending problems.

Program Description and Overview (Cont'd)

(3) approximately \$9 million for the Regional Efficiency Aid Program (REAP) that was first funded in fiscal year 2001, to provide direct property tax relief to residents of municipalities participating in shared service arrangements. The FY 2004 recommendation is equal to the FY 2003 adjusted appropriation and under proposed budget language program benefits are frozen and confined to those municipalities that received funding in FY 2003. The aid awarded to each municipality would otherwise be established annually according to a formula that considers the types of services shared; the more complex and costly the service would be if provided unilaterally, the greater the reward to the municipalities providing it jointly.

(4) \$38.5 million for the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et seq.), a decrease of \$3 million from the FY 2003 adjusted appropriation of \$41.5 million. This municipal aid program was enacted pursuant to P.L.1999, c.156, and first created through supplemental legislation in FY 2000. The program is directed at municipalities with structural deficits that cannot be resolved without additional State funds. The enabling legislation gives the division the ability to establish specific criteria for receipt of this aid including, but not limited to, the creation of a financial review board to oversee and audit the finances of any municipality receiving this aid.

(5) \$34.8 million for the Legislative Initiative Municipal Block Grant program, distributed to each municipal government based on the ratio of its municipal population to the total State population as determined by the most recent federal decennial census. The payment of this aid is to be used solely and exclusively by each municipality for the purpose of reducing the amount the municipality is required to raise by local property tax levy for municipal purposes.

(6) \$16.5 million is recommended in funding for Trenton Capital City Aid in FY 2004. In FY 2003, Trenton received the same amount under the provisions of the Special Municipal Aid Act. In FY 2004, Trenton is recommended to receive an explicit State Aid appropriation instead of one under the auspices of the Special Municipal Aid Act.

The Division on Women

The Division on Women is the central State agency for coordinating services and programs for women. The Division administers grants and provides technical assistance to displaced homemaker programs, Hispanic women's resource centers and urban women's centers. The Office on the Prevention of Violence Against Women provides training, education, policy and program development on domestic violence prevention, sexual assault and general referral issues. The Rape Care Program, housed in the Office on the Prevention of Violence Against Women, funds and monitors rape care centers.

The Direct State Services component of the division's budget is recommended at \$898,000 for FY 2004, which represents a decrease of \$48,000 from the FY 2003 adjusted appropriation. The recommended decrease is due mostly to a \$50,000 reduction in funding for the Office on the Prevention of Violence Against Women. The FY 2004 budget also recommends reductions in two of the divisions total Grants-In-Aid programs: Grants to Hispanic Women's Resource Centers are recommended at \$200,000, a decrease of \$200,000 from the FY 2003 adjusted appropriation of \$400,000; and Grants to Displaced Homemaker Centers are recommended at \$575,000, down \$500,000 from the FY 2003 adjusted appropriation of \$1.075 million.

Division of Fire Safety

The Division of Fire Safety constitutes the department's central fire safety element. It

Program Description and Overview (Cont'd)

provides public education programs to inform the general public about fire prevention, and coordinates volunteer emergency service loans and training for local firefighters. It provides services under the Uniform Fire Safety Act including research and planning, fire code enforcement, the National Fire Incident Reporting System, training and technical assistance, inspection of State owned and leased buildings, licensing and warranting of fire systems installers, and monitoring and compliance activities.

Both the Direct State Services and the Grants-In-Aid components of the division's budget are recommended for level funding in FY 2004, at \$5.4 million and \$8.6 million, respectively.

Office of Smart Growth

The Office of Smart Growth was established to replace and assume the duties of the Office of State Planning and to further efforts to focus new growth into redevelopment of older urban and suburban areas. The Office serves as staff to the Smart Growth Policy Council and the State Planning Commission, and administers Smart Growth Planning grants intended to promote local planning and redevelopment consistent with smart growth principles.

The recommended FY 2004 Direct State Services appropriation for the Office totals \$2.0 million, a decrease of \$861,000 below the FY 2003 adjusted appropriation. This funding includes \$458,000 for the administrative costs of the Historic Trust, transferred to DCA from the Department of State by Executive Reorganization Plan No. 001-2002. The Historic Trust provides for the administrative planning and organization of historic preservation projects supported by the Historic Preservation Fund. Smart Growth Planning grants are recommended at \$2.7 million in FY 2004, equal to the FY 2003 funding. Proposed budget language provides for this amount to be funded by increased fees for building permits imposed under the Uniform Construction Code.

Special Urban Services

Special Urban Services has included funding for central State facilitation of planning and coordination of programs for the revitalization of the State's urban areas. This has consisted of two elements: the Urban Coordinating Council and the Office of Neighborhood Empowerment.

The Urban Coordinating Council (UCC), pursuant to section 45 of P.L.1996, c.62 (C.55:19-60), is comprised of representatives from every State department as well as the Economic Development Authority, the Casino Reinvestment Development Authority, the State Planning Commission, the Housing and Mortgage Finance Agency, the Juvenile Justice Commission and the Commission on Higher Education. The council helps communities to develop and implement neighborhood-based plans and strategies for revitalizing neighborhoods. It serves as a one-stop shopping network for the State services that cities identify in their plans and coordinates assistance from the private sector and nonprofit entities to meet the unique needs of each community.

The Office of Neighborhood Empowerment (ONE) was established pursuant to section 47 of P.L.1996, c.62, the "New Jersey Urban Redevelopment Act," in but not of the Department of Community Affairs and thereafter was placed under the control and supervision of the New Jersey Redevelopment Authority. Its principal duty is to provide support for a community director who is to assist local sponsors in developing or implementing neighborhood empowerment plans, projects and programs established by the New Jersey Redevelopment Authority, and the New Jersey Economic Development Authority, and development initiatives proposed by municipal and county governments. Each project is to be assigned an inter-agency team of State representatives. Each

Program Description and Overview (Cont'd)

project will be co-chaired by a case manager from the Office of Neighborhood Empowerment and by the community director of the project and will include at least one representative of the UCC. This office works collaboratively with community leaders in an effort to rebuild New Jersey's cities, one neighborhood at a time. The executive director reports solely to the Urban Coordinating Council.

The FY 2004 recommended budget discontinues all State funding for ONE, a cut of \$1.3 million. No funding is recommended for Brownfields Redevelopment grants, a reduction of \$1.0 million below FY 2003. It is unclear whether ONE will continue its activities with funding directly from the New Jersey Redevelopment Authority.

Government Records Council

The Government Records Council (GRC) was established by recent amendments to the Open Public Records Act (P.L. 2001, c.404) to guarantee public access to government records. The council provides informal guidance; issues advisory opinions on the accessibility of government records; delivers training on the law; mediates and adjudicates disputes; and provides training to records custodians throughout the State. The council consists of the Commissioners of Community Affairs and Education (or their designees) and three members of the public appointed by the Governor with the advice and consent of the State Senate.

