

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 1998 - 1999 BUDGET



EXECUTIVE BUDGET OVERVIEW: KEY POINTS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MARCH 1998

NEW JERSEY STATE LEGISLATURE

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TABLE OF CONTENTS

	<u>Page Number</u>
Introduction	i
Departmental Summaries and Key Points	ii
Agriculture	1
Banking and Insurance	3
Commerce and Economic Development	5
Community Affairs	9
Corrections	12
Education	16
Environmental Protection	21
Health and Senior Services	24
Human Services	31
Labor	40
Law and Public Safety	44
Military and Veterans' Affairs	48
Personnel	50
State	52
Transportation	55
Treasury	59
Inter-Departmental Accounts	67
Judiciary	70

**THE NEW JERSEY FISCAL YEAR 1999
EXECUTIVE BUDGET OVERVIEW:
KEY POINTS**

Prepared by the

**OFFICE OF LEGISLATIVE SERVICES
LEGISLATIVE BUDGET AND FINANCE OFFICER**

March, 1998

This report on the Governor's FY 1999 Budget contains summaries of each department's budget recommendation. The departmental summaries are highlighted by "key points;" these are developed by the Office of Legislative Services (OLS) as a quick guide to the significant budget issues in each department. As in past years, OLS will be preparing a more comprehensive analysis of each agency's budget recommendation, including expanded discussion points, to assist the Legislature in reviewing the Governor's budget proposals. OLS has also prepared a separate *Economic Overview and Revenue Analysis*, which discusses the State economy and provides independent tax and revenue projections for FY 1998 and 1999.

DEPARTMENTAL SUMMARIES

AND

KEY POINTS

DEPARTMENT OF AGRICULTURE

Budget Pages.....D-15 to D-21; E-2; F-2; G-2

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$20,359	\$18,042	\$18,106	0.4%
Federal Funds	145,961	178,161	190,472	6.9%
<u>Other</u>	<u>10,535</u>	<u>11,546</u>	<u>10,975</u>	<u>(4.9)%</u>
Grand Total	\$176,855	\$207,749	\$219,553	5.7%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	144	141	140	(0.7)%
Federal	43	44	43	(2.3)%
<u>Other</u>	<u>51</u>	<u>54</u>	<u>54</u>	<u>0.0%</u>
Total Positions	238	239	237	(0.8)%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The mission of the Department of Agriculture (DOA) is to ensure the continued viability of New Jersey's agriculture through programs, services and regulations that support the effective and efficient production, distribution and marketing of farm and products. The department's programs are aimed at preserving the State's agricultural land base; developing fisheries and aquaculture resources; promoting and expanding domestic and foreign agricultural markets; detecting, controlling, and eradicating animal and plant pests and diseases; conserving soil and water resources; stimulating and expanding the State's agribusiness and equine industry; preventing unfair, illegal, and improper trade practices that may adversely affect the production and sale of agricultural products; and distributing federally donated food commodities and cash reimbursements for child and adult nutrition programs.

Key Points

- ! Of the \$18.11 million in State funding recommended for FY 1999, \$8.59 million is recommended for the department's Direct State Services (DSS) or operating budget, a decrease of \$488,000 or 5 percent from its current adjusted budget of \$9.08 million. This net reduction is largely attributable to the elimination of grants that were added by the Legislature for two soil conservation districts (\$130,000); reduced support for the Dairy Quality Program (\$125,000); and the transfer of salary costs to other sources (\$283,000).
- ! A new DSS appropriation of \$50,000 is recommended for Sludge/Fertilizer Testing, a regulatory function that analyzes nutrient values and contaminants in fertilizers. This amount, plus \$174,000 in dedicated revenues from anticipated fee rate increases for feed, fertilizer and liming materials, would enable the department to initiate the testing of sludge-based fertilizers and expand the testing of other fertilizers, feed and liming materials.
- ! The department's total Grants-In-Aid recommendation is \$2.35 million, an increase of \$811,000 or 53 percent over the current funding level of \$1.54 million. Most of this net increase reflects the creation of a new \$2.0 million grant initiative, the Conservation Cost Share Program, which would award matching grants to farmers to develop and implement nonpoint source pollution programs.
- ! The Grants-In-Aid budget does not include any funding for the Production Efficiency (PEG) and Business Incentive (BIG) grants account, which currently receives \$1.04 million. Funding for these programs has decreased in each fiscal year since FY 1995 when \$6 million was appropriated.
- ! Grants-In-Aid funding for the Farm Management and Training Initiative account, which supports management courses for farmers at Cook College, is reduced from \$74,000 to \$24,000. This reduction coincides with the termination of the PEG grant program.
- ! The \$100,000 Grants-In-Aid appropriation included by the Legislature for the Sussex County Horse and Farm Show Association-Administration Building, Sussex County Fair is not continued in FY 1999.
- ! The recommended State Aid appropriations for Non-Public Nutrition Aid (\$439,000) and School Lunch Aid (\$6.57 million) remain unchanged from current funding levels. These funds provide most of the State matching share for the federally-funded Child Nutrition programs, which were recently transferred from the Department of Education.
- ! Federal funding for the Child Nutrition programs is projected at \$188.8 million, an increase of \$13.4 million or 8 percent over the current authorized funding level of \$175.4 million.
- ! A new Capital Construction appropriation of \$156,000 is recommended to upgrade the HVAC system at the Beneficial Insect Laboratory.
- ! The current Capital Construction appropriations of \$350,000 to construct an outdoor grandstand at the Horse Park of N.J. and \$65,000 to replace a glassware washer/dryer in the Division of Animal Health's diagnostic laboratory are not renewed in FY 1999.
- ! Proposed budget language authorizes the department to help administer the Farmland Preservation portion of the new \$50 million Open Space Local Match Program that is recommended in the Department of Environmental Protection's State Aid budget.

DEPARTMENT OF BANKING AND INSURANCE

Budget Pages..... C-8, C-14, C-16, D-23 to D-28,
I-27, K-15, K-36, K-38

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$37,630	\$40,633	\$40,625	0.0%
Federal Funds	0	0	0	—
<u>Other</u>	<u>51,737</u>	<u>53,185</u>	<u>53,267</u>	<u>0.2%</u>
Grand Total	\$89,367	\$93,818	\$93,892	0.1%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	566	551	665	20.7%
Federal	0	0	0	—
<u>Other</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>25.0%</u>
Total Positions	570	555	670	20.7%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Banking and Insurance is primarily responsible for regulating and monitoring the banking and insurance industries. The Division of Banking is statutorily charged with chartering, licensing, regulating, and supervising a wide range of financial institutions in this State. The Division of Insurance monitors and examines the policies, practices and financial condition of insurance companies and oversees the business activities of real estate brokers and agents. The division also investigates insurance fraud allegations and develops programs to prevent insurance fraud and abuse. The department is fully funded by the industries it regulates.

Key Points

- ! The department's recommended FY 1999 State appropriation is recommended to remain unchanged from its current adjusted appropriation of \$40.6 million.

Key Points

- ! A special purpose appropriation of \$2.25 million was provided in the current fiscal year for the hiring of 50 additional insurance fraud investigators. This amount is continued in the FY 1999 Budget proposal. The department and the Office of Management and Budget indicate that, since the beginning of the fiscal year, an additional 47 insurance fraud investigators have been hired, bringing the total number of investigators to 132. However, these positions are not reflected in evaluation data for the department in the proposed Budget.
- ! The Governor's proposed budget recommends flat continuation funding of \$28.6 million for salaries and wages, plus \$2.25 million for the additional insurance fraud investigators. This total of \$30.85 million is sufficient to support 665 State positions in FY 1999, according to the budget display. However, the number of filled positions in the department is apparently not expected to exceed 600 through FY 1999.
- ! Current payroll information for the department reflects 574 positions, in contrast to 616 filled positions that existed prior to the consolidation of the Department of Banking and the Department of Insurance in FY 1997.
- ! The proposed budget anticipates revenues of \$61.9 million, an increase of \$941,000 (1.5 percent) over the current year's estimate of \$61.0 million. The increase largely reflects additional revenue from the Insurance Fraud Prevention program, and the Special Purpose assessment charged to insurers to provide for the department's direct and indirect costs.
- ! The proposed budget continues language that recommends for transfer to the General Fund as State revenue any unexpended balance remaining in the New Jersey Medical Malpractice Reinsurance Recovery Fund after all financial obligations of the New Jersey Medical Malpractice Reinsurance Association are satisfied. Although the \$14.5 million in revenues from the New Jersey Medical Malpractice Reinsurance Recovery Fund anticipated in FY 1998 have already been transferred to the General Fund, continuation of the language is recommended, since some additional minor revenues (from surcharges imposed on physicians, podiatrists, health maintenance organizations and hospitals) may continue to be received through FY 1999.
- ! The recommended appropriation from "all other funds" is \$53.0 million, virtually the same level as FY 1998. Of that total, \$50 million represents assessments imposed to cover shared program losses related to the New Jersey Individual Health Coverage Program, P.L. 1992, c.161 (C.17B:27A-2 et seq.). Budget language authorizes this program to operate from receipts.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Budget Pages..... C-20 to C-21; D-259 to D-262; D-296 to D-302; E-31; E-65 to E-66; G-17 to G-18; H-2; K-7; K-18; K-33; I-26

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$46,862	\$38,018	\$42,018	10.5%
Federal Funds	1,000	125	125	0.0%
<u>Other</u>	<u>10,772</u>	<u>11,149</u>	<u>11,306</u>	<u>1.4%</u>
Grand Total	\$58,634	\$49,292	\$53,449	8.4%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	204	209	216	3.3%
Federal	0	0	0	—
<u>Other</u>	<u>48</u>	<u>51</u>	<u>53</u>	<u>3.9%</u>
Total Positions	252	260	269	3.5%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Governor's FY 1999 Budget Recommendation proposes the elimination of the Department of Commerce and Economic Development. A number of the department's functions would be moved to other state departments. Core functions related to business attraction, including International Trade; Small, Women and Minority Businesses; Economic Development; Prosperity New Jersey; and the Urban Enterprise Zone program, would be shifted into a proposed "New Jersey Commerce and Economic Growth Commission," located "in, but not of" the Department of the Treasury. Enabling legislation is required to implement this proposal.

As a result of the proposed initiative for the Commerce and Economic Growth Commission, there is no display in the FY 1999 budget for the current Department of Commerce and Economic Development. The department's current components are reflected in their proposed locations: the Department of Treasury (pp. D-296 to D-302, E-65 to E-66), and the Department of State (D-259 to D-262, E-31, G-17 to G-18).

Introduction

As currently structured, the Department of Commerce and Economic Development is responsible for promoting the expansion and retention of commerce, industry and tourism in order to create jobs and encourage economic prosperity in this State. Through its Divisions of Economic Development, International Trade, Research and Planning, Travel and Tourism and Development for Small Businesses, and Women's and Minority Businesses, the department provides technical and promotional resources to individuals, businesses and institutions in conjunction with other governmental agencies and private entities.

Associated authorities and commissions currently located "in, but not of" the department include the New Jersey Public Broadcasting Authority (New Jersey Network), the New Jersey Commission on Science and Technology, the New Jersey Redevelopment Authority, the New Jersey Motion Picture and Television Development Commission, and the semi-autonomous New Jersey Economic Development Authority.

Key Points

- ! Documentation from the Governor's office indicates that the New Jersey Commerce and Economic Growth Commission will be a public-private partnership which will focus exclusively on job creation and business development. The proposed commission will be headed by a board of directors, consisting of public and private sector representatives. The Governor will serve as chair of the board and the current Commissioner of Commerce and Economic Development will serve as Chief Executive Officer of the commission. The Chief Executive Officer will also serve as a member of the Governor's Cabinet.
- ! According to press reports and public comments made by the Commissioner, the new commission would not be bound by Civil Service rules governing employee hiring, promotion and retention. However, current departmental employees will be eligible to apply for positions within the new commission.
- ! The following entities currently operating "in, but not of" the department are recommended to be shifted to the Department of the Treasury: the Commission on Science and Technology, the New Jersey Motion Picture and Television Development Commission, and the New Jersey Economic Development Authority.
- ! The Governor's Budget proposes that the Division of Travel and Tourism and the Public Broadcasting Authority (New Jersey Network) be shifted to the Department of State.
- ! The Budget also recommends that the New Jersey Redevelopment Authority, which finances urban revitalization programs, ultimately be shifted to the Department of Community Affairs (DCA). According to the Administration, this realignment will allow better coordination between the authority and other urban development programs within DCA.
- ! Under the Governor's FY 1999 Budget, funding from all sources for programs that will remain within the Commerce and Economic Growth Commission is proposed to remain essentially flat at \$10.3 million. Funding is provided for 100 positions in FY 1999. Some 83 positions were filled in FY 1998 (for those functions being transferred to the new commission) at the time the Budget Recommendation document was prepared.
- ! The FY 1999 Direct State Services and Grants-In-Aid appropriation for the Commission on Science and Technology is recommended to increase from \$15.1 million in the current year

Key Points

- to \$19.5 million (29.1 percent). The recommended budget reflects a nearly eight-fold increase, from \$631,000 in FY 1998 to \$5.0 million in FY 1999, for the commission's Grants-in-Aid funding for the Technology Transfer program. The Technology Transfer program is a matching grant program that underwrites individual company and university technology transfer and product development projects, assisting in the transfer of newly-developed technology from the university to the marketplace. According to a news release issued by the Office of the Governor, the Administration anticipates that this increase will "create approximately 300 new high-skilled, high-paying jobs, and help foster the creation of some 35 companies."
- ! The proposed budget recommends a \$100,000 decrease, from \$650,000 to \$550,000 (15.4 percent), in Grants-in-Aid funding for Prosperity New Jersey, a public-private partnership designed to retain and expand jobs in the State. This reduction is offset by a \$100,000 increase in Direct State Services funding for the Office of Maritime Resources (from \$250,000 in FY 1998 to \$350,000 in FY 1999), which in prior years has received a \$100,000 grant from the Prosperity New Jersey program. The Office of Maritime Resources is charged with expediting the implementation of the State's strategic plan for the continuous dredging of New Jersey's ports and the on-going disposal of dredged materials.
 - ! The proposed FY 1999 Budget proposes a new, Special Purpose appropriation of \$150,000 within the International Trade program for an "Agricultural Exports Initiative" to "ensure that New Jersey's food products continue to gain prominence in the world marketplace." According to the OMB, this new program will result in the hiring of one additional position focused on the promotion of New Jersey's agricultural exports.
 - ! Special Purpose funding of \$600,000 for the Office of Sustainability is recommended to be continued in FY 1999. Established in FY 1998, this office is intended to encourage the growth of environmentally-friendly ("sustainable") businesses. In conjunction with a current appropriation of \$1.5 million which was transferred from the Department of Environmental Protection, the recommended appropriation will enable the program to offer technical assistance and recoverable grants to such businesses.
 - ! The recommended Direct State Services appropriation for the Public Broadcasting Authority (New Jersey Network) is \$3.7 million, a reduction of \$505,000 (12 percent) from the current adjusted appropriation. This decrease continues a reduction in State support for the Public Broadcasting Authority begun in FY 1990.
 - ! The Governor's Budget further proposes an increase of \$121,000 (37 percent) in the capital appropriation for the Public Broadcasting Authority, from \$325,000 currently to \$446,000 in FY 1999. This funding will be utilized for the upgrade of plumbing systems at transmitter sites and of HVAC systems; the replacement of emergency standby generators; the repair of an access road; and electrical and UPS system upgrades.
 - ! The FY 1999 debt service appropriation is \$5.0 million, a decrease of \$140,000 (2.7 percent) from the FY 1998 adjusted appropriation of \$5.1 million. These funds are used to pay the redemption and interest costs for bonds issued in 1982 under the "Community Development Bond Act of 1981," P.L. 1981, c.486.
 - ! "Off budget" funding for the Division of International Trade - Participants Account is recommended to be reduced from \$30,000 in the current year to \$10,000 in FY 1999. According to the OMB, this account, which is funded by individuals involved with trade

Key Points

missions, is expecting lower receipts in FY 1999.

- ! Recommended funding to provide for the debt service obligations of the South Jersey Port Corporation (SJPC), currently displayed under State Aid within the Department of Commerce and Economic Development is proposed to be shifted to Direct State Services - Interdepartmental Accounts. While the recommended appropriation of \$4.7 million is unchanged from the current adjusted appropriation, this change reflects the provisions of P.L. 1997, c. 150 (C.34:1B-144 et seq.), the "Port Unification and Financing Act," which transferred the port facilities of the SJPC, along with its assets, liabilities, and obligations, to the New Jersey Economic Development Authority in conjunction with the unification of the SJPC with the Philadelphia Port Authority.
- ! The Governor's Budget proposes elimination of Special Purpose funding for the Yankee Trader Institute, a \$37,000 reduction. The Yankee Trader Institute was formed to coordinate trade development activities of states in the Northeast, as well as the Commonwealth of Puerto Rico and the Province of Quebec.
- ! Proposed General Fund language (page I-26) indicates that of the eleven separate municipal accounts in the Enterprise Zone Assistance Fund from which funds were transferred in FY 1995 for General Fund purposes, six accounts, including those of Camden, Millville, Newark, Plainfield and Trenton, are fully recovered. Language continues to recommend sales tax collections for Bridgeton, Elizabeth, Jersey City, Kearny, Orange, and Vineland.
- ! "Off budget" funding for administration of the Urban Enterprise Zone program is recommended to remain unchanged at \$1.9 million in FY 1999.

DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... D-29 to D-42; E-2 to E-8; F-2 to F-4;
I-3, I-27

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$902,231	\$898,244	\$890,277	(0.9)%
Federal Funds	173,093	182,000	184,603	1.4%
<u>Other</u>	<u>23,777</u>	<u>34,171</u>	<u>31,128</u>	<u>(8.9)%</u>
Grand Total	\$1,099,101	\$1,114,415	\$1,106,008	(0.8)%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	563	592	616	4.1%
Federal	236	251	256	2.0%
<u>Other</u>	<u>88</u>	<u>95</u>	<u>101</u>	<u>6.3%</u>
Total Positions	887	938	973	3.7%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Community Affairs was created on March 1, 1967 by P.L.1966, c.292 and is celebrating its thirty-first anniversary this year. The Department operates a wide variety of services and grant programs that support community life in New Jersey.

The Department provides housing assistance, local government financial assistance and oversight, and services to the disadvantaged and sets building safety and workplace standards. It administers a variety of programs through its five divisions, the Special Urban Services entity and the Office of State Planning. There are three quasi-independent agencies organizationally attached to DCA: the Council on Affordable Housing; the Hackensack Meadowlands Development Commission; and the New Jersey Housing and Mortgage Finance Agency.

Key Points

- ! The recommended Direct State Services appropriation for the Department of Community Affairs is \$26.8 million, \$242,000 less than the FY 1998 appropriation. This reduction is primarily reflected in a \$135,000 decrease in the DCA's State Budget salaries and wages accounts.
- ! DCA's combined State Aid funding for municipalities from both the General Fund and the Property Tax Relief Fund is recommended to decrease by \$3.1 million in FY 1999, from \$839.7 million in FY 1998 to \$836.6 million in FY 1999. Funding is eliminated for three programs: (a) payments to urban centers to raze vacant buildings, \$250,000, (b) Watershed Moratorium Offset Aid, \$2,000,000, and (c) county funding for cross acceptance, \$840,000. According to the DCA, razing vacant buildings in urban areas will be continued under the provisions of the "Urban and Rural Centers Unsafe Buildings Demolition Bond Act" (P.L.1997, c.125) that authorized \$20.0 million in bonds to fund an unsafe buildings demolition revolving loan fund program. The Watershed Moratorium Offset Aid item was added to the FY 1998 appropriations act by the Legislature and has not been continued in the FY 1999 proposed budget. County funding for cross acceptance was a one-time appropriation required only in a year when a new or updated State Plan is drafted; however, recommended budget language would authorize an unspecified amount to be appropriated to "... fund an impact assessment study on the interim State Development and Redevelopment Plan as part of the Cross Acceptance process"
- ! The FY 1999 recommended budget anticipates an increase of \$2.6 million (+1.4%) in Federal funds for the Department, primarily attributable to a \$2.1 million increase in Section 8 Existing Housing Rental Assistance and a \$0.5 million increase in funding for the Shelter Plus Care Program.
- ! The FY 1999 Budget anticipates a decrease of \$3.0 million (-8.9 %) in Other funds from the FY 1998 adjusted appropriation of \$34.2 million. This net decrease has five components. There are four funding decreases : (a) an absence of non-recurring prior year balances in the housing services program area, \$1.8 million, (b) reduced program revenue and interest income, \$0.7 million, (c) reduced administrative costs in the Boarding Home Rental Assistance Fund which reflects reduced program activity, \$0.2 million, and (d) the termination by the federal department of Housing and Urban Development of its contract with the Wildwood Housing Authority in FY 1999 for the administration of HUD'S section VIII rental assistance program and the subsequent reassignment of that function to the DCA, \$1.3 million. The reductions are offset by one funding increase of \$1.0 million in projected revenue growth from the Code Enforcement, Construction Code and Fire Code programs.
- ! A net \$4.6 million decrease in FY 1999 Grants-In-Aid total grants is recommended. This net decrease has two components. There are 74 individual local assistance grants, for local governments and non-profits added by the Legislature in FY 1998, which total \$9.6 million that are not recommended for FY 1999. These reductions are offset by one funding increase of \$5.0 million for a Faith-Based Community Development Initiative program. According to DCA, the Faith-Based Community Development Initiative funds are to be used for both capital project costs and technical assistance to expand the efforts of houses of worship in urban areas to help revitalize urban neighborhoods.

Key Points

- ! The recommended budget proposes the transfer of the Workplace Standards program to the DCA from the Department of Labor. The recommended funding of \$779,000 is unchanged from FY 1998. The objectives of the program are to prevent injuries to persons and damage to property from liquefied petroleum gases, and to prevent injuries and fatalities to the public on carnival amusement rides and ski lifts, boilers, machinery, pressure vessels, refrigeration systems, electric power generating plants, and nuclear installations. The Budget in Brief indicates that the incorporating of these programs with the DCA's existing inspection responsibilities will promote efficiency and eliminate duplication.
- ! The budget also recommends that two grant-in-aid items currently in the DCA be funded in the Department of the Treasury in FY 1999, the State Legal Services Office and a program established by P.L.1996, c.52 for the provision of legal assistance to the poor in civil matters by Legal Services of New Jersey. The Budget-in-Brief indicates that the move will consolidate legal representation matters in one agency. In FY 1998, a total of \$10.5 million was appropriated for the two accounts.
- ! The recommended budget also proposes the transfer of the Office of State Planning to the DCA from the Department of the Treasury in FY 1999. A \$1,208,000 appropriation is recommended for the Office of State Planning, which represents a \$249,000 reduction from the FY 1998 adjusted appropriation of \$1,457,000. The recommended reduction is primarily attributable to the elimination of a \$225,000 appropriation for the Brownfields Site Inventory Project. The Office of State Planning has as its primary objective the preparation of a State Development and Redevelopment Plan. The Office also assists and supports the State Planning Commission to ensure that its responsibilities and duties are fulfilled. According to the Budget in Brief, the transfer will align the work of the office with other planning programs currently in the DCA.
- ! Receipts of \$18,342,000 in FY 1999 to be deposited into the Affordable Housing Neighborhood Preservation - Fair Housing account from the collection of the realty transfer tax are anticipated to remain the same as those deposited in FY 1998. Of those receipts, \$2.0 million is recommended to be appropriated in FY 1999 for Shelter Assistance, representing a continuation from FY 1998 of funding Shelter Assistance from the realty transfer tax receipts.
- ! Receipts of \$674,000 in FY 1999 are anticipated from proposed fee adjustments for two programs: Boarding Home Licensing Fees (N.J.S.A.55:13A-12) are recommended to be increased from a current maximum of \$150 to a \$300 maximum per hotel or multiple dwelling, for a total of \$118,000; Housing Inspection Registration Fees (N.J.S.A.55:13B-7) are recommended to be increased per facility from \$10 currently to \$100, for a total of \$556,000.
- ! A General Fund language provision in FY 1999 (p.I-27) recommends that \$2.0 million be appropriated from the Boarding Home Rental Assistance Fund for transfer to the Casino Revenue Fund as State revenue.

DEPARTMENT OF CORRECTIONS

Budget Pages..... D-43 to D-78, E-8 to E-9, G-3 to G-4, J-1 to J-2

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$769,855	\$791,839	\$769,206	(2.9)%
Federal Funds	2,428	11,384	5,667	(50.2)%
<u>Other</u>	<u>40,746</u>	<u>42,384</u>	<u>46,579</u>	<u>9.9%</u>
Grand Total	\$813,029	\$845,607	\$821,452	(2.9)%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	7,821	8,760	9,261	5.7%
Federal	35	24	42	75.0%
<u>Other</u>	<u>386</u>	<u>394</u>	<u>536</u>	<u>36.0%</u>
Total Positions	8,242	9,178	9,839	7.2%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Corrections (DOC) is responsible for custody, care, discipline, training and treatment of persons committed to State correctional institutions, as well as for those individuals under community supervision or on parole. It provides rehabilitative programs, training and educational opportunities for its inmates. The department also cooperates with the other law enforcement agencies of the State to encourage a more unified system of criminal justice.

The Department has under its jurisdiction fourteen institutions: nine housing adult male offenders; one housing adult female offenders; one facility dedicated to the treatment and rehabilitation of sex offenders; and three facilities housing youthful offenders.

Introduction

Two facilities housing juvenile offenders under the age of eighteen which were formerly under the jurisdiction of the Department of Corrections, as well as the Division of Parole's Juvenile Aftercare program were transferred to the Juvenile Justice Commission within the Department of Law and Public Safety on July 1, 1996. (P.L. 1995, c.284). These transfers implemented the recommendation of the Advisory Commission on Juvenile Justice which noted that the juvenile offenders of this State would be better served if all juvenile justice activities were placed under one agency.

The department also operates the Office of Parole and Community Programs which is responsible for supervising parolees in the community and those released to the halfway houses. The State Parole Board, which determines when and under what conditions inmates are released on parole or returned to prison in the case of parole violations, is in, but not of, the Department of Corrections, but is included in the department's budget for organizational purposes.

Key Points

- ! The department's FY 1999 Direct State Services recommendation totals \$696 million, \$5 million or .71 percent more than the FY 1998 adjusted appropriation of \$691 million. The increase primarily reflects full-year funding for the new South Woods Prison which opened during May, 1997.
- ! The FY 1999 adjusted appropriation amount assumes that supplemental appropriations totaling \$19 million for Direct State Services will be made to the Department of Corrections prior to the end of the current fiscal year. However, as of March 5, 1998, legislation had not been introduced to provide these supplemental funds. The department's first quarter spending plan projects an overall net deficit of \$23.6 million by the end of the fiscal year.
- ! As of January 31, 1998, there were 27,776 State sentenced inmates housed in State and county correctional facilities. The department estimates that 100 more inmates will enter the State's prison system each month than will leave it during FY 1999.
- ! The number of inmates in county jails awaiting admission to a State facility as of February 24, 1998 totaled 3,362, 1,214 inmates less than those housed in February 1997. This reduction is primarily due to the opening of South Woods State Prison as well as the expansion of community placements and various alternative to incarceration programs. Currently, State sentenced inmates make up 18 percent of the total county jail population, compared to the February 1997 level of 25 percent.
- ! As of February 24, 1998, the county jails were operating at 142 percent of capacity, holding 18,324 inmates. This compares with the February 25, 1997 level of 18,716 inmates at 145 percent capacity.
- ! According to the FY 1999 budget evaluation data, the State prisons operated at 149 percent of rated capacity in FY 1996. With the completed phased-in opening of South Woods State Prison in FY 1998, and with the addition of some other bed spaces, as well as the expansion of various alternative to incarceration programs, the State prisons are expected to operate at 129 percent of rated capacity in FY 1999.

Key Points

- ! The Governor recommends an increase of \$11.6 million for the operation of South Woods State Prison, from \$65.3 million in FY 1998 to \$76.9 million in FY 1999. The first 1,920 beds were opened during FY 1997 and FY 1998. The remaining 1,268 beds are scheduled to open during March, 1998. FY 1999 represents full year funding for the operation of this facility.
- ! The FY 1999 recommendation would provide \$7 million for the estimated costs of replacing the department's existing System 36 data processing system with a Year 2000 compliant mini-computer platform. The funding would cover the costs of re-writing existing application software for both DOC inmate and personnel applications. The funds would also provide for a new revenue collection component to the system that would allow the department to more aggressively collect unpaid fees, fines and assessments owed by its inmates.
- ! The FY 1999 recommendation includes an additional \$2.8 million for the increased cost of the contract with Correctional Medical Services, the private firm providing medical services to the State's prison inmates.
- ! A new appropriation of \$381,000 is recommended for the Office of Parole for on-site monitoring of community based programs for contract compliance, resident accountability, facility safety and security, inmate employment and furloughs, liaison and co-inspection with State licensing agencies. Monitoring of Mutual Agreement Programs and Day Reporting Centers will also be performed.
- ! The FY 1999 budget recommends \$4 million for Intensive Supervision and Surveillance, an increase of \$2 million over the FY 1988 adjusted appropriation of \$2 million. The increased appropriation would provide for an additional 475 inmates to be paroled into the program, which closely monitors parolees.
- ! During FY 1996 the department re-instituted the Electronic Monitoring program for 200 state sentenced inmates. In FY 1998 the program was expanded to include 200 parole violators. The FY 1999 recommendation of \$4.2 million would provide continuation funding for the 200 State sentenced inmates, and full-year funding for the expansion to 200 parole violators into the program.
- ! The Governor recommends a new appropriation of \$689,000 for treatment programs for inmates participating in the newly established "Drug Court" program. During FY 1998 the department, in cooperation with the Judiciary, instituted a drug court pilot program in four counties which oversees intensive drug treatment for carefully screened non-violent, addicted offenders as an alternative to incarceration.
- ! The FY 1999 budget includes a recommendation totaling \$2 million for the establishment of a facility for released sexual offenders who are civilly committed to a State institution. The funding would provide startup and partial year operation costs for the facility. As of March 6, 1998, no plans have been available concerning this facility nor has a site been identified.

Key Points

- ! The governor's budget includes \$39.9 million for the purchase of community services, \$9 million more than the amount appropriated during FY 1998. Budget evaluation data indicate that funding would provide 2,147 beds in residential treatment facilities, an increase of 572 beds.
- ! The FY 1999 budget recommendation includes an estimated savings of \$2.1 million to reflect savings generated from the privatization of food services in seven institutions: New Jersey State Prison; Vroom Central Reception and Assignment Facility; East Jersey State Prison; Edna Mahan Correctional Facility for Women; Northern State Prison; Adult Diagnostic and Treatment Center, Avenel; and Mountainview Youth Correctional Facility.
- ! The FY 1999 budget recommendation includes a \$20.5 million reduction from the base FY 1998 adjusted appropriation to reflect savings in custody overtime due to a contractually agreed shift overlap reduction, installation of enhanced security systems, and better alignment of staff.
- ! The FY 1999 budget recommendation would reduce by \$38.8 million, or 66 percent, funding for the Grants-in-Aid program, Purchase of Service for Inmates Incarcerated in County Penal Facilities, from \$58.8 million in FY 1998 to \$20 million in FY 1999. This reduction reflects the shift of 3,188 inmates from the counties to the department's newly opened South Woods State Prison in FY 1998 as well as the department's efforts to increase community based bed spaces and to provide various alternatives to incarceration for its inmates.
- ! The FY 1999 budget recommendation includes \$11.8 million for capital projects in FY 1999. Proposed work includes plumbing, heating and kitchen refurbishing, emergency repairs, and security enhancements.

DEPARTMENT OF EDUCATION

Budget Pages..... D-79 to D- 97; E-9 to E-10; F-4 to F-7; G-4 to G-5; I-4 to I-7

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$4,846,530	\$5,363,532	\$5,906,278	10.1%
Federal Funds	302,273	382,522	377,728	(1.3)%
<u>Other</u>	<u>10,802</u>	<u>15,617</u>	<u>16,122</u>	<u>3.2%</u>
Grand Total	\$5,159,605	\$5,761,671	\$6,300,128	9.3%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	420	410	440	7.3%
Federal	244	232	272	17.2%
<u>Other</u>	<u>168</u>	<u>166</u>	<u>205</u>	<u>23.5%</u>
Total Positions	832	808	917	13.5%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Education is responsible for the governance of the public schools and the system under which instruction will be provided to 1.3 million students in FY 1999. The department's responsibilities include: calculating and distributing in FY 1999 \$4.8 billion in State school aid to local districts, exclusive of pension and social security costs paid by the State on behalf of teaching staff members; establishing uniform standards for the Statewide system of public schools; implementing and monitoring the achievement of those standards; and providing technical assistance for local school operation and management. In addition, the department operates the Marie H. Katzenbach School for the Deaf. The Governor's Recommended Budget for FY 1999 proposes that \$40.0 million be appropriated for the department to carry out its administrative and supervisory responsibilities over public school districts and to operate the Marie Katzenbach School for the Deaf.

Key Points

- ! State aid payments (including Grants-in-Aid) totaling \$5.9 billion to or on behalf of local school districts are recommended in FY 1999, a \$538.9 million (10.1 percent) increase over the FY 1998 adjusted appropriation.
- ! Total State aid allocated under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (CEIFA), and Abbott v. Burke Parity Remedy Aid, equals \$4.8 billion, a \$151.0 million (3.3 percent) increase over the \$4.6 billion allocated in FY 1998.
- ! State aid totaling \$255.3 million is recommended in FY 1999 for Abbott v. Burke Parity Remedy Aid. This aid category is allocated to the 28 Abbott School Districts pursuant to the May 14, 1997 order of the New Jersey Supreme Court. The court required that additional State aid be provided to the Abbott Districts to increase the per pupil regular education expenditures in each of those districts to the level of the average per pupil regular education expenditure of the District Factor Groups I and J districts. This FY 1999 recommendation of \$255.3 million represents an increase of \$9.1 million (3.7 percent) over the FY 1998 adjusted appropriation of \$246.2 million. However, of the \$246.2 million, only \$216.2 million was allocated as a consequence of the enrollment adjustments made pursuant to FY 1998 budget language which requires final aid allocations to be based on actual enrollments rather than projected enrollments.
- ! \$10.0 million will be deducted from the FY 1999 core curriculum standards aid entitlement of the Abbott districts. CEIFA provides that any surplus in excess of 6 percent of the first \$100 million of a school district's budget and 3 percent of the amount of the district's budget which exceeds \$100 million shall be appropriated in the district's subsequent year's budget to reduce the district's tax levy. Because the FY 1999 budget does not permit the Abbott districts to reduce their tax levies below 1997-98 levels as a condition for the receipt of parity aid, the State is applying the excess surplus as a reduction against the district's core curriculum standards aid entitlement.
- ! An additional \$35.1 million in State aid has been proposed by the Governor that is not included in the total amount of State aid recommended in the FY 1999 budget. The additional aid represents revisions made to the State aid allocation to school districts as originally released by the Department of Education on February 11, 1998. Those revisions were made to correct errors in the State income tax data used to determine school district wealth and eligibility for core curriculum standards aid. The revisions also reflect the Governor's proposal to hold certain school districts harmless to FY 1998 aid levels in order to phase in potential shifts in aid which result from using State income tax data as opposed to federal census data to determine eligibility for aid under CEIFA.
- ! There is the possibility that an additional \$312.4 million in State aid will be required for FY 1999 if the New Jersey Supreme Court accepts the recommendations of Superior Court Judge Michael Patrick King contained in his January 22, 1998 report to the court. The Supreme Court, in its May 14, 1997 order, had directed Judge King to conduct hearings to determine the needs of the Abbott districts in the areas of supplemental programs and facilities and to recommend to the court the relief that it should order in these areas. Judge King's recommendations on the issue of supplemental programs, including full-day kindergarten, full-day pre-kindergarten for three and four year olds, summer school, health and social services, and accountability, total an additional \$312.4 million over FY 1999

Key Points

recommended funding levels. In the area of facilities, Judge King identified approximately \$2.8 billion in facilities needs in the Abbott districts which need to be addressed; however he did not recommend a particular funding mechanism.

