

# ANALYSIS OF THE NEW JERSEY FISCAL YEAR 1999 - 2000 BUDGET



## EXECUTIVE BUDGET OVERVIEW: KEY POINTS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MARCH 1999

# NEW JERSEY STATE LEGISLATURE

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**THE NEW JERSEY FISCAL YEAR 2000  
EXECUTIVE BUDGET OVERVIEW:  
KEY POINTS**

Prepared by the

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

**March, 1999**

This report on the Governor's FY 2000 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 Service (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 1999 and 2000.

\*In addition to the various departments, Key Points have also been prepared, at the request of the budget committees, for the New Jersey Commerce and Economic Growth Commission and Related Economic Development Programs, and for Higher Educational Services.



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DEPARTMENTAL SUMMARIES

AND

KEY POINTS



# DEPARTMENT OF AGRICULTURE

Budget Pages.....C-7, C-15, C-20; D-17 to D-25; E-2

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$19,121	\$18,955	\$20,521	8.3%
Federal Funds	157,754	194,177	206,964	6.6%
<u>Other</u>	<u>9,551</u>	<u>10,847</u>	<u>11,462</u>	<u>5.7%</u>
Grand Total	\$186,426	\$223,979	\$238,947	6.7%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	141	143	143	0.0%
Federal	45	42	40	(4.8)%
<u>Other</u>	<u>53</u>	<u>52</u>	<u>55</u>	<u>5.8%</u>
Total Positions	239	237	238	0.4%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

The prime mission of the Department of Agriculture (DOA) is to ensure the continued viability of New Jersey's agriculture and its related industries. The department's regulatory functions and operational programs provide services that support the following objectives: 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

- ! The department's total State-funded appropriation is recommended at \$20.5 million, a net increase of \$1.6 million or 8 percent over the current adjusted funding level.
- ! The Direct State Services (DSS) portion of the State budget is recommended at \$8.9 million, a decrease of \$399,000 or 4 percent from the current adjusted appropriation. The net reduction reflects the elimination of funding for the Sussex Soil Conservation District (\$65,000) and the Aquaculture Technology (\$250,000) line items, and a funding decrease of \$150,000 for the Future Farmers' Youth Development program. Funding for these three items was either included or adjusted in the FY 1999 Appropriations Act by the Legislature.
- ! An increase of \$100,000 in DSS funding is recommended to upgrade the department's computer systems, which is expected to result in lower annual maintenance costs.
- ! The total Grants-In-Aid budget is recommended at \$1.6 million, a decrease of \$895,000 or 36 percent from the current funding level. Most of this reduction, \$850,000, is taken from the Conservation Cost Share Program but reflects a reallocation of funding sources rather than reduced funding. Recommended budget language authorizes \$850,000 to be transferred to this account from the DEP's Water Resources Monitoring and Planning account, which is funded from constitutionally dedicated Corporation Business taxes.
- ! Grants-In-Aid funding for the Promotion/Market Development matching grant program is increased by \$100,000, to \$250,000.
- ! Grants-In-Aid funding for the New Jersey Museum of Agriculture is reduced by \$145,000, to \$180,000. This account was increased by \$145,000 in the FY 1999 Appropriations Act by the Legislature.
- ! The total State Aid budget is recommended at \$8.9 million, an increase of \$1.8 million or 27 percent over the current amount. Most of the increase reflects a new appropriation of \$1.7 million to promote greater participation in the National School Breakfast Program.
- ! A new State Aid appropriation of \$25,000 is recommended for Payments In Lieu of Taxes to compensate towns for certain land resold under the Farmland Preservation Program.
- ! A new State Aid appropriation of \$100,000 is recommended for the Right to Farm Program to assist County Agriculture Development Boards in mediating complaints against farmers.
- ! The Capital Construction budget consists of two projects for a total recommendation of \$1.15 million, an increase of nearly \$1.0 million over the current appropriation. It includes \$153,000 to expand an existing accessory building at the Beneficial Insect Laboratory, and \$1.0 million for facility improvements at the Horse Park of N.J. at Stone Tavern.
- ! Federal funding is estimated at \$207 million, an increase of approximately \$13 million or 7 percent over the current funding level. Most of the increase is anticipated for the various activities funded under the federal Child Nutrition programs.
- ! The off-budget or All Other Funds portion of the budget is estimated at \$11.5 million, an increase of \$615,000 or 6 percent over the current adjusted level. The recommended funding level includes \$430,000 in additional administrative funds allocated from Farmland Preservation bonds to hire more staff for the State Agriculture Development Committee.