In FY 2003, the GRC received an adjusted appropriation of \$475,000 in Direct State Services. For FY 2004, the GRC is recommended at \$465,000, a decrease of \$10,000 from FY 2003 adjusted appropriation.

Four quasi-independent agencies that are in but not of the Department of Community Affairs are as follows:

- **New Jersey Meadowlands Commission**

This commission is responsible for the preservation and physical development of 20,000 acres of salt water swamps, meadows and marshes in the Hackensack Meadowlands. The Commission and its Municipal Committee are funded in part from sanitary landfill closure escrow accounts, appropriated by budget language in the amount of \$3,205,000. Of the amount provided, \$110,000 is made available to the Hackensack Meadowlands Municipal Committee for operational costs.

In addition, \$164,000 of interest earnings from the sanitary landfill monitoring accounts are appropriated by budget language for distribution from the Hackensack Meadowlands Tax Sharing Stabilization Fund by the commission to eligible municipalities in the Hackensack Meadowlands for a meadowlands adjustment payment. The meadowlands adjustment payment, pursuant to P.L.1999, c.178, is a payment to eligible municipalities that will stabilize their intermunicipal tax sharing so that no single municipality has an "excessive fluctuation." Excessive fluctuation is defined as either a payment to or a receipt from the intermunicipal account that is in excess of five percent of the previous year's payment or receipt. This amount of \$164,000 is the same level as provided in FY 2003.

Program Description and Overview (Cont'd)

- **Housing and Mortgage Finance Agency**

The New Jersey Housing and Mortgage Finance Agency Act of 1983 consolidated the New Jersey Housing Finance Agency and the New Jersey Mortgage Finance Agency into the New Jersey Housing and Mortgage Finance Agency (HMFA). HMFA promotes safe and affordable housing by providing low-interest construction mortgage loans, purchase-rehabilitation programs, and home improvement loans. The agency also provides financing to municipalities seeking to comply with Mount Laurel-related housing obligations, as authorized by the Fair Housing Act of 1985. HMFA raises its housing finance funds through the sale of tax-exempt bonds to private-sector investors and meets its administrative and operating expenses with revenues collected from bond repayment. Basically, the HMFA offers financing for the construction of multi-family rental properties and single family home ownership and allocates federal low income housing tax credit subsidies. HMFA does not receive a State appropriation for its operations. The FY 2004 budget includes for the third consecutive year a transfer of \$25 million from the HMFA to the State's General Fund for appropriation in support of various housing related programs.

According to the Governor's Budget Address for the FY 2004, the Administration plans to merge the New Jersey Housing and Mortgage Finance Agency with the New Jersey Redevelopment Authority.

- **New Jersey Redevelopment Authority**

The New Jersey Redevelopment Authority (NJRA) was created legislatively in 1996 through the New Jersey Urban Redevelopment Act (P.L. 1996, c. 62) to spearhead community development initiatives. NJRA provides a coordinated State response to revitalizing New Jersey's most distressed urban neighborhoods and institutionalizes the work initiated by the Governor's Office through the Urban Coordinating Council. The NJRA is an independent authority allocated to the DCA, and functions with five divisions: Advisory Services, Community Planning, Community Services, Development and Finance. The NJRA works with 68 eligible municipalities throughout the State.

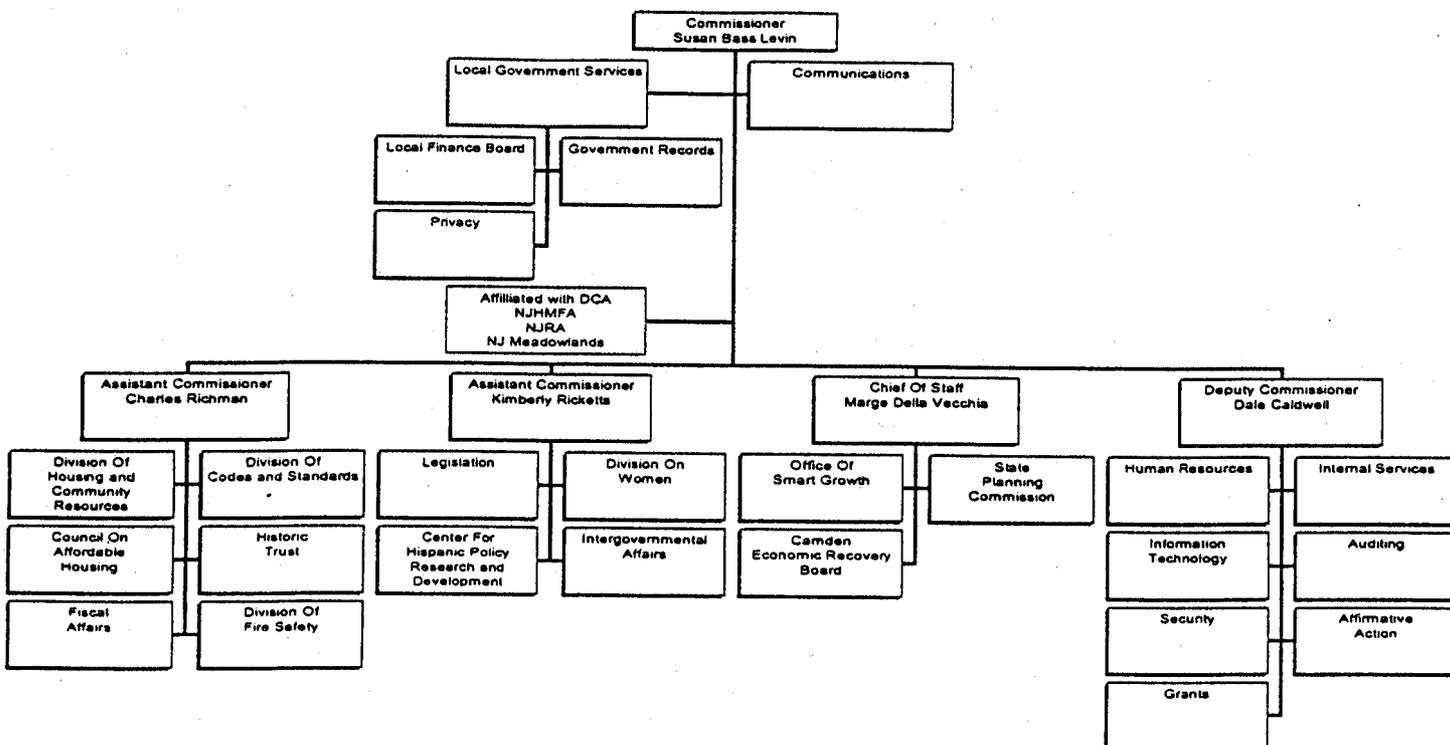
According to the Governor's Budget Address for the FY 2004, the Administration plans to merge the New Jersey Housing and Mortgage Finance Agency with the New Jersey Redevelopment Authority.