- ! State aid totaling \$917.2 million is recommended in FY 1999 for teachers' health benefits, and pension and social security payments on behalf of the teaching staff of local school districts, an increase of \$343.6 million (59.9 percent).

An appropriation of \$371.3 million is recommended for the Teachers' Pension and Annuity Fund (TPAF) in FY 1999, an increase of \$273.7 million (280.3 percent) over the \$97.7 million FY 1998 adjusted appropriation. The relatively low amount appropriated for teachers' pensions in FY 1998 was due to legislation enacted in June 1997 (P.L. 1997, c.114) authorizing: (1) the issuance of \$2.8 billion in bonds to finance a portion of the unfunded liability of the State pension systems including the TPAF; and, (2) the use of additional assets recognized by the one-time change to full-market value of assets in the TPAF (P.L. 1997, c.115). Together, these two enactments created a surplus which was sufficient to fully fund the TPAF's State liability, excluding the post-retirement medical liability. In FY 1999, the State's liability has increased, while surplus assets in TPAF have decreased, resulting in a recommended increase in the appropriation for FY 1999.

In addition, funds totaling \$68.3 million are recommended in FY 1999 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the "Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Social security payments on behalf of local teaching staff, totaling \$460.6 million, is recommended in FY 1999. This represents an increase of \$22.3 million (5.1 percent) over the \$438.3 million FY 1998 adjusted appropriation.

State aid totaling \$17.0 million is recommended for FY 1999 to pay for additional health benefits for local teaching staff, an increase of \$3.5 million (25.6 percent) over the FY 1998 adjusted appropriation.

- ! An amount totaling \$153.2 million is proposed for other aid programs recommended for funding in FY 1999. This represents a net increase of \$44.3 million (40.6 percent) over the \$108.9 million appropriated for other aid programs in FY 1998. The major changes are shown below.

A \$50.0 million appropriation for school construction aid, separate from the CEIFA school aid formula, is recommended for FY 1999; however, the allocation of these funds requires enabling legislation as indicated in section 4 of P.L. 1997, c.264. Funding is supported by dedicated revenues from the cigarette tax pursuant to c.264.

Appropriations totaling \$6.6 million for 18 separate State aid grants added by the Legislature in FY1998 are not recommended for FY 1999.

Key Points

Funding for Additional School Building Aid Debt Service is recommended at \$7.7 million, a reduction of \$1.5 million in FY 1999. The 16.8 percent reduction in State funding reflects a decrease in debt service obligations due to the scheduled retirement of a portion of the debt of the three remaining school building aid programs enacted by the Legislature pursuant to P.L.1968, c. 177, P.L.1971, c. 10, and P.L.1978, c.74.

- ! The Department of Education's Direct State Services budget for FY 1999 is recommended to increase by \$4.2 million, from \$35.8 to \$40.0 million, an 11.7 percent increase. The increase is primarily attributable to the recommended funding of \$11.3 million for the Statewide Assessment Program, a \$4.7 million increase from the FY 1998 adjusted appropriation of \$6.6 million. The recommended 72.0 percent increase in funding represents additional funds recommended in FY 1999 to implement the newly configured statewide assessment program and its objective of assessing pupil performance in the seven core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests:
 - 4th Grade: The Elementary School Proficiency Assessment (ESPA);
 - 8th Grade: Grade Eight Proficiency Assessment (GEPA); and,
 - 11th Grade: High School Proficiency Test (HSPT).
- ! The recommended total operating budget for the Marie H. Katzenbach School for the Deaf in FY 1999 is \$11.4 million, an increase of \$805,000 (7.6 percent) above FY 1998. Funding for FY 1999 includes \$7.9 million in tuition, \$956,000 in federal funds, and \$2.5 million in State funding, the same amount of State funds appropriated in FY 1998. Katzenbach's day school tuition is projected to increase, on a per pupil basis, from \$22,850 to \$23,878, a 4.5 percent increase, while the State's contribution on a per pupil basis is projected to decrease from \$10,147 to \$9,759, a 3.8 percent decrease.
- ! There is a total number of 917 funded positions recommended for the Department of Education in FY 1999. Of the 917 positions, 205 will be funded from fees and revolving funds, 272 will be funded from federal funds, and 440 will be supported by State funds. The total number of filled positions indicated for FY 1998 (808) is the payroll count as of October 24, 1997.
- ! Funding for technical assistance to local districts as offered by the regional training centers is not recommended in FY 1999. Funded largely through fees and federal funds, the recommended total budget for FY 1998 was \$3.5 million, with a State appropriation of only \$396,000 (17.3 percent). Statewide technical assistance has been provided to local districts out of regional offices since 1976. The regional training centers were eliminated as part of departmental operations in August 1997.
- ! The Department of Education is anticipating the expenditure of an estimated \$377.7 million in federal funds in FY 1999, a 1.3 percent decrease from the \$382.5 million anticipated in FY 1998. This is based on an amount of federal funds projected for New Jersey prior to November 1997 when the Governor's Recommended Budget was prepared.

Key Points

- ! There is an additional \$420,000 in fee revenue being anticipated for FY 1999 as a result of a fee increase proposed for the criminal background checks for public school employees required pursuant to P.L. 1986, c. 116. Currently the department imposes a \$49 fee to cover the costs of a criminal background check. It is proposed that the fee be increased to \$61 for FY 1999, a \$12 increase (24.5 percent).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... D-99 to D-122; E-10 to E-11; F-8 to
F-10; G-5 to G-8; H-9 to H-10

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$318,124	\$375,661	\$383,365	2.1%
Federal Funds	36,774	173,115	210,711	21.7%
<u>Other</u>	<u>24,507</u>	<u>44,218</u>	<u>35,915</u>	<u>(18.8)%</u>
Grand Total	\$379,405	\$592,994	\$629,991	6.2%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	2,854	2,809	2,945	4.8%
Federal	162	146	152	4.1%
<u>Other</u>	<u>70</u>	<u>71</u>	<u>72</u>	<u>1.4%</u>
Total Positions	3,086	3,026	3,169	4.7%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Environmental Protection (DEP) protects and manages the State's natural resources, preserves open space, monitors the State's beaches and ocean waters, regulates the generation of air and water pollution and hazardous waste generation, coordinates the remediation of pollution problems, and manages various aspects of solid waste disposal. The department operates many types of remedial, research and regulatory programs, many of which are directly or indirectly supported by revenues generated from general user fees, permit or license fees, penalty and fine charges, special taxes, bond acts and federal funds.

Key Points

- ! Of the \$383.4 million in recommended State funding, the department's Direct State Services (DSS) or operating budget is recommended at \$175.0 million, a decrease of \$9.9 million or 5 percent from its current adjusted budget of \$184.9 million. The net decrease is largely attributable to \$7.6 million in FY 1998 supplemental appropriations for water programs and site cleanup administration funded from Corporation Business Tax monies dedicated from FY 1997 tax collections. Other notable DSS reductions are listed below.
- ! The following items initially funded in the FY 1998 DSS budget, totaling \$953,000, are not continued in FY 1999: New Jersey Trails Expansion (\$350,000); Delaware and Raritan Canal Commission, Canal Corridor Base Maps (\$65,000); Atlantic States Marine Fisheries Commission, Past Dues (\$83,000); Aquatic Life-Toxics Study (\$200,000); and Open Space-Wetlands Assessment (\$255,000).
- ! No DSS funding is recommended for the Operation Clean Shores program, which received an appropriation of \$360,000 in both FY 1997 and FY 1998.
- ! No funding is recommended for three DSS line items currently funded from administrative bond monies: Emergency Flood Control- Administrative Costs (\$248,000), Harbor Cleanup-Administrative Costs (\$145,000), and Public Waste Water Facilities Bond (\$658,000). Since all three bond funds have limited balances, the remaining funds are to be used toward project completions rather than for administration.
- ! The constitutional amendment dedicating 4 percent of annual Corporation Business Tax (CBT) revenues for environmental purposes is reflected in FY 1999 by four appropriations totaling \$62.8 million: \$5.0 million for Water Resources Monitoring and Planning; \$5.7 million for Cleanup Projects, Administrative Costs; \$31.2 million for Hazardous Substance Remediation; and \$20.9 million for Private Underground Tank Remediation. These accounts received \$62.4 million in FY 1998, plus \$29.6 million in supplemental appropriations that allocated CBT dedication amounts collected in FY 1997.
- ! In the Site Remediation budget, the Recommendation indicates no adjusted FY 1998 or FY 1999 funding for the Hazardous Waste Bond-Administrative Costs line item although \$5.4 million was appropriated in the original FY 1998 Budget. This adjustment is made to reflect a funding source shift, which will occur during FY 1998, from the Hazardous Discharge Bond Fund of 1986 to dedicated CBT monies appropriated for the Cleanup Projects-Administrative Costs line item. The original bond appropriation will be available for project construction costs.
- ! In the Site Remediation budget, the funding source of the Industrial Site Recovery Act line item, which received \$399,000 in FY 1998, is changed from State funding to dedicated receipts collected in the Hazardous Discharge Site Cleanup Fund.
- ! The Grants-In-Aid appropriation of \$2.0 million to complete sections of the Hudson River Waterfront Walkway project that are located within Liberty State Park is not continued.

Key Points

- ! The department's State Aid budget contains a major new funding initiative, the \$50.0 million Open Space-Local Match grant program. This program is designed to provide matching funds for open space and farmland preservation to counties and municipalities that can match these grants through local open space trust funds or by any other means. Proposed budget language authorizes an unspecified portion of this appropriation to be transferred to the Department of Agriculture to support its Farmland Preservation program.
- ! In the Natural Resource Management budget, Capital Construction appropriations totaling \$2.03 million are recommended for various maintenance, rehabilitation and improvement projects in State Parks and Forests.
- ! Two Capital Construction appropriations currently included in the New Jersey portion of the Palisades Interstate Park Commission budget are recommended for continuation: \$875,000 for improvements to sanitary facilities (the FY 1998 appropriation is \$2.0 million); and another \$100,000 to remove old or defective underground storage tanks.
- ! The current Capital Construction appropriation of \$2.59 million for planning assistance for various flood control projects supported by federal HR 6 funding is recommended at \$1.14 million in FY 1999.
- ! The department anticipates receiving \$46.0 million in federal funds under the federal Safe Drinking Water Act to capitalize a new revolving loan program to finance infrastructure repairs and upgrades to water supply systems. This program would be run jointly by the department and the N.J. Environmental Infrastructure Trust.
- ! The department's Debt Service requirement is recommended at \$78.7 million, a decrease of \$4.0 million or 5 percent from the current year's requirement.
- ! General Fund Provisions language recommends that \$2.5 million be appropriated from the Sanitary Landfill Facility Contingency Fund for transfer to the General Fund as State revenue. A total of \$33.3 million has been appropriated from this Fund since FY 1995 for the same purpose.
- ! According to the "Budget In Brief," billing for the N.J. Pollutant Discharge Elimination System (NJPDDES) will be accelerated so that fees assessed in FY 1999 will be collected before the end of FY 1999 rather than in FY 2000, thereby yielding a one-time benefit or increase of approximately \$4 million in collected revenues for FY 1999. This increase is reflected in the figure, \$14.484 million, appearing on page C-9 of the Recommendation, under **Schedule I, State Revenues**, in the "New Jersey Pollutant Discharge Elimination System" line for FY 1999. Without the accelerated collection, this figure would be approximately \$10.484 million.
- ! According to the Office of Management and Budget, proposed fee adjustments in FY 1999 for various programs and activities will generate \$1.113 million in additional State revenues.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

Budget Pages..... D-123 to D-141; E-11 to E-16; F-11
to F-12; G-8; I-13; I-15 to I-17; J-3

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$1,062,630	\$1,066,219	\$1,084,240	1.7%
Federal Funds	849,687	964,256	1,058,492	9.8%
<u>Other*</u>	<u>70,883</u>	<u>111,091</u>	<u>115,201</u>	<u>3.7%</u>
Grand Total	\$1,983,200	\$2,141,566	\$2,257,933	5.4%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	689	671	692	3.1%
Federal	781	762	870	14.2%
<u>Other**</u>	<u>320</u>	<u>312</u>	<u>333</u>	<u>6.7%</u>
Total Positions	1,790	1,745	1,895	8.6%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

*Includes Revolving Funds.

**Includes positions supported by Casino Revenue Funds and one Revolving Fund.

Introduction

The Department of Health and Senior Services (DHSS) has four major programs:

- **Health Services** provides a variety of health services directly or by contract with public, nonprofit and private health service providers in the following areas: vital statistics; family health services; public health protection services; alcoholism, drug abuse and addiction services; laboratory services and AIDS services.
- **Health Planning and Evaluation** licenses all health care facilities, develops and revises standards concerning health care facilities, licenses various health care personnel and administers the State's certificate of need program.

Introduction

Health Administration provides central support services to the department and operates the Office of Minority Health.

- **Senior Services** administers various Medicaid programs related to nursing homes and long term care, the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program, the two Lifeline programs, social service programs for the elderly, the Ombudsman for the Institutionalized Elderly and the Office of the Public Guardian.

Key Points

Health Services

- ! **Direct State Services.** Recommended appropriations increase 3.3 percent, from \$23.1 million to \$23.9 million, due to the following new special purpose items:

Electronic Death Certificate - \$250,000.

Public Awareness Campaign for Black Infant Mortality - \$500,000.

Middle School Survey on Substance Abuse - \$100,000.

- ! **Grants-In-Aid.** Overall recommended appropriations for Health Services are virtually unchanged from FY 1998 adjusted levels; however, the following items show significant changes:

Various FY 1998 Legislative funding initiatives are not recommended to be continued: Center for Hope Hospice, Union County (\$50,000); Best Friends Foundation (\$50,000); Robin's Nest (\$25,000); Mary's Manor (\$25,000); Catholic Charities, Bridgewater Connections Program (\$25,000); Trenton Detox Center - Drug Rehab & Intensive Aftercare/Transition Facility (\$350,000); and New Hope Discovery Foundation/Relocation (\$2,000,000).

Funding for Hemophilia Services is recommended to be reduced from \$921,000 to \$508,000; and funding for the Interagency Council on Osteoporosis (\$300,000), Chelsea House Outpatient Services (\$150,000), and the National Council on Alcohol and Drug Dependency (\$450,000) is not recommended to be continued.

AIDS Grants are recommended to increase \$350,000, or 3.0%, to provide \$35,000 increases to each of the 10 AIDS Early Intervention Programs in the State, to allow additional clients to be served.

Cost of Living Adjustments, current and deferred costs, are recommended in the amount of \$5.1 million for community providers contracted by DHSS in Health Services. This amount would fund the full calendar year cost of the current COLA, granted January 1, 1997 with a \$1.7 million FY 1998 adjusted appropriation, and would fund a COLA increase to be granted January 1999.

- ! **State Aid.** Recommended appropriations increase 20.0 percent, from \$18.6 million to \$22.3 million. This increase is recommended to eliminate the waiting list for the Early

Key Points

Childhood Intervention Program.

- ! **Capital Construction.** The department received \$1.5 million in FY 1998 for various laboratory improvements and equipment. No capital funds are recommended for FY 1999.
- ! **Federal Funds.** Federal funds are expected to stay virtually the same as FY 1998 adjusted levels for Health Services, with \$261.3 million estimated in FY 1998 and \$261.9 estimated in FY 1999. Although most program areas are expected to have only small increases or decreases, federal funds for Alcoholism, Drug Abuse and Addiction Services are expected to decrease 11.0 percent, or \$5.4 million, largely due to the elimination of federal funding for the \$3.5 million Newark Targeted Cities Project; and federal funding is estimated to increase 6.9 percent, or \$3.7 million, in AIDS Services, largely due to an increase in the Comprehensive AIDS Resources Grant.
- ! **Other Funds, Casino Revenue Funds and Revolving Funds** are expected or recommended to be virtually the same as FY 1998 adjusted levels.
- ! New recommended budget language provides for \$1,955,000 to be transferred from the Drug Enforcement and Demand Reduction Fund to Alcoholism, Drug Abuse and Addiction Services; \$1 million would be transferred for drug abuse services for individuals with HIV and \$955,000 would be used to offset State appropriations for the Community Based Substance Abuse Treatment and Prevention - State Share grant.

Health Planning and Evaluation

- ! **Direct State Services.** Recommended appropriations increase 22.4 percent, from \$5.6 million to \$6.8 million, due to the following new activities:
 - Nursing Home Background Checks - \$900,000.
 - Long Term Care Survey Staff - \$120,000.
 - Salaries and Wages to re-establish a four person hospital inspection team - \$230,000.
- ! **Grants-In-Aid.** Recommended appropriations increase 7.6 percent, from \$76.7 million to \$82.6 million.
 - The following Legislative funding initiatives are not continued: St. Barnabus/Kimball Medical Center - Low Income Clinics (\$200,000) and Monmouth Medical Center - Outpatient Clinic (\$200,000).
 - Funding for Charity Care Hospital Payments increases 20 percent, from \$53.4 million to \$64.1 million, as required by P.L.1997, c.263.
 - New Jersey ACCESS Program funding decreases 20 percent, from \$22.5 million to \$18.0 million and will assist an average of 10,000 enrollees monthly. Proposed budget language provisions: limit the use of ACCESS appropriations to persons enrolled in the program by July 1, 1998; and appropriate additional funds to the

Key Points

ACCESS program should costs exceed \$18.0 million.

- ! **Federal Funds.** Recommended appropriations increase 12.9 percent, from \$8.9 million to \$10.1 million.
- ! **Other Funds.** Recommended appropriations increase 7.8 percent, from \$63.5 million to \$68.4 million. Among the programs these funds support are:
 - Expansion of Medicaid - Pregnant Women and Children - \$21.5 million.
 - Health Care Cost Reduction Fund - \$24.2 million.
 - New Jersey Emergency Medical Service Helicopter Response Program Fund - \$1.9 million.
 - Departmental Planning/Administrative Activities - \$13.2 million.
 - Emergency Medical Technician Training Fund - \$1.8 million.

It is also noted that a recommended General Fund Language Provision (p. I-27) provides for \$22.5 million from the Health Care Subsidy Fund to be transferred to the General Fund as State revenue.

Health Administration

- ! **Direct State Services.** Recommended appropriations of \$1.7 million are virtually unchanged from FY 1998 adjusted levels.
- ! **Federal Funds.** Recommended appropriations of \$300,000 are unchanged from FY 1998 adjusted levels
- ! **Other Funds.** Recommended appropriations are reduced by 1.6 percent, from \$5.0 million to \$4.9 million, as slightly less Administrative Overhead (indirect cost) recoveries are anticipated.

Senior Services

- ! **Direct State Services.** Recommended appropriations increase 8.3 percent, from \$14.1 million to \$15.2 million.

Funding for the following programs is recommended to increase:

- **Medical Services for the Aged,** 18.6 percent, from \$3.8 million to \$4.5 million. A new \$703,000 Special Purpose appropriation for Community Choice/Accuity Audits is proposed. This program would provide about 200 institutionalized persons with the opportunity to live in alternative community settings. Savings of \$600,000 are anticipated.

Key Points

- **Pharmaceutical Assistance to the Aged and Disabled**, 5.9 percent, from \$6.3 million to \$6.7 million. The increase in administrative appropriations is for eligibility determination costs associated with a new federal law that would allow additional Medicare beneficiaries with incomes between 120 and 175 percent of the poverty level to have their Medicare B premiums paid by Medicaid.
 - **Lifeline**, 5.2 percent, from \$1.8 million to \$1.9 million, primarily for Services Other Than Personal costs.
- ! **Grants-In-Aid.** Recommended appropriations decrease 6.4 percent, to \$582.6 million, as certain programs -- Community Care Alternatives (\$23.2 million), Home Care Expansion (\$2.4 million) Medicaid Expansion - SOBRA (\$15.5 million) and Respite Care for the Elderly (\$1.2 million) -- are returned in total or in part to their historical funding source, Casino Revenue Funds.

Recommended appropriations are reduced for:

- PAA - Claims, 26.3 percent, from \$35.2 million to \$25.9 million. Approximately 35,500 elderly persons will be eligible for services. Approximately \$17.0 million (gross) in savings initiatives designed to reduce prescription drug costs are proposed:
 - Reduce the dispensing fee high volume PAAD/Medicaid pharmacies receive, from \$3.73 - \$4.07 to \$3.00 for generics and \$2.75 for brand names.
 - Increase the copay from \$5.00 to \$7.00 for prescription drugs that cost more than \$40.
 - Link the manufacturers' rebates to changes in the federal Consumer Price Index, as in the federal Medicaid program.
 - Cover prescription drugs in the Community Care Program for the Elderly and Disabled and obtain federal Medicaid reimbursement.
- Payments for Medical Assistance Recipients - Nursing Homes, 1.7 percent, from \$530.3 million to \$521.4 million. (This appropriation is supplemented with \$15.5 million in Casino Revenue Funds, Medicaid Expansion - SOBRA. Including these funds, total Nursing Home expenditures would increase by 1.2 percent, to \$536.8 million.) Patient days are expected to increase 2.2 percent, to 12.4 million days, and per diem reimbursement is expected to decrease 3.7 percent, to about \$91.50, assuming that \$24.1 million in initiatives to reduce nursing home costs are adopted. Among the initiatives proposed are:
 - Reducing payments for underutilized beds.
 - Adjusting reimbursement based on occupancy levels.
 - Better identification and monitoring of direct and indirect patient care costs.
 - Enhancing estate recoveries.

Key Points

Recommended appropriations are increased for:

- Medical Day Care Services, 33.6 percent, from \$12.1 million to \$16.2 million. The increase would bring FY 1999 recommended appropriations in line with projected FY 1998 expenditures.
- Cost-of-Living Adjustment, Deferred Cost, Health Care Services Providers, approximately \$1.0 million is recommended for a 1.6 percent adjustment, effective January 1999.

! **State Aid.** The budget recommends \$2.2 million, unchanged from FY 1998 levels.

! **Casino Revenue Fund.** Recommended appropriations increase 18.4 percent, from \$254.9 million to \$301.7 million, as funding for the Community Care Program for the Elderly and Disabled, Respite Care for the Elderly, Medicaid Expansion - SOBRA and the Home Care Expansion program, that had been supported with General Funds due to insufficient Casino Revenue Funds, is returned to the Casino Revenue Fund which has historically supported these programs.

Funding is reduced for the following **Casino Revenue Fund** programs:

- Demonstration Adult Day Care Center Program - Alzheimer's Disease, 37.0 percent, from \$1.4 million to \$0.9 million as additional funding provided by the Legislature is not continued.
- Senior Citizen Housing - Safe Housing and Transportation, 19.1 percent, from \$2.0 million \$1.6 million.
- Payment for Lifeline Credits, 1.8 percent, from \$35.2 million to \$34.7 million.
- Payments for Tenants' Assistance Rebates, 1.9 percent, from \$40.9 million \$40.2 million.

Funding is increased for the following **Casino Revenue Fund** programs:

- Community Care Alternatives, from \$813,000 to \$27.7 million. (Funding is shifted from the General Fund.)
- Medicaid Expansion - SOBRA, \$15.5 million. (A portion of costs are shifted from the General Fund.)
- Home Care Expansion, \$1.0 million. (Funding is shifted from the General Fund.)
- PAAD - Claims increase 2.7 percent, from \$166.2 million to \$170.7 million. Approximately 148,100 aged and 22,600 disabled persons will receive benefits at an average cost of about \$44 per prescription. Savings initiatives of \$17.2 million (gross) are anticipated and were previously mentioned.

! **Federal Funds.** A 13.3 percent increase is anticipated, from \$693.7 million to \$786.2

Key Points

million. Virtually the entire increase is in Medicaid related funds in the Medical Services for the Aged program.

- ! **Other Funds.** A 40.4 percent reduction in other funds is anticipated, from \$941,000 to \$561,000. The reduction is largely in the **Office of the Public Guardian** where one-time fees realized in FY 1998 are not anticipated for FY 1999.

DEPARTMENT OF HUMAN SERVICES

Budget Pages..... D-143 to D-193; E-17 to E-27; F-12
to F-15; G-8 to G-10; I-17 to I-19;
J-4.

Fiscal Summary (\$000)

	Expended FY 1997(a)	Adjusted Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$3,054,295	\$2,989,435	\$2,997,968	0.3%
Federal Funds	2,457,915	2,617,969	2,791,008	6.6%
<u>Other(b)</u>	<u>408,629</u>	<u>497,335</u>	<u>554,170</u>	<u>11.4%</u>
Grand Total	\$5,920,839	\$6,104,739	\$6,343,146	3.9%

Personnel Summary - Positions by Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	12,430	12,629	11,582	(8.3)%
Federal	4,782	4,806	4,896	1.9%
<u>Other(c)</u>	<u>537</u>	<u>526</u>	<u>520</u>	<u>(1.1)%</u>
Total Positions	17,749	17,961	16,998	(5.4)%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

(a) Includes certain expenditures/credits of Juvenile Services which is no longer part of the department.

(b) Includes Revolving Funds.

(c) Does not include positions supported by Revolving Funds.

Introduction

The Department of Human Services serves more than one million persons through eight operating divisions:

- **Division of Mental Health Services** will serve over 1,900 patients at six psychiatric hospitals and provide community services to nearly 255,600 persons.
- **Division of Medical Assistance and Health Services** will provide various health services to nearly 696,000 Medicaid recipients monthly.
- **Division of Developmental Disabilities** will serve about 3,700 patients at seven

Introduction

- developmental centers and will provide various community services to over 18,000 developmentally disabled persons.
- **Commission for the Blind and Visually Impaired** provides education, vocational rehabilitation, prevention and social services to blind and visually impaired clients and operates the Kohn Residential Center.
 - **Division of Family Development** provides financial assistance to over 391,000 recipients monthly in the General Assistance, Work First New Jersey Client Benefits and SSI programs and to nearly 196,000 Food Stamp recipients.
 - **Division of Youth and Family Services** as the State's main social services agency will provide foster care, adoption assistance, residential and other social services to 48,500 children/25,500 families monthly.
 - **Division of the Deaf and Hard of Hearing** advocates for the rights of deaf and hearing impaired persons, provides information and referral services and publishes a monthly newsletter.
 - **Division of Management and Budget** provides centralized support services to the divisions and sets department policy.

Key Points

DIVISION OF MENTAL HEALTH SERVICES

- ! **Direct State Services.** Recommended appropriations decrease 17.9 percent, from \$231.9 million to \$190.3 million, due to the closing of Marlboro Psychiatric Hospital. Excluding Marlboro's FY 1998 appropriations from the base results in a 9.9 percent increase in FY 1999 recommended appropriations.
 - Community Services. Recommended appropriations increase 12.8 percent, from \$3.9 million to \$4.4 million, for costs associated with conducting unannounced inspections of psychiatric hospitals.
 - Management and Administrative Services. Recommended appropriations increase 22.0 percent, from \$3.9 million to \$4.7 million, to purchase surveillance equipment for use at the psychiatric hospitals.
 - Psychiatric Hospitals. Recommended appropriations decrease 19.1 percent, from \$224.1 million to \$181.2 million due to the closing of Marlboro. Most of the increases or decreases in individual appropriations result from the realignment of geographic areas and type of clients served by the various psychiatric hospitals. Certain support services at Greystone Park Psychiatric Hospital are to be privatized on a pilot basis.
 - Institutional populations are expected to decrease by about 160 patients, from 2,100 to 1,940, due to the closing of Marlboro.
- ! **Grants-In-Aid.** Recommended appropriations increase 25.3 percent, from \$161.2 million to \$202 million. The increase reflects the incorporation of programs initiated to facilitate the closing of Marlboro, such as the Programs for Assertive Community Treatment and integrated case management. The recommended budget includes:
 - \$1.7 million for the second half of a 2 percent cost of living adjustment, effective

Key Points

July 1998; and \$1.8 million for a 1.6 percent cost of living adjustment effective January 1999.

- Legislative funding for the Collier Group Home, Marlboro Twp. (\$50,000) is not continued.
- ! **State Aid.** Recommended appropriations to reimburse the six county psychiatric hospitals for an estimated 715 patients daily increase 3.7 percent, from \$76 million to \$78.8 million. The recommended budget assumes that reimbursement for outpatient services provided by Bergen Pines would be discontinued, saving approximately \$1.0 million.
- ! **Capital Construction.** Approximately \$1.3 million is recommended for projects at Greystone (\$1,150,000) and Brisbane (\$182,000).
- ! **Federal Funds.** A 3.7 percent reduction in federal funds, from \$9.3 million to \$8.9 million is anticipated as one-time federal grants expire.
- ! **Other Funds.** Approximately \$5.7 million is anticipated, the same as in FY 1998, primarily for education related activities and the regional laundry revolving fund.

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

- ! **Direct State Services.** Recommended appropriations for Health Services Administration and Management increase 3.2 percent, from \$30.6 million to \$31.6 million. The budget increases funding to reimburse counties for eligibility determination costs by \$1.0 million, from \$5.6 to \$6.6 million.
- ! **Grants-In-Aid.** Recommended appropriations for General Medical Services of \$1.3 billion is virtually unchanged from FY 1998 levels. The various recommended appropriations for Medicaid services incorporates \$64 million in Savings and Cost Avoidance such as:
 - Limiting Medicare B copayments and deductibles to the amount Medicaid would pay for such services.
 - Partially reducing reimbursement for graduate medical education expenses at hospitals.
 - Prohibiting the enrollment of new aliens into Medicaid as required by federal law.
 - Management improvements in the Personal Care program.
 - Reimbursement changes with respect to outpatient and home health services
 - Reducing the dispensing fee high volume Medicaid/PAAD pharmacists receive from \$3.73 - \$4.07 to \$3.00 for generic and \$2.75 for brand names drugs.
- ! **Federal Funds.** Recommended appropriations increase 4.4 percent, from \$1.4 billion to \$1.5 billion, based on a continuation of the current federal Medicaid program.
- ! **Other Funds.** The budget recommends \$469.1 million in Other Funds, an 11.7 percent

Key Points

increase from FY 1998. These monies provide:

- \$421.5 million for New Jersey Health Care Hospital Payments, including the Hospital Relief Subsidy Fund which provides special financial assistance to certain hospitals that serve a disproportionate number of patients with AIDS/HIV, mental illness, etc.
- \$42.8 million for the N.J. KidCare Childrens Health Insurance Initiative, including 54 administrative positions.

DIVISION OF DEVELOPMENTAL DISABILITIES

! **Direct State Services.** Recommended appropriations decrease 12.8 percent, from \$227.5 million to \$198.3 million, due to the closing of the North Princeton Developmental Center. Excluding North Princeton's appropriation from the base results in a 1.7 percent increase in FY 1999 recommended appropriations.

- Division of Developmental Disabilities (Central Office). Recommended appropriations of \$3.3 million are virtually unchanged from FY 1998 levels.
- Community Programs. Recommended appropriations increase 0.8 percent, from \$17.7 million to \$17.8 million.
- Developmental Centers. Recommended appropriations decrease 14.1 percent, from \$206.5 million to \$177.2 million due to the closing of North Princeton. The largest percentage increase in appropriations, 5.4 percent, occurs at the New Lisbon Developmental Center which will operate the moderate security unit that had been located at North Princeton. Certain support services at the North Jersey Developmental Center are to be privatized on a pilot basis.
- Institutional populations are expected to decrease by about 300 clients, from about 4,000 to about 3,700, due to the closing of North Princeton.

! **Grants-In-Aid.** Recommended appropriations increase 25.9 percent, from \$151.5 million to \$190.8 million. (Total grant funding, including Casino Revenue and Federal Funds, increases 19.4 percent, from \$336.0 million to \$401.2 million.)

- Community Services Waiting List Reduction Initiative - FY 1997 and 1998. Gross funding for these two initiatives increases from \$17.4 million to \$37.8 million. When completed, these two initiatives would provide 1,000 community placements, nearly 600 day program slots and \$2.0 million for family support services at an estimated annualized cost of nearly \$52 million.
- Community Services Waiting List Reduction Initiative - FY 1999. The budget recommends \$18.8 million (federal funds) for this new initiative with an annualized gross cost of \$32.5 million. This initiative will provide 500 residential placements, 400 day program slots and \$2.5 million in additional family support services. Proposed budget language would also allow a portion of the recommended appropriation to be used for administrative costs of the initiative.

Key Points

- The budget recommends \$3.4 million for the second half of a 2 percent cost of living adjustment to providers, effective July 1998; and \$3.2 million for a 1.6 percent cost of living adjustment to providers, effective January 1999.
 - The following legislative funding priorities are reduced or not continued in FY 1999: Dental Program for Non-Institutionalized Developmentally Disabled and Handicapped Children (\$100,000); The Training School at Vineland (\$300,000); Community Options (\$200,000); and The ARC of Union County, Adult Training Center (\$100,000).
- ! **Casino Revenue Fund.** Recommended appropriations of \$24.5 million are unchanged from FY 1998 levels and are used for costs associated with various community programs.
- ! **Federal Funds.** Approximately \$310.0 million is recommended, a 6.8 percent increase from FY 1998 levels. The majority of federal funds represents ICF-MR reimbursements of nearly \$171.0 million and Community Care Waiver revenue of \$136.8 million which includes \$10 million in federal funds to be generated through an assessment on all federally certified beds at developmental centers.
- ! **Other Funds.** The budget recommendation represents a 3.1 percent increase, from \$49.1 million to \$50.6 million. These funds represent State Facility Education Act monies that are used for education related activities and appropriated receipts for the FY 1997 and FY 1998 waiting list reduction initiatives.

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

- ! **Direct State Services.** Recommended appropriations increase 2.9 percent, from \$6.6 million to \$7.1 million. An additional \$348,000 is recommended for training blind and visually impaired persons to use computer equipment purchased through the FY 1998 Technology for the Visually Impaired initiative.
- ! **Grants-In-Aid.** Recommended appropriations decrease 12.2 percent, from \$4.7 million to \$4.1 million.
- The following legislative funding priority is not continued: Technology for Blind & Visually Impaired - Talking Machine & Large Print Equipment (\$400,000).
 - Funding for the following legislative funding priority is reduced: Camp Marcella, from \$300,000 to \$50,000.
 - Funding is provided for cost-of-living adjustments of 2 percent (\$37,000) and 1.6 percent (\$40,000), effective July 1998 and January 1999, respectively.
- ! **Federal Funds.** A 2.0 percent increase in federal funds, from \$9.0 million to \$9.2 million is anticipated.
- ! **Other Funds.** Social Security Administration reimbursements of \$300,000 and appropriated receipts of \$475,000 are anticipated.

Key Points

DIVISION OF FAMILY DEVELOPMENT

- ! **Direct State Services.** Recommended State appropriations for Income Maintenance Management decrease 6.3 percent, from \$48.5 million to \$45.4 million. The reduction is in the division's Special Purpose accounts related to Work First New Jersey (WFNJ) related projects.