- **Council on Affordable Housing**

The Council on Affordable Housing (COAH) was created as part of the "Fair Housing Act, of 1985" (P.L.1985, c.222) to assist municipalities in determining their need for low-and-moderate-income housing and monitoring the fulfillment of their affordable housing obligations. COAH also works with the DCA's Division of Housing and Community Resources and the HMFA on various programs. The recommended Direct State Services element of the council's budget is \$ 1.8 million in FY 2004, unchanged from the FY 2003 adjusted appropriation.

Organization Chart

New Jersey Department Of Community Affairs
TABLE OF ORGANIZATION April 2003



Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2002	Adj. Approp. FY 2003	Recom. FY 2004	Percent Change	
				2002-04	2003-04
General Fund					
Direct State Services	\$44,771	\$38,365	\$33,282	(25.7)%	(13.2)%
Grants-In-Aid	87,484	30,791	22,200	(74.6)%	(27.9)%
State Aid	42,146	18,042	17,646	(58.1)%	(2.2)%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$174,401	\$87,198	\$73,128	(58.1)%	(16.1)%
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	934,724	967,769	959,269	2.6%	(0.9)%
Sub-Total	\$934,724	\$967,769	\$959,269	2.6%	(0.9)%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,109,125	\$1,054,967	\$1,032,397	(6.9)%	(2.1)%
Federal Funds	\$242,982	\$245,812	\$239,229	(1.5)%	(2.7)%
Other Funds	\$32,975	\$37,065	\$36,304	10.1%	(2.1)%
Grand Total	\$1,385,082	\$1,337,844	\$1,307,930	(5.6)%	(2.2)%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change	
				2002-04	2003-04
State	689	628	636	(7.7)%	1.3%
Federal	264	250	257	(2.7)%	2.8%
All Other	89	78	79	(11.2)%	1.3%
Total Positions	1,042	956	972	(6.7)%	1.7%

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	29.7%	31.0%	33.0%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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COMMUNITY DEVELOPMENT MANAGEMENT**Direct State Services**

**Boarding Home
Regulation and
Assistance - DSS**

	\$1,065	\$0	(\$1,065)	(100.0)%	D-38
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**Boarding Home
Regulation and
Assistance - Other
Funds**

	\$0	\$1,066	\$1,066	—	D-40
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Direct State Services funding for the Division of Codes and Standards to license and inspect boardings is recommended for elimination and replacement by a virtually equal amount of funds to be transferred from the New Jersey Housing and Mortgage Finance Agency (HMFA). The budget projects that the HMFA will transfer a total of \$25 million to the State in FY 2004, equal to the amount transferred in both FY 2002 and FY 2003.

Main Street New Jersey	\$200	\$0	(\$200)	(100.0)%	D-39
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For FY 2004, there is no funding being recommending for Main Street New Jersey. Main Street is a comprehensive revitalization program that promotes the historic and economic redevelopment of traditional business districts. Every two years DCA accepts applications and designates selected communities to join the program. These communities receive valuable technical support and training to assist in restoring their Main Streets as centers of community and economic activity. It is uncertain whether the program can continue at any level without this funding.

**Office of Neighborhood
Empowerment**

	\$1,325	\$0	(\$1,325)	(100.0)%	D-39
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The Office of Neighborhood Empowerment (ONE) was established pursuant to section 47 of P.L.1996, c.62, the "New Jersey Urban Redevelopment Act," and is at present in but not of the New Jersey Redevelopment Authority. Its principal duty is to provide support for a community director who is to assist local sponsors in developing or implementing neighborhood empowerment plans, projects and programs established by the New Jersey Redevelopment Authority, and the New Jersey Economic Development Authority, and development initiatives proposed by municipal and county governments. There is no recommended funding for this program in FY 2004. It is uncertain whether ONE can continue any of its activities in FY 2004 without this funding.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Grants-In-Aid

Prevention of Homelessness	\$4,460	\$3,960	(\$500)	(11.2)%	D-39
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This program provides limited financial assistance to low and moderate income tenants and homeowners who are in imminent danger of eviction or foreclosure due to temporary financial problems beyond their control. Funds are used to disburse payments in the forms of loans and grants to landlords and mortgage companies on behalf of eligible households in danger of homelessness. Funds have also been used to match federal housing grants. The FY 2004 budget recommend \$3.9 million for this program, a decrease of \$500,000 from the 2003 adjusted appropriation. The impact of this funding reduction is uncertain; budget evaluation data (p. D-37) projects an increase in households assisted by this program from 2,200 to 2,300.

Brownfields

Redevelopment Grants	\$1,000	\$0	(\$1,000)	(100.0)%	D-39
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This program provides grants and other financial incentives to 68 Urban Coordinating Council (UCC) eligible municipalities for the acquisition and remediation of brownfield sites when the prospect of private development appears unrealistic absent financial assistance. The funds are administered by the New Jersey Redevelopment Authority in conjunction with the Urban Site Acquisition (USA) program. For FY 2004, there is no funding recommended for this program. The Administration has stated it will seek voter approval in November 2003 to broaden use of dedicated Coporation Business Tax revenue to include brownfield remediation.

State Aid**Neighborhood**

Preservation (P.L.1975, c.248 & c.249)	\$2,750	\$2,400	(\$350)	(12.7)%	D-40
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This program provides direct financial and technical assistance to municipalities over a three to five year period to conduct activities associated with preservation of designated neighborhoods based on strategic revitalization plans within those municipalities. The FY 2004 budget recommends \$2.4 million for this program, a decrease of \$350,000 from the FY 2003 adjusted appropriation. This reduction should have no significant impact, since the program has substantial funding balances.

**Municipal Memberships
in Building Codes**

Association	\$46	\$0	(\$46)	(100.0)%	D-40
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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This appropriation has provided funding for membership costs to all New Jersey municipalities in the National Construction Code Association and the Building Officials and Code Administrators International, Inc. The Division of Codes and Standards will continue to fund these costs from other resources despite this reduction.

ECONOMIC PLANNING DEVELOPMENT**Direct State Services**

Salaries and Wages	\$1,462	\$1,211	(\$251)	(17.2)%	D-43
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The FY 2004 salaries and wages for the Office of Smart Growth are recommended to decrease by \$251,000 from the FY 2003 adjusted appropriation of \$1.46 million. Annualized attrition savings account for \$156,000 of this reduction. Recommended funding is projected to support a staff of 27 in FY 2004.