Funding is not continued for the Legal Alien Citizenship Assistance project and would be reduced for various WFNJ related projects or activities (Breaking the Cycle Pilots; Child Support Initiatives; and Technology Investment). These projects were either one-time in nature or multi-year in scope and duration.

New or increased appropriations are recommended for the following:

- Electronic Benefit Transfer/Distribution System, from \$62,000 to \$1.7 million.
- Finger Imaging, from \$314,000 to \$1.8 million.
- WFNJ - Developmental Fund, from \$3.1 million to \$3.9 million. (This account will fund an additional 46 positions related to WFNJ).
- Child Support Consolidation, \$10.2 million. This is related to the administration's proposal to consolidate child support related functions from the Administrative Office of the Courts and to provide greater control over county welfare agency child support activities. (Legislation is necessary to effect the consolidation.)

- ! **Grants-In-Aid.** Recommended appropriations increase 15.1 percent, from \$144.9 million to \$166.8 million.

- Approximately \$158.1 million would be expended on various WFNJ activities to assist clients in finding and retaining employment such as: Training Related Expenses (\$9.2 million); Work Activities (\$41.7 million); Breaking the Cycle Pilots (\$2.6 million); Child Care (\$74.4 million); Community Housing for Teens (\$0.4 million); Second Year Medicaid Extension (\$11.1 million); and a new activity, Substance Abuse Initiatives - (\$18.8 million).
- Proposed budget language increase the amount of monies from the Work Force Development Fund, used to supplement WFNJ State appropriations, from \$32 to \$33.4 million.

- ! **State Aid.** Recommended appropriations decrease 6.2 percent, from \$290.8 million to \$272.7 million, as follows:

- **General Assistance (GA)** related expenditures decrease 3.6 percent, from \$127.3 million to \$122.7 million. Approximately 13,900 employable and 10,400 unemployable persons monthly will receive assistance.
- **WFNJ Client Benefits.** Total appropriations (State and federal) decrease 4.0 percent, from \$300.2 million to \$288.2 million. Approximately 228,800 persons will receive assistance monthly.

Key Points

- **WFNJ Emergency Assistance.** Total appropriations (State and Federal) increase 2.0 percent, from \$30.7 million to \$31.3 million. Approximately 10,000 persons will receive assistance monthly.
 - **Payments for Supplemental Security Income (SSI).** Recommended appropriations (including emergency assistance payments) decrease 0.7 percent, from \$59.2 million to \$58.6 million. Approximately 138,400 persons will receive State SSI supplements monthly.
 - **SSI Administrative Fee to the Social Security Administration.** Administrative payments to the federal government increase 16.2 percent, from \$10.4 million to \$12.0 million due to an increase in the per case administrative fee from \$6.20 to \$7.60.
 - **Food Stamps for Legal Aliens.** Recommended appropriations decrease 29.8 percent, from \$9.5 million to \$6.7 million, based on current projections.
 - **General Assistance County Administration.** Recommended appropriations to reimburse counties for GA administrative costs increase 158.7 percent, from \$3.8 million to \$9.9 million. As of January 1998, nearly 14,000 cases (about 43 percent of the total GA caseload) were transferred to the counties.
- ! **Federal Funds.** Recommended appropriations are expected to increase 13.3 percent, from \$678.4 million to \$768.4 million, based on current estimates as to the amount of federal funds that will be received. Most of the increase is related to the Temporary Assistance for Needy Families program.
- ! **Other Funds.** Recommended appropriations increase 69.7 percent, from \$8.4 million to \$14.3 million. Approximately \$8.4 million is related to county data processing reimbursements into the Information System Revolving Fund. Approximately \$5.9 million in federal child support incentive funds are to be used for Child Support Initiatives. (This assumes that legislation will be enacted to allow the State to retain all federal incentive funds.)

DIVISION OF YOUTH AND FAMILY SERVICES

- ! **Direct State Services.** Recommended State appropriations decrease 1.9 percent, from \$79.7 million to \$78.2 million, as certain one-time equipment costs included in the Child Protection Initiative are not continued.
- As of February 1998, district offices were at 78.7 percent and the adoption resource centers were at 62.2 percent of the Child Welfare League of America staffing standard, respectively. In comparison, during January 1997, district offices were at 70.4 percent and adoption resource centers were at 49.8 percent of the CWLA standard.
 - Monthly caseloads are unchanged from FY 1998 levels at 48,500 children and 25,500 families.

Key Points

- ! **Grants-In-Aid.** Recommended appropriations increase 4.8 percent, from \$181.2 million to \$190.0 million. (Total grant appropriations increase 5.0 percent, from \$254.8 million to \$267.7 million.) The following changes occur in the various grant accounts:
- Various legislative initiated appropriations are not continued: Amanda Easel Project (\$50,000); Freedom House, Glen Gardner (\$100,000); and Counseling for Families of Young Crime Victims - Pilot Program (\$75,000). Funding for the Morris/Sussex/Sexual Abuse Victims Program is reduced by \$1,450,000, to \$315,000, the amount initially included in the FY 1998 recommended budget.
 - Family Friendly Centers: \$2.5 million is requested for a new pilot program intended to provide greater use of existing school for after-school youth activities and various adult education programs.
 - The budget recommends \$2.7 million for the second half of a 2 percent cost of living adjustment, effective July 1998; and \$2.8 million for a 1.6 percent cost of living adjustment, effective January 1999.
- ! **Casino Revenue Funds.** The recommended appropriation of \$3.7 million is unchanged from FY 1998 levels. These funds support a portion of the \$6.1 million cost of the Personal Assistance Services Program.
- ! **Federal Funds.** Recommended appropriations increase 0.5 percent, from \$161.8 million to \$162.5 million. Additional federal reimbursement for children in subsidized adoptions(\$3.0 million) and obtaining Medicaid reimbursements for additional residential programs (\$500,000) are anticipated.
- ! **Other Funds.** Approximately \$5.2 million is recommended, an increase of 8.1 percent from FY 1998 levels of \$4.8 million, primarily from increased collections from legally responsible relatives.

DIVISION OF THE DEAF AND HARD OF HEARING

- ! The recommended \$430,000 appropriation is unchanged from FY 1998 levels.

DIVISION OF MANAGEMENT AND BUDGET

- ! **Direct State Services.** The recommended appropriation of \$11.4 million represents a 58.6 percent decrease from FY 1998 levels as no additional funds are required to reimburse counties pursuant to the Essex I and II Settlement and one time funds of approximately \$1.5 million to reimburse a vendor are not continued. Excluding Essex I and II Settlement and vendor reimbursement funds, appropriations increase by 19.4 percent as new funds are requested for the following activities:
- Contract Reform (to be defined) - \$1.0 million.
 - State Office on Disability Services - \$450,000, to support eight staff positions.
 - Institutional Staff Background Checks - \$407,000.

Key Points

- ! **Grants-In-Aid.** Recommended funding would decrease 11.9 percent, from \$4.1 million to \$3.6 million, largely because a legislative funding initiative, Childhood Lead Poisoning - Prevention - \$500,000, is not continued. Proposed budget language would appropriate \$1.9 million from the New Jersey Workforce Development Partnership Fund to support the \$2.9 million grant to the New Jersey Youth Corps which is being transferred to the department.
- ! **Capital Construction.** The budget recommends \$10.1 million for various department- wide capital projects in the areas of fire safety, roof repairs, etc.
- ! **Federal Funds.** Recommended appropriation of \$29.8 million is virtually unchanged from FY 1998 levels. These monies primarily represent reimbursements for fringe benefits and indirect costs.
- ! **Other Funds.** The budget recommends \$8.4 million in Other Funds (including Revolving Funds not reflected in the budget document), primarily for the Catastrophic Illness in Children Relief Fund and the Capkold Food Production System.

DEPARTMENT OF LABOR

Budget Pages..... C-10, C-19, C-26, D-195 to D-207,
E-28, I-19, K-24, K-27, K-36, K-38

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$84,599	\$74,545	\$74,608	0.1%
Federal Funds	290,753	329,235	333,552	1.3%
<u>Other</u>	<u>111,645</u>	<u>104,102</u>	<u>104,141</u>	<u>0.0%</u>
Grand Total	\$486,997	\$507,882	\$512,301	0.9%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	645	626	707	12.9%
Federal	2,946	2,983	3,350	12.3%
<u>Other</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0.0%</u>
Total Positions	3,598	3,616	4,064	12.4%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Labor is responsible for administering programs that provide or oversee safe and equitable conditions for workers and the public; economic assistance for the unemployed and temporarily disabled; the adjudication of disability claims under the State's workers' compensation/special compensation statutes and the Social Security Act; vocational rehabilitation of persons with physical or mental disabilities; job placement services for the unemployed; job training for employed, underemployed and displaced workers; labor relations; and labor market planning and research.

Key Points

- ! Most of the department's programs are supported by federal (65 percent) and dedicated (29 percent) State and Other funds.

Key Points

- ! The Governor's FY 1999 Budget proposes the transfer of the department's Wage and Reporting functions to the Department of Treasury's Division of Revenue. Revenue collection and processing functions related to Unemployment Insurance, Temporary Disability, Workers' Compensation, and Special Compensation will be transferred. According to the Budget in Brief, the purpose of the transfer is to streamline reporting requirements and tax collection for businesses, and reduce duplication. \$1.5 million in State funds will be transferred to Treasury under this shift.
- ! The Governor's Budget proposes transferring several workplace safety programs, including the department's inspection activities for ski lifts, asbestos, boilers, liquefied petroleum gas, and carnival rides from the Division of Workplace Standards to the Department of Community Affairs (DCA). A sum of \$779,000 will be shifted from the Department of Labor to DCA as a result of this proposal. According to the Budget in Brief, the purpose of this shift is to coordinate inspection programs within DCA and thus create a more efficient system.
- ! The recommended Direct State Services appropriation for the administration of the Workforce Development Partnership Program (WDPP) is \$6.6 million, unchanged from the FY 1998 adjusted level. WDPP, which was made permanent in 1996 pursuant to P.L. 1995, c. 422, provides workforce training grants to disadvantaged and displaced workers and to employers. The program is fully funded through employer and employee payroll tax contributions which generate in excess of \$60 million annually.
- ! Proposed language in the Governor's Budget (page E-24) recommends the transfer of \$33.4 million from the Workforce Development Partnership Fund (page K-27) to the Work First New Jersey program in the Department of Human Services for "training and work activities" related to the Governor's welfare reform initiatives. Of this amount, \$25.4 million is in excess of the 11.5 percent statutory maximum which may be allocated to "disadvantaged" workers pursuant to P.L. 1992, c.43 (C.34:15D-1 et seq.). In FY 1998, similar language authorized the use of \$32.0 million from the Workforce Development Partnership Fund for the same purposes.
- ! Proposed budget language (page D-207) recommends an increase in spending of up to \$10 million from the Workforce Development Partnership Fund for the Customized Training program. This amount is in addition to the approximately \$24 million allocated to Customized Training pursuant to the statutory requirements under P.L. 1992, c.43 (C.34:15D-1 et seq.). This program provides training grants to businesses to enhance the creation and retention of "high wage, high skill" jobs.
- ! The Budget Recommendation indicates that federal funds are expected to remain relatively flat at \$333.5 million in FY 1999, up 1.3 percent over the current adjusted appropriation of \$329.2 million. Divisions anticipating increases in federal aid include Employment and Training Services (\$3.0 million or 2.9 percent); Disability Determination (\$2.2 million or 5.9 percent); Unemployment Insurance (\$1.2 million or 1.4 percent); Vocational Rehabilitation Services (\$670,000 or 1.5 percent); Planning and Research (\$520,000 or 7.5 percent); and Workplace Standards (\$144,000 or 9.6 percent). These increases are offset by reductions in federal assistance for the Division of Employment Services (\$3.5 million or 8.5 percent).

Key Points

- ! The Unemployment Compensation Auxiliary Fund (UCAF), which derives revenues from fines and penalties imposed on employers for violations of insurance regulations, is projected to have a positive fund balance of \$5.0 million by the end of the current year. This amount is in contrast to the fund balance of \$44,000 projected in the FY 1998 Budget Recommendation, and is due, in part, to an upward revision of fund revenues from \$14.5 million to \$16.5 million in the current year. The Governor's Budget further projects a \$10.3 million fund balance by the end of FY 1999, assuming slightly higher revenue collections of \$17.0 million during FY 1999.
- ! The Governor's Budget recommends language that would appropriate "such amounts as may be necessary" from the Unemployment Compensation Auxiliary Fund (UCAF) to implement technology improvements in the Workplace Standards program (page D-200), and to administer the Unemployment Insurance program (page D-203). These appropriations are not reflected in the FY 1999 estimated UCAF fund balance. However, the Budget also recommends continued appropriations from the fund to support Planning and Research, Vocational Rehabilitation (both DSS and GIA) and Private Sector Labor Relations. These appropriations are reflected in the FY 1999 estimated UCAF fund balance.
- ! The Budget Recommendation anticipates that the Unemployment Compensation Fund will have a \$2.99 billion balance at the end of FY 1999, a \$38.7 million (1.3 percent) increase over the FY 1998 estimated balance of \$2.95 billion. These fund balances take into account the a shift of \$201.7 million and \$250 million, in FY 1998 and FY 1999 respectively, to the Health Care Subsidy Fund for charity care in lieu of payments to the Unemployment Compensation Fund, pursuant to P.L. 1997, c.263.
- ! The Governor's Budget recommends funding for 4,064 positions, 17% (707 positions) of which are State funded. The position data for FY 1998 indicates that the total number of positions on the payroll as of mid-October, 1997 was 3,616, of which 17% (626 positions) were State funded .
- ! Proposed Grants-In-Aid funding for the Sheltered Workshop Program includes a cost of living adjustment of \$94,000 (2 percent) for sheltered workshop providers in FY 1999, as well as \$118,000 to fully fund a cost of living adjustment in the current fiscal year. Sheltered workshops provide long-term employment and rehabilitation services to severely disabled individuals who can not be placed in open competitive employment. In addition, Grants-In-Aid funding for Services to Clients (state share) is proposed to increase by \$200,000 to \$3.8 million in FY 1999 (a 5.4 percent increase).
- ! The recommended appropriation of \$2.4 million from Casino Revenue Funds/Grants-In-Aid for the Sheltered Workshop Transportation program is unchanged from the FY 1998 adjusted appropriation.
- ! Funding for the Public Employee Relations Commission (PERC) remains level at \$2.7 million under the Governor's Budget. PERC is an independent agency within the Department of Labor which resolves disputes between public employees and their employers.
- ! Of \$12.1 million in anticipated savings for the Inter-departmental Accounts, \$2 million is anticipated in savings from the elimination of Sick Leave Injury benefits provided pursuant to N.J.S.A. 11A:6-8. The Sick Leave Injury program provides up to one year of leave with

Key Points

full pay, plus payment for medical expenses, to state employees with work related injuries. The proposed elimination of Sick Leave Injury benefits may impact on the amount of benefits paid through the Workers' Compensation program.

DEPARTMENT OF LAW AND PUBLIC SAFETY

Budget Pages..... D-209 to D-237, E-29 to E-30,
F-15 to F-16, G-11 to G-12, I-9
to I-10, I-13 to I-14, I-22.

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$386,424	\$376,042	\$385,096	2.4%
Federal Funds	52,749	109,045	91,319	(16.3)%
<u>Other</u>	<u>93,081</u>	<u>127,428</u>	<u>136,858</u>	<u>7.4%</u>
Grand Total	\$532,254	\$612,515	\$613,273	0.1%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	5,764	5,849	5,974	2.1%
Federal	148	144	141	(2.1)%
<u>Other</u>	<u>1,371</u>	<u>1,494</u>	<u>1,652</u>	<u>10.6%</u>
Total Positions	7,283	7,487	7,767	3.7%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Law and Public Safety, under the supervision of the Attorney General, is responsible for statewide law enforcement and the prosecution of criminals. The department also provides legal services for State government, administers marine traffic laws, ensures compliance with national voter registration requirements and enforces public protection laws in consumer affairs, civil rights, gaming, alcoholic beverages, racing and combative sports. The following agencies are located in, but not of, the Department of Law and Public Safety: the Juvenile Justice Commission, the Election Law Enforcement Commission, the Executive Commission on Ethical Standards and the Victims of Crime Compensation Board.

The Juvenile Justice Commission, created in 1995, administers juvenile programs that were formerly located in the Departments of Corrections, Human Services and Law and Public Safety. The commission is responsible for providing residential and community programs dedicated to the treatment and rehabilitation of juvenile offenders. The commission also administers grant programs.

Key Points

- ! The Governor's budget recommends an overall increase of \$9.1 million, or 2.4 percent, for the Department of Law and Public Safety State funded budget, from an adjusted appropriation of \$376.0 million in FY 1998 to a recommended \$385.1 million in FY 1999. The department's FY 1999 direct state services appropriation of \$317 million would increase by \$7.1 million, or 2.3 percent, from its FY 1998 adjusted appropriation of \$309.9 million. The department's FY 1999 capital budget would increase by \$13.6 million, from \$4.1 million in FY 1998 to \$17.7 million in FY 1999, a 332 percent increase. Conversely, federal funds for the department are anticipated to decline by \$17.7 million, from \$109 million in FY 1998 to \$91.3 million in FY 1999, a 16 percent reduction. No funding is recommended for the Gubernatorial Elections Fund in FY 1999 since funding is required only during a gubernatorial primary or election year. These changes are discussed in more detail below.
- ! The Governor's budget recommends \$2.7 million in new funding for the training and salaries of the 118th State Police Class, which is tentatively scheduled to begin in May, 1998. Eighty troopers are expected to graduate by October, 1998. The 117th State Police Class graduated in October, 1997.
- ! Funding for a new \$15 million Fleet Renewal Management Program is recommended in the Department of the Treasury, of which \$8.1 million is reserved for the purchase of new marked and unmarked State Police vehicles, according to information contained in the Governor's Budget in Brief. The budget also recommends \$5.4 million in the State Police budget for purchasing vehicles, the same amount appropriated in fiscal 1998. The combined appropriations would allow the State Police to purchase approximately 550 new vehicles. Recommended budget language would eliminate a provision that presently authorizes receipts in excess of those anticipated from increased fees for noncriminal record checks to be used for the purchase of State Police vehicles. The Governor's budget also recommends funding of \$2.7 million for vehicle maintenance in the Division of State Police, an increase of \$1.5 million.
- ! An appropriation of \$2.2 million is recommended for phase one of a three-phase National Crime Information Center (NCIC) 2000 data processing project. The project would link the State Police, State agencies and local police departments with advanced, computerized law enforcement technology operated by the Federal Bureau of Investigation (FBI). Fiscal 1999 funding would upgrade the current NCIC system and provide infrastructure to make it compatible with the FBI's NCIC 2000 system by July, 1999. The second and third phases, which would require between \$7.8 and \$15.8 million in continuation funding, would re-program the computer systems of State agencies and divisions that currently have NCIC access and also supply 520 municipalities with NCIC 2000 workstations.
- ! The Governor's budget includes funding to train and hire 60 new correctional officers to staff the two Juvenile Justice Commission (JJC) correctional facilities and nine senior youth workers for community residential programs. The \$4 million cost for the positions does not represent an increase over the JJC's FY 1998 adjusted appropriation. Included in the Commission's FY 1998 adjusted appropriation is a \$4 million supplemental appropriation recommended to fund overtime costs incurred as a result of increases in correctional officer posts due to public safety concerns and for community programs staffing. As a result of providing additional permanent staff, that level of overtime costs in FY 1998 should not be incurred again in FY 1999.

Key Points

- ! The Governor's budget recommends \$17.6 million, a \$5.2 million increase, in the Juvenile Justice Commission's (JJC) Juvenile Community Programs account funded in the All Other Funds category. These funds, which are shown "below the line" as a payment from the Department of Education, would support educational programs for juvenile offenders pursuant to The State Facilities Education Act (SFEA), P.L. 1979, c. 207. Under the act, FY 1999 is the first year JJC would be responsible for paying full educational costs of State-sentenced juvenile offenders in county detention centers, \$6,000 per juvenile at a total incremental cost of \$2.5 million. The JJC would also provide 50 percent of the cost of educating county juvenile offenders, \$3,000 per juvenile at a total incremental cost of \$2.7 million. In addition, the JJC will be responsible for assisting county detention centers in educational programming and monitoring expenditures in FY 1999.
- ! The Governor's budget recommends a new appropriation of \$1 million for the Election Law Enforcement Commission (ELEC), for data processing enhancements that would establish an electronic filing program to allow candidates to file information with ELEC electronically. ELEC's overall appropriation would increase by only \$370,000 due to a reduction of \$630,000 provided in FY 1998 for gubernatorial election staffing.
- ! The Governor's budget recommends assigning the Division of Election Management and Coordination, formerly the Statewide Voter Registration and Election Coordination Agency in the Division of Elections in the Department of State, to the department. The division would ensure that the State remains in compliance with the reporting requirements of the National Voter Registration Act of 1993. The recommended budget would fund the agency at \$289,000, a \$10,000 reduction from its FY 1998 adjusted appropriation.
- ! The budget recommends a 27 percent decrease in the department's State Aid appropriation from \$4.9 million to \$3.6 million. This reduction represents the elimination of 13 special purpose appropriations for local law enforcement projects added to the FY 1998 Appropriations Act by the Legislature. The Governor's budget recommends State Aid for the Safe and Secure Communities Program to remain at the FY 1998 level of \$3.6 million. Including criminal penalty receipts and reappropriated funds, a total of approximately \$14 million will be available to the program.
- ! The recommended budget indicates the department's federal funding would decline from \$109 million in FY 1998 to \$91.3 million in FY 1999, a 16 percent decrease. Of the reduction, \$7 million reflects the discontinuation of one-time funding from a federal legal settlement that was received by the Victim and Witness Advocacy Program. However, the \$13 million apparent decrease in Violence Against Women Act funding, from \$18 million in FY 1998 to \$5 million in FY 1999, reflects an overstatement in FY 1998 of anticipated revenue from that source. Revenue for that program in FY 1998 is expected to be between \$4 and \$5 million.
- ! The recommended budget anticipates federal funding for the Victims of Crime Compensation Board (VCCB) would increase from \$1,600,000 in FY 1998 to \$2,200,000 in FY 1999, a 37 percent increase. According to the board, this increase is attributable to an increase in budget authority that will allow the VCCB to carry forward unspent federal funding in FY 1998.
- ! An increase in capital funding of \$13.6 million is recommended for the department, from \$4.1 million in FY 1998 to \$17.7 in FY 1999. A large portion of the recommended funds,

Key Points

\$12.4 million, would be used for preservation and fire/safety projects at various Juvenile Justice Commission (JJC) sites and for infrastructure improvements toward a new 144 bed JJC facility in Bordentown. The remaining amount, \$5.3 million, would be used for State Police capital needs, including the acquisition of a Computer Aided Dispatch/Records Management System (CAD/RMS), a Radio System Equipment project and various preservation projects at State Police facilities.

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Budget Pages..... D-239 to D-249; E-30 to E-31; G-12
to G-13

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$57,188	\$58,664	\$60,957	3.9%
Federal Funds	14,275	15,057	14,251	(5.4)%
<u>Other</u>	<u>12</u>	<u>213</u>	<u>735</u>	<u>245.1%</u>
Grand Total	\$71,475	\$73,934	\$75,943	2.7%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	1,223	1,202	1,230	2.3%
Federal	151	159	150	(5.7)%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	1,374	1,361	1,380	1.4%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Military and Veterans' Affairs operates three veterans' nursing homes, provides services necessary to meet the needs of the veteran population in New Jersey and provides command, control and services to the members of New Jersey National Guard units.

Key Points

- ! Direct State Services appropriations for Military Services, which consists of Central Operations and National Guard Programs Support, are recommended to increase 8.5 percent, from a FY 1998 adjusted level of \$9.6 million to \$10.5 million in FY 1999. The majority of this increase is due to newly recommended State funding for the New Jersey National Guard Challenge Youth Program (\$618,000), which had previously been a 100 percent federally funded program but now requires a 25 percent State match. In addition,

Key Points

- a \$200,000 increase is recommended in personal services accounts to assume funding for expired federal contracts.
- ! Direct State Services appropriations for Veterans' Program Support, which encompasses Veterans' Outreach and Assistance and Burial Services, are recommended to stay virtually level, with \$4.5 million recommended in FY 1999 compared to a FY 1998 adjusted appropriation of \$4.6 million. The decrease is due to two FY 1998 supplemental appropriations, for the Alternative Long Term Health Care Initiative (\$33,000) and the Agent Orange/Desert Storm Commission account (\$44,000), for which no specific amount is recommended in FY 1999. These supplementals were appropriated pursuant to FY 1998 budget language that provided for 40 percent of excess receipts from resident contributions and federal reimbursements to be appropriated for veterans' program initiatives. That same language is recommended for FY 1999, thus providing potential funding for veterans' program initiatives.
 - ! Recommended funding for the Paramus Veterans' Memorial Home and the Vineland Veterans' Memorial Home are unchanged from FY 1998 adjusted levels, \$14.2 million and \$14.4 million, respectively. Funding for the Menlo Park Veterans' Memorial Home is recommended to increase 9.0 percent, from \$12.8 million to \$14.0 million. This recommended increase, which is spread across various operating accounts and will allow for additional personnel to be hired, reflects funding for the newly expanded Menlo Park Veterans' Home. Construction is anticipated to be finished in the fall of 1998 and the home will gradually reach its full capacity of 332 residents, from its current capacity of 240 residents, by the beginning of FY 2000.
 - ! Grants-In-Aid funding for the department is recommended to decrease 4.8 percent, from \$1.0 million to \$969,000, as two FY 1998 legislative initiative grants, Women in Military Service for America (\$34,000) and the Joint Veterans' Alliance of Burlington County (\$15,000), are not recommended to be continued.
 - ! Funding for capital construction is recommended to increase 22.5 percent, from \$2 million in FY 1998 to \$2.5 million in FY 1999. This funding is recommended for various fire and life safety, preservation, and renovations and improvements projects in Central Operations.
 - ! Federal funding is estimated to remain virtually the same as FY 1998 levels, with the exception of the Challenge Youth Program which now requires a State match and thus federal funding is estimated to decrease from \$2.3 million to \$1.7 million. Total federal funding is estimated at \$14.3 million in FY 1999 compared to the adjusted FY 1998 level of \$15.1 million.
 - ! Other funds, comprised of armory rental revenues, federal Department of Veterans' Affairs payments and resident contributions to the Transitional Housing program, and plot interment allowances, which are appropriated to their given programs, are anticipated to decrease from \$1.2 million to \$735,000. This is due to an estimated decrease in receipts from armory rentals from \$803,000 in FY 1998 to \$275,000 in FY 1999.

DEPARTMENT OF PERSONNEL

Budget Pages..... D-251 to D-255

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$26,961	\$26,251	\$26,882	2.4%
Federal Funds	280	0	0	—
<u>Other</u>	<u>0</u>	<u>2,500</u>	<u>2,549</u>	<u>2.0%</u>
Grand Total	\$27,241	\$28,751	\$29,431	2.4%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	493	434	447	3.0%
Federal	0	0	0	—
<u>Other</u>	<u>0</u>	<u>3</u>	<u>4</u>	<u>33.3%</u>
Total Positions	493	437	451	3.2%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Personnel was established by the Civil Service Act (Title 11A), P.L. 1986, c.112. The department administers the personnel system for all of State government and provides personnel services to 20 of New Jersey's 21 counties and to numerous municipalities. The mission of the department is to develop and administer an effective, efficient and comprehensive personnel system based on merit and sound management principles, insure equitable treatment of employees, provide employee training programs and serve the public.

Key Points

- ! The FY 1999 Direct State Service (DSS) recommended appropriation for the Department of Personnel is \$26.9 million, a net increase of \$631,000, or 2.4 percent, above the FY 1998 adjusted appropriation. The changes are detailed on the following page.

Key Points

- ! The recommended budget anticipates the enactment of legislation to increase the \$5.00 application fee for open competitive and promotional examinations for police and firefighters. The fee increase is anticipated to generate \$1.2 million in additional revenue to fund departmental operations. This revenue will be available to the department to make up for a \$1.2 million reduction in salary funding.
- ! A new special purpose account - Classification and Compensation Redesign study (\$800,000) is recommended. According to the Budget in Brief, the new classification system will provide for a reduction in the number of civil service titles from 10,000 to 1,500. In addition, the department is developing a performance based pay (pay-for-performance) compensation system.
- ! The recommended budget also provides an additional \$1 million as part of a realignment of departmental costs for central information processing systems administered by the Office of Telecommunications and Information Systems (OTIS).
- ! The recommended budget for the Inter-Departmental Accounts (page D-340) anticipates savings of \$12.1 million to be achieved through Statewide initiatives. Included in this amount is \$2.0 million in anticipated savings from the elimination of the Sick Leave Injury benefits provided by N.J.S.A. 11A:6-8. The Sick Leave Injury program provides up to one year of leave with pay, plus payment for medical expenses, to individuals with work-related injuries.
- ! According to the Budget in Brief, in FY 1999, the department will undertake four initiatives as part of its ongoing operations: 1) replace the existing employee compensation system with a performance based system; 2) revise the rules (N.J.A.C. 4A:8-2.1) permitting permanent employees to displace (bump) less senior employees in similar titles; 3) seek to limit the amount of accumulated sick leave that county and municipal employees are eligible to receive upon retirement; and, 4) allow municipalities to opt out of the civil service system.
- ! Although not contained in the Department of Personnel's budget recommendation, there is a \$4 million recommendation in the Interdepartmental Accounts (see budget page D-332) "...to implement a seamless solution for statewide efficiency and effective management of human resource information...." It is not clear how, if at all, this relates to the department's own information processing activities.

DEPARTMENT OF STATE

Budget Pages..... D-257 to D-270; E-31 to E-61; F-16
to F-14; G-14 to G 18; J-4 to J-5

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$1,067,305	\$1,142,369	\$1,169,232	2.4%
Federal Funds	744	972	935	(3.8)%
<u>Other</u>	<u>11,270</u>	<u>10,403</u>	<u>10,654</u>	<u>2.4%</u>
Grand Total	\$1,079,319	\$1,153,744	\$1,180,821	2.3%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	320	311	310	(0.3)%
Federal	39	36	40	11.1%
<u>Other*</u>	<u>25,027</u>	<u>25,423</u>	<u>94</u>	<u>(99.6)%</u>
Total Positions	25,386	25,770	444	(98.3)%

*Includes positions in the State colleges and universities. FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 position count data for the colleges and universities will be determined by the institutions and is excluded from the summary.

Introduction

The Department of State carries out a diverse mission of artistic, cultural and historical development and preservation. It oversees the operation of the State Museum, the State Council on the Arts and the New Jersey Historical Commission. The latter agencies provide grants and technical assistance for a variety of artistic and scholarly endeavors throughout the State. For FY 1999, the Governor has recommended that the Department of State be reconfigured to better reflect its emphasis on cultural and historic programs. Accordingly, the Historic Trust previously budgeted in the Department of Environmental Protection, the Trenton Barracks and the War Memorial previously budgeted in the Department of Treasury, and the Division on Travel and Tourism and the Public Broadcasting Authority previously budgeted in the Department of Commerce and Economic Development are recommended to be transferred to the Department of State. As a result of this reconfiguration, the Office of the Public Defender, the Office of Administrative Law, the Division of Elections, and the Division of Commercial Recording are proposed to be transferred to

Introduction

other departments within State government. The Public Broadcasting Authority is designated as in, but not of, the Department of State for administrative purposes. Additionally, as a result of the abolishment of the Department and the Board of Higher Education in 1994, the Commission on Higher Education, the four year public colleges and universities, the Educational Opportunity Fund program, and several other miscellaneous programs are all budgeted in, but not of, the Department of State. Furthermore, in FY 1997 ongoing efforts to promote efficiencies within State government resulted in the transfer of the Division of the State Library to the Department of State. Under a contractual agreement, Thomas Edison State College administers the daily operations of the State Library. The State Library system includes the Library for the Blind and Handicapped and the Law Library.

Key Points

- ! The FY 1998 appropriation for the Department of State has been adjusted to reflect the transfer of the Office of Administrative Law, the Office of the Public Defender, the Division of Elections, and the Division of Commercial Recording to other agencies of State government. Concurrently, the Historic Trust, the Trenton Barracks and the War Memorial, the Division on Travel and Tourism, and the Public Broadcasting Authority have been transferred to the Department of State.
- ! State funding for the Department of State's core FY 1999 budget, consisting of the arts, historical resources, museum services, travel and tourism, and records management, excluding in, but not of agencies, represents a decrease of \$525,000 from \$25.9 million in FY 1998 to \$25.4 million in FY 1999. The reduction is mainly attributable to the elimination of one-time grants-in-aid funding appropriated for the relocation of the New Jersey Historical Society to its new headquarters in Newark. Continuation funding of \$343,000 is included in the total for the New Jersey Historical Commission.
- ! Direct State Services funding for the Public Broadcasting Authority is recommended to decrease by \$505,000 from \$4.2 million to \$3.7 million and reflects a continuing reduction of State support for the operations of the authority that was begun in FY 1990.
- ! Increased funding of \$100,000 from \$5.2 million to \$5.3 million is recommended for the Division on Travel and Tourism for increased advertising and promotion.
- ! Pay-as-you-go capital funding for the Public Broadcasting Authority is recommended to increase by \$121,000 to \$446,000 for preservation projects and renovations to transmission towers.
- ! Pay-as-you-go capital funding for the State Library represents a net decrease of \$351,000 from \$801,000 in FY 1998 to \$450,000 in FY 1999. The \$450,000 is recommended to replace the existing computerized research system used by the public and library staff.

Higher Educational Services

- ! The total recommended net State appropriation for the State colleges and universities in FY 1999 is \$1.077 billion, a 2.5 percent increase over the \$1.051 billion FY 1998 adjusted appropriation. The funding is proposed to be provided to the institutions as a block grant

Key Points

and is included in the Grants-In-Aid section of the budget. Included in the totals for the first time are the employers share of fringe benefit costs that previously were budgeted in the Interdepartmental Accounts section of the budget. Funding of \$292.0 million has been allocated to the State colleges and universities as part of the adjustments to the FY 1998 budget information and is included in the base upon which the 2.5 percent increase in funding for FY 1999 was calculated (FY 1997 data reflects a similar adjustment).

- ! Of the total \$26.3 million increase, \$10.5 million represents performance based incentive funding that will reward institutions for meeting certain State policy goals. The Budget in Brief notes that the recommended FY 1999 amount represents full funding for the program but that implementation of the performance standards will begin in FY 2000.
- ! Due to the proposed block grant funding of college and university budgets, legislative initiatives recommended for continuation that are usually displayed as special purpose items in the individual college budgets are now displayed in newly proposed budget language for each institution.
- ! No salary program funding is recommended for the State colleges and universities in FY 1999.
- ! Beginning in FY 1999, the evaluation data of the State colleges and universities display the graduation rates, the in-State and out-of-state tuition charges for undergraduate students, and the fees, retention rates, and cost of attendance for each institution.
- ! Pay-as-you-go capital funding for the State colleges and universities is recommended to increase by \$2.4 million from \$5.9 million to \$8.3 million for preservation projects.
- ! Grants-In-Aid funding for the Commission on Higher Education represents a net decrease of \$550,000 from \$37.2 million to \$36.7 million and reflects the elimination of \$1.0 million in grants to institutions of higher education for improving Minority Graduation and Transfer Rates; and, new funding of \$450,000 proposed for Urban Revitalization Incentive Grants.