**Historic Site
Management**

	\$500	\$0	(\$500)	(100.0)%	D-43
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This account was intended to provide aid to historic property owners and managers in gaining a better understanding of preservation needs for a particular site or structure, enhancing long-term planning for the operations and programs of historic sites, and broadening public awareness and enjoyment of historic sites. Originally appropriated to the Department of Environmental Protection and then reallocated to the Department of State in FY 2002, none of the funds appropriated in either FY 2002 or FY 2003 have been or are likely to be expended. Therefore, the elimination of this funding will have no impact.

**Governor's Smart
Growth Policy Council**

	\$125	\$25	(\$100)	(80.0)%	D-43
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The Governor's Smart Growth Policy Council was established pursuant to Executive Order No. 31 for the purpose of ensuring that State agencies incorporate the principles of smart growth and the State Plan into their functional plans and regulations. The Council's functioning is not likely to be impaired by this funding reduction, based on spending activity to date from this account.

SOCIAL SERVICES PROGRAMS**Direct State Services****Office on the
Prevention of Violence
Against Women**

	\$200	\$150	(\$50)	(25.0)%	D-46
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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The account supports the administrative costs and discretionary grant activity of this office, part of the Division on Women. This reduction is partially offset by a \$22,000 increase in the division's salary account, and should have little impact on the office's activities.

Grants-In-Aid**Center for Hispanic
Policy, Research and
Development**

	\$2,625	\$1,260	(\$1,365)	(52.0)%	D-46
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The Center for Hispanic Policy, Research and Development works to empower the Hispanic community in New Jersey through inclusion in policy development and by assuring access to services and programs. The Center facilitates professional and leadership development for Hispanics and supports programs through funding collaborations with private and public entities. This grant account has supported a variety of community-based social service programs delivered by 25-30 organizations. The impact of this reduction on these grantees is uncertain. The budget projects an increase in the population served by this program from 253,000 in FY 2003 to almost 286,000 in FY 2004.

Grants to ASPIRA	\$100	\$50	(\$50)	(50.0)%	D-47
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The recommended FY 2004 appropriation for ASPIRA represents a 50% decrease in funding from the FY 2003 adjusted appropriation, commensurate with the reduction in DCA funding for other agencies serving the Latino community. ASPIRA was established in Newark, New Jersey in 1968. ASPIRA promotes leadership through education and offers guidance and career counseling, college placement, and assistance in obtaining financial aid for a college education to Hispanic youth.

**Trenton Urban
Gardening Program**

	\$50	\$0	(\$50)	(100.0)%	D-47
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**Camden Urban
Gardening Project**

	\$50	\$0	(\$50)	(100.0)%	D-47
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Explicit funding for these community based programs is eliminated in FY 2004. The impact on the sponsoring organization's ability to continue these programs is uncertain.

**Grants to Hispanic
Women's Resource
Centers**

	\$400	\$200	(\$200)	(50.0)%	D-48
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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This program has provided funding to four nonprofit agencies that provide basic language skills, computer literacy, educational evaluation services, job counseling services, self-help programs and mentoring projects, career information services, and information and referral services to the female Hispanic population. In FY 2004, Hispanic Women's Resource Centers are recommended to receive \$200,000, down 50% from the FY 2003 adjusted appropriation. The impact on each center is uncertain. Budget evaluation data projects an increase in the number of women served by this program.

Grants to Displaced Homemaker Centers	\$1,075	\$575	(\$500)	(46.5)%	D-48
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This program has provided funding to sixteen centers that offer job counseling and other supportive services for women who have been dependent on the income of another household member but due to death, disablement of spouse or divorce, must now support themselves. The program aims to develop and offer technical assistance to expand existing programs to include: job counseling services specifically designed for displaced homemakers; job training and placement services; job development services with identification of community needs; financial management services; and educational needs. The impact of this funding reduction on each center is uncertain. Budget evaluation data projects that the centers will serve 550 fewer women in FY 2004, a decrease of 17 percent.

DIVISION OF LOCAL GOVERNMENT SERVICES

Direct State Services

Local Finance Board Members	\$84	\$0	(\$84)	(100.0)%	D-51
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The Local Finance Board is a statutorily created body with the overall responsibility for promulgating rules and regulations on the fiscal operations, fiscal reporting and fiscal conditions of all New Jersey municipalities, counties, local authorities and special districts. The Board also has the responsibility of administering the Local Government Ethics Law. The 7 members of the Local Finance Board each receive an annual salary of \$12,000 for their services. Since there is no statutory requirement that board members be compensated for their services the deletion of funding would result in the cessation of their salaries.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Special Municipal Aid Act - Administration	\$1,269	\$1,138	(\$131)	(10.3)%	D-52

This account provides funding for the administration of the Special Municipal Aid Act. Specifically, it provides funding for the municipal audit staff, the hiring of outside professionals as needed, and the support functions, equipment and supplies for those individuals. The recommended decrease represents savings from attrition, and should have little or no impact on administrative activity.

Local School Contracting Oversight and Assistance	\$930	\$0	(\$930)	(100.0)%	D-52
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Elimination of this funding reflects the discontinuation (already in effect) of the Division's involvement with contracting oversight, which was targeted to school districts undertaking their own construction project management under the Educational Facilities Construction and Financing Act, P.L.2000, c.72. None of the FY 2003 appropriation will be expended by the division.

Grants-In-Aid

Statewide Local ADA Compliance	\$1,500	\$0	(\$1,500)	(100.0)%	D-61
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The FY 2004 budget discontinues funding for this program, added by the Legislature in FY 2003.

Flood Aid Grants

Bound Brook Borough - Flood Aid	\$2,000	\$0	(\$2,000)	(100.0)%	D-62
Manville Borough - Flood Aid	\$1,320	\$0	(\$1,320)	(100.0)%	D-62

These two municipalities first received state assistance from emergency flood relief appropriations, due to the extensive damage they suffered from Hurricane Floyd. Assistance has continued through a combination of these flood aid appropriations and Extraordinary Aid awards. With no further flood aid recommended for FY 2004, these municipalities will need to seek Extraordinary Aid for continued assistance.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
State Aid (PTRF)					
Extraordinary Aid (PTRF)	\$30,500	\$25,000	(\$5,500)	(18.0)%	D-63

The Extraordinary Aid program provides short-term assistance to municipalities experiencing a catastrophic loss of tax ratables. The FY 2004 budget eliminates \$500,000 added by the Legislature and further reduces funding by \$5 million. Funding awards are entirely at the discretion of the department.