DEPARTMENT OF TRANSPORTATION

Budget Pages..... D-271 to D-287; E-61 to E-62; G-18
to G-20; I-20; J-5 to J-7

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$726,643	\$734,010	\$846,808	15.4%
Federal Funds	423,684	642,538	695,109	8.2%
<u>Other</u>	<u>741,204</u>	<u>922,430</u>	<u>720,439</u>	<u>(21.9)%</u>
Grand Total	\$1,891,531	\$2,298,978	\$2,262,356	(1.6)%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	4,626	4,526	4,320	(4.6)%
Federal	1,176	1,138	1,149	1.0%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	5,802	5,664	5,469	(3.4)%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded. Personnel Summary excludes positions at New Jersey Transit.

Introduction

The Department of Transportation (DOT) is responsible for managing the State's transportation system of highways, railroads, buses and general aviation airports. In addition, the department provides financial aid to counties and municipalities for local transportation purposes. To support these various activities, the department relies on annual State appropriations, proceeds from previously authorized general obligation bond acts, the Transportation Trust Fund, the Casino Revenue Fund, the Airport Safety Fund, and federal monies.

As an additional responsibility, the Division of Motor Vehicles (DMV) was transferred from the Department of Law and Public Safety to DOT pursuant to Reorganization Plan, No.002-1995. This reorganization is intended to promote the "efficient management of motor vehicle and transportation related activities and the grouping of similar functions."

Introduction

The State's mass transit facilities are the direct responsibility of the New Jersey Transit Corporation (NJT). Although the Commissioner of Transportation is the chairperson of the corporation's seven-member governing board, the corporation functions independently of the department. NJT currently operates 12 rail lines and some 174 bus routes throughout the State to accommodate an average, estimated daily ridership of 345,500. In addition, NJT leases buses and bus-related equipment to private carriers at no cost, and administers a half-fare subsidy program for senior citizens and disabled persons. The corporation also uses money from the Casino Revenue Fund to assist counties with local county transit services for senior citizens and handicapped persons. Further, to conform with federal requirements established by the Americans with Disabilities Act of 1990, the corporation has developed and is implementing additional transit services for eligible riders.

Key Points

- ! A \$463.7 million capital budget appropriation is recommended for the Transportation Trust Fund Account. This amount would be derived from: (1) the motor fuels tax that is constitutionally dedicated to the State's transportation system (on July 1, 1998 the portion so dedicated increases from 7.0 cents per gallon to 8.0 cents per gallon; on July 1, 1999 the dedicated portion further increases to 9.0 cents per gallon and then remains at that level); (2) \$24.5 million from contracts with the State's three toll road authorities; (3) \$30 million from certain increases in diesel fuel taxes and truck registration fees; and (4) revenue from "Good Driver" surcharges. The "Good Driver" vehicle registration surcharge, originally scheduled to expire on December 31, 1996, was permanently extended as part of the legislation which reauthorized the Transportation Trust Fund (TTF) and is a statutory funding source that is available, as needed, for the TTF.
- ! Although the \$463.7 million capital appropriation is an increase over the Fiscal Year 1998 capital amount of \$380.3 million, it was estimated at the time that the TTF was reauthorized in 1995 that \$511.6 million would be provided to the TTF in Fiscal Year 1999. However, due to lower than projected interest rate costs for recent TTF bond sales and therefore, a corresponding decrease in scheduled TTF debt service expenses, a lower capital appropriation amount has been recommended.
- ! The Budget Message recommends that the Transportation Trust Fund Authority finance a \$700 million capital program in Fiscal Year 1999; this amount is consistent with the statutory, annual level of \$700 million established when the TTF was reauthorized in May, 1995. For Fiscal Year 1998, the Legislature authorized a total appropriation of \$900 million from the Transportation Trust Fund Authority to help finance certain projects that were part of a Fiscal Year 1997 project list that totaled \$1.05 billion. However, not all the projects could be financed at that time because the Legislature only authorized the authority to provide the statutory \$700 million in capital program funding for Fiscal Year 1997.
- ! To continue the timely receipt of federal matching funds for highway and transit purposes, a multi-year reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991 or a comparable federal funding authorization act is required but has not yet been enacted. However, on March 12, 1998, the Senate passed such a reauthorization proposal and the House of Representatives is expected to act soon on its version. Without such new federal funding authorization, the ability to commence work on the proposed highway and transit capital programs would be adversely affected.

Key Points

- ! A \$194.25 million State operating subsidy is recommended for NJT, a \$28.75 million increase over Fiscal Year 1998. This increase would help offset the anticipated elimination of a federal operating subsidy to the corporation, the loss of significant, one-time carry-forward funds received in Fiscal Year 1998, and a projected growth in fare revenue from additional ridership in Fiscal Year 1999 of only one percent. Nevertheless, when total, estimated corporation fare and other corporation revenues are combined with the proposed State subsidy, Transportation Trust Fund support, and available federal non-operating subsidy money, no transit fare increase is expected in the next fiscal year. It is noted that language on page B-277 of the Fiscal Year 1999 Budget Message would use balances in the Motor Vehicle Inspection Fund (MVIF) for "other-Clean Air purposes". According to the Department of the Treasury, the intent of this language is to have an estimated \$43 million in MVIF balances contributed towards the \$194.25 million State subsidy to NJT.
- ! The Governor has proposed that DMV issue driver licenses that would be valid for 10 years rather than the current term of four years. The 10-year license has a suggested cost of \$35 contrasted to a \$16 cost for a four-year license. It is also noted that the 10 year driver licenses are proposed to incorporate "smart card" technology. A "smart card" would have the capacity to contain data that not only includes driver-related information but also credit, bank or similar data. However, the interest by the private sector to "lease" space on a "smart card" for such additional purposes and the potential revenue for the State that may be derived therefrom is still being explored.
- ! The DMV proposes changes in certain vehicle and boat fees to raise an additional \$5.0 million. Of this total, \$3.5 million is attributable to auto dealership fees, \$1.1 million to boat registrations, and the remaining \$0.4 million to personalized license plates and inspection of vehicles with modified chassis heights, i.e. vehicles whose heights have been altered from the manufacturer's specifications.
- ! The DMV proposes to create 53 positions to implement an In-Terminal School Bus Inspection Program. Pursuant to this new program, mobile inspection teams would travel to the terminals of school bus operators and inspect school buses on-site. The intent is to reduce the volume of school bus inspections at centralized inspection stations, reduce the overall costs for the operators of school buses who now bring buses to inspection facilities, and improve school bus inspection effectiveness and convenience. Since this inspection program is intended to be self-supporting, \$1.5 million in new revenue derived from a \$50 per bus inspection fee is anticipated. It is expected that the fee would be charged both to public and private school bus operators.
- ! There is a proposed reduction of 338 positions in the department. Of this total, 200 positions are allocated to highway-related purposes and 138 positions to motor vehicle service purposes. However, due to employee attrition, reassignment, and the creation of new positions, the department expects a net reduction of 215 people. These reductions reflect privatization of various functions that are anticipated to annually save the department about \$1.4 million, and the elimination of certain duplicative administration services at regional highway district offices and the central Trenton facility which would save an estimated \$3.4 million.
- ! In addition to the 338 positions referenced above, the status of some 402 positions currently assigned to the vehicle inspection program remains uncertain. The Request For Proposals for the new Enhanced Inspection and Maintenance Program (EIMP) was issued on February

Key Points

18, 1998. A decision regarding the operation of the mandatory EIMP must await submission of bids, due by May 12, 1998, from private sector vendors interested in operating the EIMP. Subsequent to a review and analysis of the bids, the Treasurer would assign the EIMP responsibility either to the State, the private sector, or a combination thereof. A decision by the Treasurer on this issue is expected by June 12, 1998.

- ! The department's Fiscal Year 1998 Adjusted Appropriation of \$165.633 million includes \$10.5 million in supplemental appropriations which have not yet been enacted. Of the \$10.5 million in anticipated supplemental appropriations, only \$1.5 million for the Handicapped Plate/Placard Refund, required pursuant to a recent court settlement, is a non-recurring item and not requested for Fiscal Year 1999. The recurring costs include \$6.2 million for the vehicle inspection program, \$750,000 for improvements to the motor vehicle services' toll free customer service telephone line, and \$2.05 million for additional lawn mowing along State highways.

- ! The \$965,000 in revenue estimated to be generated by the \$0.02 per gallon tax on aviation fuel sold at general aviation airports, which excludes Newark and Atlantic City International Airports, and deposited in the Airport Safety Fund (ASF), is to be used to support the operating budget for the Bureau of Aviation. Consequently, no general fund matching money is needed to support that bureau. For Fiscal Year 1998, ASF revenue was shared between bureau operating expenses and grants-in-aid to general aviation airports. For Fiscal Year 1999, no ASF money would be used for grants-in-aid to general aviation airports. However, grants-in-aid to such airports would continue to be supported by the \$10 million annually allocated for aviation purposes since Fiscal Year 1996 from the Transportation Trust Fund along with matching federal funds.

DEPARTMENT OF THE TREASURY

Budget Pages..... C-12 to C-13, C-20 to C-21, C-28 to C-29; D-289 to D-326; E-62 to E-66; F-17 to F-19; G-20 to G-21; H-11 to H-13; I-2, I-8, I-10 to I-12, I-20 to I-21; and J-7 to J-14

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$1,418,587	\$1,482,922	\$1,571,929	6.0%
Federal Funds	20,720	20,910	21,244	1.6%
<u>Other</u>	<u>958,961</u>	<u>959,704</u>	<u>974,775</u>	<u>1.6%</u>
Grand Total	\$2,398,268	\$2,463,536	\$2,567,948	4.2%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	4,190	4,161	4,289	3.1%
Federal	233	232	263	13.4%
<u>Other</u>	<u>1,988</u>	<u>1,979</u>	<u>2,000</u>	<u>1.1%</u>
Total Positions	6,411	6,372	6,552	2.8%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of the Treasury is the central management agency of State government. It has major responsibilities in guiding the direction of State operations through its planning, management and budget components; in securing the State's financial interests through the collection of taxes and other revenues and the investment of State assets; and in the distribution of significant amounts of State aid to individuals and local governments. In addition, the department provides statewide support services to other agencies in the form of computer services, employee benefit management, purchasing goods and services, maintaining and leasing facilities, operating a State vehicle fleet, and providing mail and printing services.

Introduction

The FY 1999 budget also reflects the "in but not of" status in the Department of the Treasury of the Board of Public Utilities and the Casino Control Commission.

As a result of the Higher Education Restructuring Act of 1994, the department is charged with administering student assistance programs and grants in aid to support independent and county colleges. Higher educational programs administered "in but not of" the Department of Treasury consist of State and federally funded student assistance grant, scholarship and loan programs administered by the Office of Student Assistance and the Higher Education Assistance Authority (HEAA). Funding for the county colleges and the State's 14 independent colleges and universities is included. Also allocated "in but not of" the department is the Educational Facilities Authority (EFA) which finances construction of higher educational facilities through the sale of bonds, notes and other obligations and the purchase of equipment through leasing agreements.

The Governor's FY 1999 Budget recommends the reassignment of the Office of State Planning from the Department of the Treasury to the Department of Community Affairs and also a significant number of programs from other departments to the Department of the Treasury. The programs which are recommended to be reassigned to the Department of the Treasury are as follows:

From the Department of Commerce:

- Economic Research
- Economic Development
- Commission on Science and Technology
- N.J. Commerce and Economic Growth Commission
- Economic Development Authority
- New Jersey Redevelopment Authority

From the Department of Community Affairs:

- State Legal Services - Trial Services to Indigents and Special Programs

From the Department of Labor:

- Temporary Disability Insurance

From the Department of State:

- Office of Administrative Law - Adjudication of Administrative Appeals
- Commercial Recording
- Office of the Public Defender - Appellate Services to Indigents, Trial Services to Indigents and Special Programs, Mental Health Screening Services, Dispute Settlement, and Management and Administrative Services

Key Points

OVERVIEW

- ! The Governor has recommended \$2.568 billion in total resources which the Department of the Treasury will either use for its own operations or distribute to individuals, colleges or municipalities in FY 1999. These funds represent a 4.2 percent increase in resources from those available in FY 1998.

Key Points

- ! The Governor has recommended \$1.572 billion in State budgeted resources (General Fund, Property Tax Relief Fund and Casino funds) for the Department of the Treasury in FY 1999, an increase of 6.0 percent from the FY 1998 adjusted appropriations.
- ! The Governor has recommended \$21.2 million in Federal Funds, an increase of 1.6 percent from the FY 1998 adjusted appropriations. The majority of these funds are for Student Assistance Programs.
- ! The Governor has recommended \$974.8 million in Other Funds for FY 1999, an increase of 1.6 percent from FY 1998. Other Funds represent non-budgeted or off-budget revenues such as taxes collected at the State level and distributed to local governments, special revenue funds and revolving funds. Included in the recommended amounts are a proposed distribution of \$745 million in public utility franchise and gross receipts taxes, \$81.9 million in revolving funds for the Office of Telecommunications and Information Systems and \$56.0 million for the Distribution Center.

GENERAL FUND-DIRECT STATE SERVICES

- ! The recommended General Fund appropriation for the Department of the Treasury is \$1.172 billion, an overall increase of 8.4 percent. The total appropriation includes increases in each component of the General Fund, including Direct State Services (1.3 percent), Grants-in-Aid (17.5 percent), State Aid (10.6 percent), Capital Construction (39.2 percent) and Debt Service (6.6 percent).
- ! The General Fund-Direct State Services appropriation recommended for FY 1999 for the Department of the Treasury is \$280.6 million, \$3.7 million or 1.3 percent more than the FY 1998 adjusted appropriation. Significant decreases in the Tax Administration Services Program (\$5.4 million or 6.8 percent) and the Administration of State Revenues Program (\$7.5 million or 32.9 percent) are offset by a significant increase in the Purchasing and Inventory Management Program (\$14.9 million or 298.5 percent). The Governor's budget historically has included language which has permitted the department to appropriate additional funds to a number of programs. In FY 1997, \$22.5 million in supplemental appropriations were authorized pursuant to similar language; in FY 1998, through February 13, 1998, \$26.6 million in supplemental appropriations have been authorized.
- ! The Governor's budget recommends the elimination of a \$37,000 Special Purpose appropriation for the Yankee Trader Institute. The Yankee Trader Institute was formed to coordinate trade development activities of states in the Northeast, the Commonwealth of Puerto Rico and the Province of Quebec.
- ! The Governor's budget recommends a new Special Purpose appropriation of \$150,000 for an Agricultural Exports Initiative within the International Trade program of the New Jersey Commerce and Economic Growth Commission to "insure that New Jersey's food products continue to gain prominence in the world marketplace."
- ! The Governor's proposed "One Stop Shopping for Businesses" initiative includes reassigning the Division of Commercial Recording from the Department of State and the Temporary Disability Insurance Program from the Department of Labor to the Department of the Treasury. Funding for these two programs in FY 1999 is recommended at approximately \$3.8 million, the same level as the FY 1998 adjusted appropriation. The [Budget in Brief](#)

Key Points

indicates that "by consolidating these programs into Treasury's Division of Revenue, the State will provide a one-stop arrangement for much of commercial businesses' interaction with State government." With the exception of personnel data, no evaluation data for these two programs is displayed in the Governor's FY 1999 budget.

- ! The Governor's FY 1999 budget reflects \$1.2 million in fee adjustments for the Office of Commercial Recording. The most significant increase proposed is for notaries public fees which would increase by \$750,000. According to information from the Office of Management and Budget (OMB), the last increase in these fees took place in 1987.
- ! The Governor's budget recommends \$73.8 million for Taxation Services and Administration (the Division of Taxation), a \$5.4 million or 6.8 percent reduction from the FY 1998 adjusted appropriation. The principal reason for the reduction is that no specific funding is recommended for certain collection activities that received supplemental appropriations in FY 1998 pursuant to budget language. However, as in past years, broad language is included in the FY 1999 budget recommendation to permit the appropriation of additional resources for the Division of Taxation without subsequent legislative involvement. Through February 13, 1998, the Division of Taxation has received \$13.7 million as a result of language-authorized supplemental appropriations.
- ! The Governor's budget recommends \$12.6 million for the Administration of State Lottery, a \$459,000 or 3.5 percent reduction. Broad language is continued in the FY 1999 budget to permit the appropriation of additional resources for lottery administration. Through February 13, 1998, the State Lottery has received an additional \$2.4 million for advertising and promotional activities pursuant to budget language.
- ! The Governor's budget recommends \$15.3 million for the Administration of State Revenues (the Division of Revenue), a \$7.5 million or 32.9 percent reduction from the FY 1998 adjusted appropriation. The principal reason for the reduction is that no specific funding is recommended for certain collection activities that received supplemental appropriations in FY 1998 pursuant to budget language. However, as in past years, broad language is included in the FY 1999 budget recommendation to permit the appropriation of additional resources for the Division of Revenue without subsequent legislative involvement. Through February 13, 1998, the Division of Revenue has received \$7.2 million as a result of language-authorized supplemental appropriations.
- ! The Governor's budget recommends \$5.3 million for the Management of State Investments program, a \$341,000 or 6.1 percent decrease. In FY 1998, this program received an additional \$1.4 million in supplemental appropriations, a portion of which was used to implement an executive search for a new division director.
- ! A new \$15 million appropriation for the Fleet Renewal Management Program is recommended in the Purchasing and Inventory Management Program. According to the Budget in Brief, \$14 million is recommended to purchase 1,200 new State vehicles and \$1 million is recommended for an integrated fleet management information system.
- ! The Governor's budget recommends \$24.7 million for the Division of Pensions and Benefits, a \$221,000, or 1 percent reduction. Language is included in the FY 1999 budget to permit the appropriation of additional resources from the investment earnings of the various pension and health benefits funds administered by the Division. Through February

Key Points

13, 1998, the Division of Pensions and Benefits has received \$1.6 million in supplemental appropriations authorized by language.

- ! The Governor's budget recommends \$4.6 million for Management and Administrative Services, a \$111,000 or 2.4 percent reduction. These amounts are net of reimbursements for public finance administrative costs and federal liaison positions funded from State-wide allocations. Budget language, however, permits the appropriation of up to \$640,000 from investment earnings for the administration of public finance activities.
- ! The Governor's budget recommends \$62.3 million for the Public Defender's Office. This represents a \$2.9 million, or 4.8 percent increase, from the FY 1998 adjusted appropriation. The Budget in Brief indicates that \$2.7 million of this increase was added to support an increase in the pool attorney rate and \$175,000 was added to cover Public Defender costs associated with the Judiciary's Intensive Supervision Program.

CAPITAL CONSTRUCTION

- ! The Governor's budget recommends \$7.5 million in FY 1999 for Capital Construction. This recommendation is \$2.1 million, or 39.2 percent larger than the FY 1998 adjusted appropriation. These funds would be available to the Office of Telecommunications and Information Systems (OTIS) to continue to upgrade and consolidate data centers; for disaster recovery; and for a new \$1 million radio communications network study.

DEBT SERVICE

- ! The Governor's budget for the department includes \$427.4 million for Debt Service on general obligation bonds. This represents a 6.6 percent increase from the FY 1998 adjusted appropriation.

GRANTS-IN-AID

- ! The Governor's budget recommends \$281.6 million in General Fund resources for Grants-in-Aid. This represents an increase of \$41.9 million, or 17.5 percent, from the FY 1998 adjusted appropriation. Of the total, approximately \$227.2 million is for grants administered by Higher Educational Services. These grants will be discussed in more detail at the end of this section.
- ! The Governor's budget recommends \$650,000 for Prosperity New Jersey, a \$100,000 decrease from the FY 1998 adjusted appropriation. This reduction is offset by a \$100,000 increase in Direct State Services for the Office of Marine Resources which, in prior years, received a \$100,000 grant from the Prosperity New Jersey program.
- ! The Governor's budget reflects a nearly eight-fold increase from \$631,000 in FY 1998 to \$5.0 million in FY 1999 for the New Jersey Commission on Science and Technology's Technology Transfer program. According to a news release issued by the Governor's Office, the Administration anticipates that these additional funds will "create approximately 300 new high-skilled, high-paying jobs and help foster the creation of some 35 companies."
- ! The Governor's budget recommends \$25 million for a new Urban Redevelopment program. According to the Budget in Brief, these funds will be used to purchase tax liens on

Key Points

abandoned, privately held properties.

- ! The Governor's budget recommends \$1.8 million in grants for the Public Defender's State Legal Services Office which provides grants to 15 county legal services offices. This represents a \$700,000, or 28 percent, decrease from the FY 1998 adjusted appropriation.
- ! The Governor's budget recommends \$323.6 million in FY 1998 for Homestead Rebates which are paid from the Property Tax Relief Fund. This represents a minimal reduction of \$1.4 million which reflects actual spending patterns for this program. Eligibility criteria and rebate amounts will remain the same as in FY 1998.

STATE AID

- ! The Governor's budget reflects a FY 1998 distribution of \$745 million from the Energy Tax Receipts Property Tax Relief Fund pursuant to P.L. 1997, c.167. This law replaced the previous method of taxing public utilities and created a new distribution of funds to municipalities which is no longer tied to actual utility tax collections.
- ! The Governor's budget eliminates the \$4.3 million which was appropriated in FY 1998 for the New Jersey Firemen's Home and the New Jersey Firemen's Association. As a result of P.L. 1997, c.41, the collection of taxes received from foreign fire insurance companies and payments to the New Jersey Firemen's Home are now the responsibility of the New Jersey Firemen's Association.
- ! The Governor's budget recommends the elimination of the \$103,000 Palisades Interstate Park Payment in Lieu of Taxes (PILOT) Aid. This was a legislative initiative in the FY 1998 Appropriations Act.
- ! The Governor's budget recommends the elimination of the \$675,000 Pinelands Area Municipality Aid. This was a legislative initiative in the FY 1998 Appropriations Act.
- ! The Governor's budget recommends \$3.1 million for Debt Service on Pension Obligation Bonds. This represents a \$9 million, or 74 percent decrease from the FY 1998 adjusted appropriation.
- ! The Governor's budget recommends a new appropriation of \$11.1 million for Police and Firemen's Retirement System (PFRS), Health Benefits. This appropriation reflects provisions of P.L. 1997, c. 330. This law provides State-paid post-retirement medical benefits for certain PFRS retirees.
- ! The Governor's budget recommends a total of \$53.6 million in State aid payments from the Property Tax Relief Fund and the Casino Revenue Fund to reimburse municipalities for senior and disabled citizens' and veterans' property tax exemptions. This represents a \$518,000 or 1.0 percent decrease from the FY 1998 adjusted appropriation. Eligibility criteria and exemption amounts will remain the same as in FY 1998.

REVOLVING AND OTHER FUNDS

- ! The Governor's budget recommends language which appropriates resources from the

Key Points

Capital City Redevelopment Loan and Grant Fund for "expenses, programs and strategies which will enhance the vitality of the capital district as a place to live, visit, work, and conduct business." The Governor's budget recommends \$420,000, an increase of \$70,000 or 20 percent, for the administrative expenses of this program.

- ! The Governor's budget recommends \$81.9 million for the Office of Telecommunications and Information Systems (OTIS). This represents a \$301,000 decrease from the FY 1998 adjusted appropriation. However, the Governor's budget recommends two other appropriations which may directly benefit OTIS in FY 1999. The first is a \$7.5 million Capital Construction appropriation for OTIS projects. The second is a \$33.9 million Special Purpose appropriation for Year 2000 Data Processing Initiative in the Interdepartmental Accounts.
- ! The Governor's budget recommends continuation funding of \$17.3 million for the State Central Motor Pool. An additional \$14 million is recommended as a Direct State Services appropriation to purchase 1,200 vehicles for State use.
- ! The Governor's budget recommends \$56 million for the Distribution Center. This represents an increase of \$10 million or 22 percent from the FY 1998 adjusted appropriation. Of the \$56 million recommended, the State Purchase Fund accounts for approximately \$52 million, including the total \$10 million increase. Budget documents indicate that this increase primarily is due to the addition of the new South Woods Correctional Facility as a new Distribution Center customer.
- ! The Governor's budget recommends \$1.3 million for the Capitol Post Office. The Capitol Post Office is a revolving fund which appears in the Budget only as a language appropriation.

PERSONNEL ISSUES

- ! The position data displayed in the Governor's budget indicates that the FY 1999 budget would fund a total of 6,552 positions in FY 1999. The actual payroll count as of mid October 1997 (FY 1998) is 6,372.

TREASURY - HIGHER EDUCATIONAL SERVICES

- ! State funds totaling \$141.7 million are recommended for the Tuition Aid Grant Program, an increase of \$4 million over FY 1998. The increased funding will support an additional 1,100 students and provide for an increase in the award amounts of up to five percent. Expenditures for the program are estimated at \$142.9 million in FY 1999, an increase of \$10.3 million over estimated FY 1998 expenditures. Total spending includes federal funds from the State Student Incentive Grant Fund program.
- ! An increase of \$220,000 is recommended for Part-time TAG-for EOF students to fund an additional 234 students due to the expansion of the program to six additional institutions that do not currently participate in the program.

Key Points

- ! Formula funding for Aid to Independent Colleges is recommended at the FY 1998 level of \$20.2 million.
- ! Funding for the Institute of Medical Research is recommended to decrease by \$263,000 from \$1.0 million to \$787,000.
- ! Debt service funding of \$7.0 million is recommended for the Higher Educational Technology Bond program and represents an increase of \$6.2 million for the first full year of debt service payments on the bonds.
- ! Funding for the Marine Sciences Consortium is recommended to decrease by \$126,000 from \$376,000 to \$250,000.
- ! Legislative initiatives added in FY 1998 totaling \$935,000 are not recommended for continuation in FY 1999.
- ! Increased funding of \$4.2 million from \$1.8 million to \$6 million, is recommended for the Outstanding Scholars Recruitment Program to fund a second cohort of students.

INTER-DEPARTMENTAL ACCOUNTS

Budget Pages..... D-331 to D-340; G-22

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$1,103,702	\$1,171,362	\$1,296,796	10.7%
Federal Funds				—
<u>Other</u>	_____	_____	_____	_____
Grand Total	\$1,103,702	\$1,171,362	\$1,296,796	10.7%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State				—
Federal				—
<u>Other</u>				=
Total Positions	NA	NA	NA	NA

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Inter-Departmental Accounts contain those funds which are not appropriated to any single department, but which are administered centrally on behalf of all agencies of State government. The programs supported by these funds include property rentals, insurance, employee benefits and salary adjustments, and a contingency reserve for emergency needs and unanticipated cost increases. Employee benefits and salary adjustments are the major components of this group.

Key Points

- ! The Property Rentals recommendation of \$245.3 million is an increase of \$31.9 million above the FY 1998 adjusted appropriation of \$213.4 million. The recommended increase includes \$5.4 million for additional space, \$2.2 million to upgrade existing leases, an increase of \$21.7 million in the debt service on the bonds issued by the New Jersey

Key Points

Building Authority and an increase of \$3 million in the debt service on the bonds issued by the Economic Development Authority (EDA).

- ! The FY 1999 recommended appropriation for the EDA has been adjusted to include the debt service on the outstanding debt of the South Jersey Port Corporation. Prior to FY 1999, the debt service was appropriated as State Aid in the Department of Commerce and Economic Development.
- ! The Utilities and Other Services recommendation of \$39.3 million is an increase of \$16.9 million above the FY 1998 adjusted appropriation of \$22.4 million. The recommended increase in appropriation is primarily due to the addition of a new grant to the Sports and Exposition Authority (\$15.0 million). According to an Authority press release, dated February 27, 1998, these funds will be added to the Authority's Maintenance Reserve Fund and used for capital construction and major maintenance projects.
- ! Funding of the Employee Benefits accounts (i.e., Social Security, health benefits, etc.) have been adjusted to reflect the transfer of the responsibility to fund employee fringe benefits for State College and University employees from the Inter-Departmental Accounts to the institutional budgets.
- ! The Direct State Service (DSS) appropriations recommended in the Inter-Departmental Accounts for the State retirement systems and other special retirement acts is \$70.5 million, a decrease of \$73.8 million from the FY 1998 adjusted appropriation.

Most of the \$73.8 million reduction is attributable to major pension legislation enacted last year. P.L. 1997, c.114 authorized the EDA to issue \$2.8 billion in bonds to finance a portion of the unfunded liability of the State pension systems, which together with the use of additional assets recognized by the one-time change to full-market value of assets (P.L.1997, c.115) were sufficient to fully fund the retirement systems (State liability) excluding the post-retirement medical liability. In addition, P.L.1997, c.115 permits the Treasurer to use surplus assets to offset the employer (State and local government) contributions to fund the retirement systems. The use of these surplus assets is responsible for most of the reduction in the DSS appropriations to fund the retirement systems in FY 1999.

- ! The \$317.4 million recommended appropriation for the State Health Benefits Program is an increase of \$100 million from the FY 1998 "net" adjusted appropriation of \$217.4 million. The recommended increase is primarily because the department used \$115.8 million of the "surplus" in the Health Benefits Program Fund to offset the employer cost (State) in FY 1998.
- ! Excluding the State colleges and Universities and New Jersey Transit, the Governor's recommended budget includes growth of 412 positions and anticipates the elimination of 1,097 positions from the State payroll through attrition, layoffs, and privatization initiatives. An estimated 102 positions will be eliminated through attrition and 995 positions subject to layoffs.
- ! The Governor's recommended budget of \$88.6 million for Salary Increases and Other Benefits (program classification) reflects an offsetting reduction of \$12.2 million to be achieved through a variety of Statewide Efficiency Initiatives in the various agency accounts.

Key Points

- According to the Budget in Brief, these initiatives will involve changes in overtime policy, smarter procurement and the elimination of Sick Leave Injury benefits.
- ! Most State employees are covered by four-year contracts expiring June 30, 1999. The agreements called for a two-year wage freeze, followed by a \$250 bonus payable April 1997, and cost-of-living adjustments (COLAs) payable in the third and fourth years.
 - ! The Governor's recommended appropriation for the Year 2000 Data Processing Initiative is \$33.9 million, an increase of 126 percent above the FY 1998 adjusted appropriation of \$15 million. These funds will be used for re-programming and computer system modifications so that the systems will recognize the year 2000 and beyond and continue operating.
 - ! The FY 1999 recommended budget includes \$11 million for a new program - Interdepartmental Initiatives. According to the Budget in Brief, \$5 million is for "the implementation of a centralized automated revenue interface system", \$4 million is to begin to "implement a seamless solution to provide for the statewide efficient and effective management of all human resource information" and \$2 million is "to conduct a comprehensive analysis of the current telecommunications environment". This appropriation is in addition to the \$33.9 million recommended for the Year 2000 Data Processing Initiative.
 - ! The Governor's recommended budget anticipates a \$20 million supplemental appropriation during FY 1998 in the capital projects accounts (Partnership Agreement Program) and includes language on page G-22 to appropriate up to \$20 million in FY 1999 to subsidize county and county authority "stranded debt" service payments incurred for solid waste facilities.

THE JUDICIARY

Budget Pages..... D-341 to D-348

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$357,267	\$366,685	\$366,181	(0.1)%
Federal Funds	41,761	50,723	50,272	(0.9)%
<u>Other</u>	<u>16,828</u>	<u>16,585</u>	<u>17,242</u>	<u>4.0%</u>
Grand Total	\$415,856	\$433,993	\$433,695	(0.1)%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	7,582	7,412	7,839	5.8%
Federal	1,173	1,159	1,308	12.9%
<u>Other</u>	<u>161</u>	<u>167</u>	<u>173</u>	<u>3.6%</u>
Total Positions	8,916	8,738	9,320	6.7%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Judiciary is responsible for the operation of the State's court system and the regulation of attorneys. The Judiciary also provides technical and administrative support to the courts. In addition, it designs, supervises and operates many court-related programs at the State, county and municipal levels of government.

The constitutional amendment approved in November 1992, required the State to assume full responsibility for the trial court system by July 1, 1997. Pursuant to P.L. 1993, c.275, all affected county judicial employees and probation employees became State employees on January 1, 1995 and all judicial and probation costs were transferred to the State. In addition, all judicial and probation fees formerly collected by the counties became State revenue and all counties were required to make decreasing reimbursement payments to the State for three years. The last payments were made in FY 1998, at which point the State became fully responsible for the funding of the trial court system. By statute, any savings realized by the counties as a result of the transfer of the trial courts to the State must be passed on to taxpayers in the form of reduced property taxes.

Introduction

The Chief Justice of the New Jersey Supreme Court also serves as the administrative head of the court system. The Chief Justice directs court policy and appoints special committees to investigate problems and issues concerning the administration of the judicial system. The Administrative Office of the Courts (AOC) serves as the administrative arm of the Chief Justice.

Key Points

- ! Recommended FY 1999 funding for the Judiciary is \$366.2 million, 0.1 percent less than the FY 1998 adjusted appropriation of \$366.7 million. Within the overall appropriation, funding for the Family Courts and Probation Services is increased, and funding is reduced for Court Reporting.
- ! The FY 1999 recommendation includes an additional \$3.6 million to provide full year funding of \$6.6 million for 150 Family Court domestic violence hearing officers and other support staff and for 50 Probation positions to handle rising adult and juvenile caseloads as authorized by the Legislature in FY 1998 under P.L. 1997 c.437. The FY 1999 recommendation also includes \$932,000 for an additional 50 probation officers to be added beginning January 1, 1999.
- ! The FY 1999 budget recommends a \$2.35 million appropriation for Court Reporting, a \$3.8 million or 62 percent reduction. This reduction is recommended to come entirely from the salary account. Whereas there are currently 128 filled court reporter positions, the recommended funding would support 31 positions, 25 court reporters and 6 support staff.
- ! FY 1999 is the first year since the assumption of the county trial court costs that the State will receive no reimbursement from the counties for the operation of the courts. In FY 1998, the counties paid the State \$59.7 million in reimbursements for court operations.
- ! The Intensive Supervision Program (ISP) and Juvenile Intensive Supervision Program (JISP) are recommended to receive \$9.3 million and \$1.5 million, respectively, in FY 1999, the same amount as in the current year. The programs, which are structured to serve adult and juvenile offenders, serve as alternatives to incarceration for these individuals.
- ! The FY 1999 budget includes a recommendation of \$33.9 million in the Interdepartmental Accounts for the Year 2000 Data Processing Initiative, of which the Judiciary is budgeted to receive \$7.1 million. The Judiciary has budgeted \$3.2 million for this purpose in FY 1998.
- ! The Judiciary has historically received authorization to carry forward unexpended balances into the following fiscal year. The FY 1998 budget permitted the Director of the Division of Budget and Accounting to lapse up to \$5 million in funds remaining at the end of FY 1997. The lapse authorization was made discretionary in order to allow the Director of the Division of Budget and Accounting to provide funds for the payment of negotiated retroactive salary payments to trial court employees, should additional funds be needed. This language is recommended to be continued in FY 1999 because the Judiciary is in the midst of contract negotiations with several of its employee unions, and the funding may be required to meet the terms of the as-yet-to-be-determined contracts.

Key Points

- ! During FY 1997 the Governor recommended that the administration of child support functions be consolidated from operations conducted within several departments to a single program under the auspices of the Department of Human Services. Under this proposal, the Judiciary's Title IV-D activities, personnel and budget may eventually be transferred to the department of Human Services. To date, no action has been taken to effectuate this transfer. During FY 1998, the Judiciary estimates that it collected \$683 million in child support payments for custodial parents, distributing 3.6 million checks. FY 1999 collections are projected to be \$736 million.

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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 Staff 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 1999 budget are encouraged to contact:

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