Special Municipal Aid Act (PTRF)	\$41,505	\$38,505	(\$3,000)	(7.2)%	D-63
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The Special Municipal Aid Act, established pursuant to P.L.1999, c. 156, is directed at municipalities with structural deficits that could not be resolved without additional State funds. For FY 2004, \$38.5 million is being recommended for this program, a decrease of \$3.0 million from the FY 2003 adjusted appropriation. It is uncertain which of the seven municipalities funded from this appropriation in FY 2003 will be affected by this reduction.

Language Provisions

2003 Appropriations Handbook

p. B-17

The amounts received by the Uniform Construction Code Revolving Fund attributable to that portion of the surcharge fee in excess of \$0.0006, and to surcharges on other construction, shall be dedicated to the general support of the Uniform Construction Code Program and, notwithstanding the provisions of section 2 of P.L.1979, c.121 (C.52:27D--124.1), shall be available for training and non-training purposes. Notwithstanding the provision of law to the contrary, unexpended balances as of June 30, 2002 in the Uniform Construction Code Revolving Fund are appropriated.

2004 Budget Recommendations

p. D-41

The amounts received by the Uniform Construction Code Revolving Fund attributable to that portion of the surcharge fee in excess of \$0.0006, and to surcharges on other construction, shall be dedicated to the general support of the Uniform Construction Code Program and, notwithstanding the provisions of section 2 of P.L.1979, c.121 (C.52:27D--124.1), shall be available for training and non-training purposes, except that the amounts attributable to \$0.00075 per cubic foot of new construction and \$0.39 per \$1,000 of other construction shall be dedicated to the Smart Growth Planning Grant-in-Aid Program. Notwithstanding the provision of law to the contrary, unexpended balances as of June 30, 2003 in the Uniform Construction Code Revolving Fund are appropriated.

Explanation

The Governor has recommended this FY 2003 Appropriations Act language with revisions for FY 2004 to dedicate from the monies collected by the Uniform Construction Code Revolving Fund a source of revenue for the funding of the \$2.7 million Smart Growth Planning Grant-in-Aid Program. The department plans to raise fees to produce this additional revenue.

2003 Appropriations Handbook

No similar language.

2004 Budget Recommendations

p. D-41

Notwithstanding the provisions of any law to the contrary, receipts derived from fees associated with the Fire Protection Contractor's Certification Program (P.L.2001, c.289 as amended by P.L.2002, c.39) are appropriated to the Department of Community Affairs Division of Fire Safety, necessary to operate the program subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)

Explanation

The Governor has recommended this FY 2004 budget language to appropriate to the Division of Fire Safety fee receipts associated with the Fire Protection Contractor's Certification Program established under P.L.2001, c.289, for the operation of this certification program. P.L.2001, c.289 required that persons or business entities that undertake the sale, service, repair, inspection or maintenance of fire protection equipment must be State certified, or employ a State certified contractor. The law requires the issuance of a three-year license, with three year renewals, to a qualified applicant upon the payment of the appropriate fee to the Department of Community Affairs. As yet, no fee schedule has been adopted and no projection of revenue has been provided by the department.



2003 Appropriations Handbook

2004 Budget Recommendations

p. B-18

<p>Receipts in excess of the amount anticipated for the Workplace Standards program are anticipated, subject to the approval of the Director of the Division of Budget and Accounting.</p>	<p>No similar language.</p>
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Explanation

The Governor has not recommended this FY 2003 Appropriations Act language for FY 2004 because of the transfer of most of the Workplace Standards program regulatory activities to the Department of Labor pursuant to Executive Reorganization Plan # 002-2002, and the integration of the remaining functions of the program within the Uniform Construction Code program class.



Language Provisions (Cont'd)

2003 Appropriations Handbook

2004 Budget Recommendations

p. B-19

The amount appropriated hereinabove for Brownfields Redevelopment Grants shall be allocated to the New Jersey Redevelopment Authority to pay site acquisition, remediation and demolition costs of brownfields redevelopment projects in eligible municipalities, provided that the remediation plan for any brownfields site shall be subject to the approval of the Department of Environmental Protection and subject to the approval of the State Treasurer. Brownfields Redevelopment monies may take the form of grants, recoverable grants or loans, and all loans or recovered grants shall be repaid to the General Fund and reappropriated for the same purposes or reallocated subject to the approval of the State Treasurer. The authority shall develop project financing criteria that are consistent with the provisions and objectives of the "New Jersey Urban Redevelopment Act," P.L.1996, c.62 (C.55:19-20 et al.).

No similar language.

Explanation

The Governor has not recommended this FY 2003 Appropriations Act language for FY 2004 because no additional funding for these Brownfields Redevelopment grants is recommended for FY 2004.

Language Provisions (Cont'd)

2003 Appropriations Handbook

p. B-19

Notwithstanding the provisions of section 35 of P.L.1975, c.326 (C.13:17-10.1), sections 10 and 11 of P.L.1981, c.306 (C.13:1E-109 and C.13:1E-110), section 8 of P.L.1985, c.368 (C.13:1E-176, or any rules and regulations adopted pursuant thereto, or any order issued by the Board of Public Utilities to the contrary, an amount equal to \$3,205,000 of the calendar year 2002 interest shall be withdrawn from the escrow accounts by the New Jersey Meadowlands Commission and paid to the State Treasurer for deposit in the General Fund and the amount so deposited shall be appropriated to the New Jersey Meadowlands Commission for operational costs. Of the amount so deposited and appropriated to the New Jersey Meadowlands Commission, \$110,000 shall be made available to the Hackensack Meadowlands Municipal Committee for operational costs.

2004 Budget Recommendations

p. D-42

Notwithstanding the provisions of section 35 of P.L.1975, c.326 (C.13:17-10.1), sections 10 and 11 of P.L.1981, c.306 (C.13:1E-109 and C.13:1E-110), section 8 of P.L.1985, c.368 (C.13:1E-176, or any rules and regulations adopted pursuant thereto, or any order issued by the Board of Public Utilities to the contrary, an amount equal to \$3,205,000 of the calendar year 2002 interest shall be withdrawn from the escrow accounts by the New Jersey Meadowlands Commission and paid to the State Treasurer for deposit in the General Fund and the amount so deposited shall be appropriated to the New Jersey Meadowlands Commission for operational costs. Of the amount so deposited and appropriated to the New Jersey Meadowlands Commission, \$110,000 shall be made available to the Hackensack Meadowlands Municipal Committee for operational costs.

Explanation

This FY 2003 Appropriations Act language is recommended with revisions for FY 2004 to allow the New Jersey Meadowlands Commission to withdraw any escrow account funds, rather than only annual interest earnings, to support the New Jersey Meadowlands commission's operational costs.



Language Provisions (Cont'd)

2003 Appropriations Handbook

p. B-19

Notwithstanding the provisions of section 35 of P.L.1975, c.326 (C.13:17--10.1), sections 10 and 11 of P.L.1981, c.306 (C.13:1E--109 and C.13:1E--110), section 8 of P.L.1985, c.368 (C.13:1E--176), or any rules and regulations adopted pursuant thereto, or any order issued by the Board of Public Utilities to the contrary, an amount equal to \$164,000 of the calendar year 2002 interest earnings on the aggregate balance in the closure and post-closure monitoring of the sanitary landfill facilities operated by the New Jersey Meadowlands Commission shall be withdrawn from the escrow accounts by the commission and paid to the State Treasurer for deposit in the General Fund, and the amount so deposited is appropriated for payment to the New Jersey Meadowlands Tax Sharing Stabilization Fund and paid to the commission in accordance with the certification of the fund's requirements, for distribution by the commission to municipalities entitled to payments from the fund for 2002. Notwithstanding any provision of law to the contrary, the New Jersey Meadowlands Commission shall certify calendar 2003 tax sharing stabilization payments in amounts equal to those certified in calendar year 2002.

2004 Budget Recommendations

p. D-42

Notwithstanding the provisions of section 35 of P.L.1975, c.326 (C.13:17--10.1), sections 10 and 11 of P.L.1981, c.306 (C.13:1E--109 and C.13:1E--110), section 8 of P.L.1985, c.368 (C.13:1E--176), or any rules and regulations adopted pursuant thereto, or any order issued by the Board of Public Utilities to the contrary, an amount equal to \$164,000 of the calendar year 2003 interest earnings on the aggregate balance in the closure and post-closure monitoring of the sanitary landfill facilities operated by the New Jersey Meadowlands Commission shall be withdrawn from the escrow accounts by the commission and paid to the State Treasurer for deposit in the General Fund, and the amount so deposited is appropriated for payment to the New Jersey Meadowlands Tax Sharing Stabilization Fund and paid to the commission in accordance with the certification of the fund's requirements, for distribution by the commission to municipalities entitled to payments from the fund for 2003. ~~Notwithstanding any provision of law to the contrary, the New Jersey Meadowlands Commission shall certify calendar 2003 tax sharing stabilization payments in amounts equal to those certified in calendar year 2002.~~

Explanation

This FY 2003 Appropriations Act language is recommended with revisions for FY 2004 to delete the requirement that tax stabilization payments be equal to prior year payments. This will allow the New Jersey Meadowlands Commission to update payments according to current formula parameters.

Language Provisions (Cont'd)

2003 Appropriations Handbook

2004 Budget Recommendations

B-19

Notwithstanding any other law to the contrary, there is appropriated from the Sanitary Landfill Contingency Fund an amount equal to any moneys remaining in the escrow account of the Kingsland Sanitary Landfill, established pursuant to section 10 of P.L. 1981, c.306 (C.13:1E--109), subsequent to its proper and complete closure pursuant to law, for the funding of the proper closure of sanitary landfills owned or to be acquired by the New Jersey Meadowlands Commission, subject to the approval of the Director of the Division of Budget and Accounting.

No similar language.

Explanation

The Governor has not recommended this FY 2003 Appropriations Act language for FY 2004 because the appropriation of landfill funds authorized by this language occurred with the acquisition of the landfill by the New Jersey Meadowlands Commission.



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2004 Budget Recommendations

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Of the amount hereinabove appropriated for school construction activities in the Division of Local Government Services in the Department of Community Affairs, there shall be credited against such amounts such monies as are received by the Department of Community Affairs pursuant to a memorandum of understanding between the Division of Local Government Services and the New Jersey Economic Development Authority for oversight services including employee benefit costs in connection with the school construction program.

No similar language.

Language Provisions (Cont'd)

Explanation

The Governor has not recommended this FY 2003 Appropriations Act language for FY 2004 because as of May 1, 2002, the school construction program was revised to limit the activities of the Division of Local Government Services with respect to procurement review to providing as-needed consulting services to the New Jersey Economic Development Authority, thereby eliminating the need for budgetary support in FY 2004. Oversight of school construction activities will be continued by the New Jersey Economic Development Authority and the Office of Government Integrity in the Department of Law and Public Safety.

2003 Appropriations Handbook

No similar language.

2004 Budget Recommendations

D-44

The amount hereinabove for the New Jersey Historic Trust Program is appropriated for all administrative costs and expenses pursuant to the "NJ Cultural Trust Act" P.L.2000, c.76 (C.52: 16A--72 et seq.); the "Garden State Preservation Trust Act," P.L. 1999, c. 152 C.13:8C--1 et seq.); the "Historic Preservation Revolving Loan Fund," P.L.1991, c.41 (C.13:1B--15.115a et seq.); the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88; and the "Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act of 1995," P.L.1995, c.204, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor has recommended this FY 2004 budget language to reflect the transfer to the Department of Community Affairs from the Department of State of the New Jersey Historic Trust program. This recommended FY 2004 budget language is repeated verbatim from that language in the FY 2003 Appropriations Act.

Language Provisions (Cont'd)

2003 Appropriations Handbook

2004 Budget Recommendations

p. D-44

No similar language.

Notwithstanding any other law to the contrary, an amount not to exceed \$458,000 shall be transferred from the Garden State Historic Preservation Trust Fund to the General Fund and is appropriated to the Department of Community Affairs for Historic Trust/Open Space Administrative Costs.

Explanation

The Governor has recommended this FY 2004 budget language to reflect the transfer to the Department of Community Affairs from the Department of State of the New Jersey Historic Trust program. This recommended FY 2004 budget language represents a reduction of \$12,000 in the appropriation for administrative costs for FY 2004 from the \$470,000 appropriated for administrative purposes in the FY 2003 Appropriations Act.



2003 Appropriations Handbook

2004 Budget Recommendations

D-64

No similar language.

In addition to the amount hereinabove for the County Prosecutors Salary Increase, there is appropriated an amount not to exceed \$40,000, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor has recommended this FY 2004 budget language instead of increasing appropriations for this purpose by \$40,000. In the past, appropriations acts have provided full funding for prosecutor's salary increases, with unexpended balances resulting from savings due to vacancies. The FY 2004 budget anticipates vacancy savings, and this language provides the authority for full funding in the event those savings do not materialize.



Language Provisions (Cont'd)

2003 Appropriations Handbook

No similar language.

2004 Budget Recommendations

D-64

Of the amount appropriated hereinabove for the Special Municipal Aid Act, any available balance in the Special Municipal Aid Act account may be transferred to the Extraordinary Aid account, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor has recommended this FY 2004 budget language to authorize the transfer of unawarded Special Municipal Aid Act funding to the Extraordinary Aid program, without further legislative review.



Language Provisions (Cont'd)

2003 Appropriations Handbook

B-23

Notwithstanding any law to the contrary, the amount hereinabove for Consolidated Municipal Property Tax Relief Aid shall be distributed in the same amounts, and to the same municipalities which received funding pursuant to the fiscal year 2002 annual appropriations act, P.L.2001, c.130, except that the amount received by a municipality shall be reduced by the amount the municipality receives from the allocation of the amount transferred from this State aid account to the Energy Tax Receipts Property Tax Relief Fund, and except that the amount received by the City of Newark shall be further reduced by an amount certified by the Division of Taxation and appropriated to the Division of Taxation for any aspect of the revaluation of real property in Newark, subject to the approval of the Director of the Division of Budget and Accounting. The Director of the Division of Local Government Services shall further take such actions as may be necessary to ensure that the proportion of Consolidated Municipal Property Tax Relief Aid appropriated in fiscal year 2002 to offset losses from business personal property tax that would have otherwise been used for the support of public

schools will be used to reduce the school property tax levy for those affected school districts with the remaining State Aid used as municipal property tax relief. The chief financial officer of the municipality shall pay to the school districts such amounts as may be due by December 31, 2002. If a municipality receives no Consolidated Municipal Property Tax Relief Aid, or the amount is insufficient to provide the full amount required pursuant to subsection e. of P.L.1997, c.167 (C.52:27D--439), additional amounts as may be required, not to exceed \$247,000 are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

2004 Budget Recommendations

D-64

Notwithstanding any law to the contrary, the amount hereinabove for Consolidated Municipal Property Tax Relief Aid shall be distributed in the same amounts, and to the same municipalities which received funding pursuant to the fiscal year 2003 annual appropriations act, P.L.2002, c.38, ~~except that the amount received by a municipality shall be reduced by the amount the municipality receives from the allocation of the amount transferred from this State aid account to the Energy Tax Receipts Property Tax Relief Fund, provided further, however, that from the amount hereinabove there is transferred to the Energy Tax Receipts Property Tax Relief Fund account such sums as were determined for fiscal year 2003 pursuant to subsection e. of P.L.1997, c.167 (C.52:27D-439),~~ and except that the amount received by the city of Newark shall be further reduced by an amount certified by the Division of Taxation and appropriated to the Division of Taxation for any aspect of the revaluation of real property in Newark, subject to the approval of the Director of the Division of Budget and Accounting. The Director of the Division of Local Government Services shall further take such actions as may be necessary to ensure that the proportion of Consolidated Municipal Property Tax Relief Aid appropriated in fiscal year 2003 to offset losses from business personal property tax that would have otherwise been used for the support of public schools will be used to reduce the school property tax levy for those affected school districts with the remaining State Aid used as municipal property tax relief. The chief financial officer of the municipality shall pay to the school districts such amounts as may be due by December 31, 2003. ~~If a municipality receives no Consolidated Municipal Property Tax Relief Aid, or the amount is insufficient to provide the full amount required pursuant to subsection e. of P.L.1997, c.167 (C.52:27D-439), additional amounts as may be required, not to exceed \$247,000 are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

This FY 2003 Appropriations Act language is recommended with revisions for FY 2004 to continue the funding of the FY 2003 inflation adjustment to the Energy Receipts Tax distribution

Language Provisions (Cont'd)

(approximately \$18.8 million) from the Consolidated Municipal Property Tax Relief Aid appropriation. The deleted portion of the FY 2003 Appropriations Act language, which authorized additional appropriations of up to \$247,000 is not required for FY 2004 in light of recommended funding for the Consolidated Municipal Property Tax Relief Aid program.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-24

Notwithstanding the provisions of any prior law or statute to the contrary, movement of any funds into the Revolving Housing Development and Demonstration Grant Fund is subject to the prior approval of the Director of the Division of Budget and Accounting.

No similar language.

Explanation

The Governor has not recommended this FY 2003 Appropriations Act language for FY 2004 in order to restore to the Commissioner of Community Affairs the full discretion as provided by law to allocate resources to the Revolving Housing Development and Demonstration Grant Fund.



Discussion Points

1. Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources.

- **Question:** What impact will the expectation of (a) increased or decreased federal funding, or (b) new or revised federal mandates or matching requirements, have on your department's resources and activities in FY 2004? Be specific with regard to the expected federal action and the corresponding State or local impact.

2. In FY 2003, the City of Trenton received \$16.5 million in State Aid under the provisions of the "Special Municipal Aid Act", P.L.1987, c.75. For FY 2004, the City of Trenton is recommended to receive \$16.5 million in State Aid from a separate appropriation entitled "Trenton Capital City Aid."

- **Question:** What factors or considerations prompted the Department of Community Affairs to treat the City of Trenton differently for municipal aid purposes in FY 2004 than it did in FY 2003? Will the department evaluate Trenton's municipal aid needs differently than it evaluates needs under the Special Municipal Aid Act? Does the department anticipate proposing legislation to provide a permanent statutory basis for "Capital City Aid?"

3. The FY 2004 recommendation for Special Municipal Aid is \$38.5 million, down \$3.0 million from the 2003 adjusted appropriation of \$41.5 million. In addition, newly recommended budget language would provide that any available balance in the Special Municipal Aid account may be transferred to the Extraordinary Aid account. Most municipalities that have received Special Municipal Aid operate on a July-June fiscal year, and Special Municipal Aid is usually funded on a one-year lag, i.e., the aid appropriated in FY 2004 will serve to balance budgets adopted for FY 2003. Recipients of FY 2003 aid (excluding Trenton) were Camden, East Orange, Harrison Town, Irvington, Jersey City, Paterson and Union City. Under the statutory budget calendar, all FY 2003 budgets should have been adopted by now, absent extensions of time from the Division of Local Government Services. No information has been provided by the Administration as to the municipalities that will receive this aid or in what amounts.

- **Question:** What decisions have been made by the department concerning the award of FY 2004 Special Municipal Aid? Does the recommended decrease in funding signify improved fiscal conditions in any or all of the municipalities subject to the Act? If so, what are the improvements in each municipality? Has any of the recipients of FY 2003 Special Municipal Aid adopted its next municipal budget, e.g., fiscal 2003, and if so, what amount of Special Municipal Aid is anticipated in each adopted budget?

4. No FY 2004 funding is recommended for Special Urban Services, eliminating in particular the FY 2003 adjusted appropriation of \$1.3 million for the Office of Neighborhood Empowerment (ONE). The Office was established pursuant to section 47 of P.L.1996, c.62, the "New Jersey Urban Redevelopment Act," in but not of the Department of Community Affairs. Its principal duty is to provide support for a community director who is to assist local sponsors in

Discussion Points (Cont'd)

developing or implementing neighborhood empowerment plans, projects and programs established by the New Jersey Redevelopment Authority (NJRA) and the New Jersey Economic Development Authority, and development initiatives proposed by municipal and county governments. From the NJRA website it appears that sixteen municipalities receive support from ONE, with a community director currently active in the Office of Neighborhood Empowerment.

- **Question:** Will the Office of Neighborhood Empowerment continue providing its assistance to participating urban communities in FY 2004? If so, what funding source will substitute for State appropriations and in what amount? If not, does the department or NJRA propose to support neighborhood empowerment activities by some other means, or will the relationship with these neighborhoods simply be terminated?

5. In FY 2004, funding for the following programs would decrease by 50 percent: Center for Hispanic Policy, Research and Development (CHPRD), grants to Hispanic Women's Centers, and grants to Displaced Homemaker Centers. Notwithstanding these proposed reductions, evaluation data presented on budget page D-45 project for FY 2004 a 13 percent increase in Hispanic population served through the 28 Hispanic non-profits organizations funded by the CHPRD; a 6 percent increase in Hispanic women served by Division of Women grant programs, i.e., Hispanic Women's Centers; and a 17 percent decrease in displaced homemakers served.

- **Question:** How will the department prioritize funding to grantees under each of the three referenced programs in FY 2004? What guidance and assistance is the department providing the organizations and agencies that depended upon funding in the past and are seeking financial assistance from the department in FY 2004? How does the department explain the differences in projected FY 2004 outcomes for the three programs that would experience virtually identical funding reductions?

6. The FY 2004 budget overview (page D-33) describes a plan to pool \$27.6 million of Housing and Mortgage Finance Agency (HMFA) and DCA dollars into a Housing Opportunity Fund to create a single multi-purpose resource for the production and preservation of housing. This initiative will use \$245 million in State resources over four years to attract an additional \$2.02 billion of investment in New Jersey housing. According to recent press reports, litigation challenging HMFA's use of housing investment tax credits has halted many housing projects due to financial uncertainties.

- **Question:** Please identify the specific sources of both DCA and HMFA funding that will contribute to this pool of resources in FY 2004. What are the sources and amounts of State resources for each succeeding year of this four-year plan? Will the Housing Opportunity Fund be administered by the department or by the HMFA? What are the multiple purposes that the Fund will support? What are the specific goals or outcomes, e.g., new rental units, additional single-family units, to be achieved by this plan? What are the specific sources, and the amount from each, that make up the \$2 billion of additional investment this plan is projected to generate? How will the current litigation against the HMFA affect the timetable and the intended outcomes of this initiative?

Discussion Points (Cont'd)

7. For fiscal year 2004, there is no funding recommended for the Main Street New Jersey Program. Main Street New Jersey is a comprehensive revitalization program that promotes the historic and economic redevelopment of traditional business districts. Every two years DCA accepts applications and designates selected communities to join the program. These communities receive valuable technical support and training to assist in restoring their Main Streets as centers of community and economic activity.

- **Question:** Does the department intend to continue or terminate Main Street New Jersey program in FY 2004? If the program is continued, which services currently provided will be maintained and which will be discontinued? What alternative resources or support from other programs can the department offer to current Main Street NJ municipalities to sustain their efforts to revitalize their downtowns?

8. The Government Records Council (GRC) was established by the newly enacted Open Public Records Act (P.L. 2001, c. 404) to guarantee public access to government records. The council provides informal guidance; issues advisory opinions on the accessibility of government records; delivers training on the law; mediates and adjudicates disputes; and provides training to records custodians throughout the State.

- **Question:** Please provide an overview of the Government Records Council's organization and activities to date. How many formal complaints filed since the law's inception has the Council finally resolved? What proportion of formal complaints involve state agencies, and what proportions involve local governments, i.e., counties, school districts, municipalities, other? What is the projected backlog of unresolved complaints, if any, as of June 30, 2003? In what percentage of all resolved cases were custodians of public records fined for noncompliance? How many awards of attorneys' fees has the Council ordered, and for what total amount?

9. Since the 1996 creation of the New Jersey Redevelopment Authority, State appropriations totaling over \$67 million have been provided for agency grant and loan programs, including \$9 million in start-up funds, \$25 million for the Urban Sites Acquisition Program, and \$21 million for Brownfields Redevelopment Grants. To help close the FY 2002 projected deficit, the Governor proposed and Legislature approved the transfer of up to \$18.5 million of unobligated NJRA funds to the General Fund (P.L.2002, c.12). The budget reports that \$17.5 million was transferred. The budget anticipates that in FY 2004 the NJRA will return another \$9 million to the General Fund.

- **Question:** From what NJRA grant and loan programs were unobligated balances transferred to the General Fund in FY 2002? What percentage of available program balances did the transferred amounts represent? Please provide a projection of available funding at June 30, 2003 for each NJRA grant and loan program, a projection of the amount each program will transfer to the General Fund in FY 2004, and a projected balance at June 30, 2004. Based on these projections, will the NJRA have sufficient resources to remain active as an independent urban redevelopment agency?

Discussion Points (Cont'd)

10. Among the duties of the Office of Smart Growth, the successor to the Office of State Planning, is the administration of smart growth and smart school planning grants. According to the budget, these grants are available to counties, municipalities and school districts to promote economic activities that are consistent with smart growth principles. The budget projects that 30 grants will be awarded in both FY 2003 and FY 2004, from funding of \$2.7 million in each year. As of April 15, 2003, none of the FY 2003 appropriation for Smart Growth Planning Grants has been expended or obligated.

The Office's website contains a February, 2003 solicitation for proposals from municipal mayors for "Smart Future Planning Grants", which states that the grants should lead to reasonable managed growth strategies that will be translated into plans and ordinances for adoption and implementation in a timely manner. The website further states that more than \$5 million in Smart Future Planning Grants have been awarded.

- **Question:** Are "Smart Future Grants" a subset of Smart Growth Planning Grants that are available only to municipalities? If so, what portion of the Smart Growth Planning Grant appropriation is set aside for these grants? Has the Office of Smart Growth awarded any FY 2003 funds for Smart Future or Smart Growth grants, and if so, what is the total awarded and the number of awards? Please provide a list of awards by grantee together with the amount of the award, a synopsis of the purpose and projected outcome of each grant, and a date by which each grant is to be completed.

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Individuals wishing information and committee schedules on the FY 2004 budget are encouraged to contact:

Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625

(609) 292-8030

Fax (609) 777-2442