# DEPARTMENT OF BANKING AND INSURANCE

Budget Pages..... C-7, C-15, D-27 to D-33, G-2, I-17,  
I-40, I-43

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$40,140	\$57,908	\$58,745	1.4%
Federal Funds	0	0	0	—
<u>Other</u>	<u>38,253</u>	<u>37,617</u>	<u>37,617</u>	<u>0.0%</u>
Grand Total	\$78,393	\$95,525	\$96,362	0.9%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	558	469	534	13.9%
Federal	0	0	0	—
<u>Other</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>25.0%</u>
Total Positions	562	473	539	14.0%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

The Department of Banking and Insurance's primary responsibilities are the regulation and monitoring of the banking and insurance industries. The Division of Banking is charged with the chartering, licensing and supervision of banks, savings and loans, and a wide range of other financial institutions and firms responsible for consumer finance in this State. The Division of Insurance monitors and examines the policies, practices and financial condition of insurance companies, and licenses and regulates insurance producers. The division also monitors the business activities of real estate brokers and agents. The two divisions were formerly distinct departments, and were consolidated into the current Department of Banking and Insurance in FY 1997.

## Key Points

- ! The Governor's FY 2000 Budget proposes to increase State funding for the Department of Banking and Insurance by \$837,000, or 1.4 percent, over the current fiscal year. The department is fully funded by the industries it regulates.
- ! The department's funding increase provides an additional \$254,000 for banking related functions and \$583,000 for insurance related functions. The bulk of this funding would be utilized for the hiring of 22 new staff within the department, according to the Office of Management and Budget.
- ! For banking functions, funding would be utilized to establish five new positions in the Division of Enforcement and Licensing, Office of Consumer Finance (\$149,000) and one new auditor position in the Division of Examination (\$32,000).
- ! For insurance functions, 13 new positions would be established in the Division of Enforcement and Licensing. Seven positions would focus on financial examinations (\$281,000), while six positions would focus on enforcement and consumer protection (\$193,000). According to the Office of Management and Budget, these positions are necessary due to increased workload resultant from the "Automobile Insurance Cost Reduction Act of 1998," P.L. 1998, c.21, which is intended to produce a 15% roll back in auto insurance rates in 1999. In addition to these positions, three new actuarial staff would be hired in the Division of Actuarial Services (\$109,000).
- ! Schedule I revenues for the department indicate an estimated \$13.5 million in revenues from the "Special Purpose Assessment" in FY 2000 and an estimated \$13.4 million in revenues from this insurance industry assessment in FY 1999. However, these revenue figures are predicated on the assumed passage of legislation, which the Office of Management and Budget indicates will be proposed by the administration, that would modify the growth cap placed on the Special Purpose Assessment pursuant to section 13 of P.L. 1995, c. 156 (C.17:1-31).
- ! Without legislation to modify the statutory cap, revenues for the Special Purpose Assessment will fall approximately \$727,000 million short of the Budget proposal projections in FY 1999 and \$1.4 million short in FY 2000, according to the Department of the Treasury. Budget language requires that in such an instance, the appropriation from this source to the department must be reduced.
- ! The proposed Budget continues funding for the Ombudsman Program at \$766,000. However, according to the department, the Ombudsman has not yet been appointed as of the date of this printing. The Office of the Ombudsman was established pursuant to the "Automobile Insurance Cost Reduction Act of 1998," P.L. 1998, c.21 to investigate consumer complaints regarding the disposition of claims settlements.
- ! While appropriations for Insurance Fraud Prevention and Insurance Fraud Prosecution remain within the department, these functions have actually been transferred to the newly established Office of the Insurance Fraud Prosecutor in the Department of Law and Public Safety pursuant to P.L. 1998, c.21. These appropriations remain within the department's display because they are still funded through insurance industry assessments. All but \$1.4 million of the \$27.2 million appropriated for this purpose will be expended by the

## Key Points (Cont'd)

- Department of Law and Public Safety. The \$1.4 million will be utilized to fund the Division of Anti-Fraud Compliance within the Department of Banking and Insurance.
- ! The recommended appropriation from "all other funds" is \$37.6 million, the same level as in FY 1999. Of that total, \$37.3 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.

# NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION AND RELATED ECONOMIC DEVELOPMENT PROGRAMS

Budget Pages.....C-19; D-384 to D-391

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$31,791	\$46,444	\$47,219	1.7%
Federal Funds	353	0	0	—
<u>Other</u>	<u>5,314</u>	<u>23,722</u>	<u>22,775</u>	<u>(4.0)%</u>
Grand Total	\$37,458	\$70,166	\$69,994	(0.2)%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	96	118	121	2.5%
Federal	0	0	0	—
<u>Other</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>0.0%</u>
Total Positions	111	134	137	2.2%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

The Department of Commerce and Economic Development was abolished pursuant to P.L. 1998, c. 44 on August 31, 1998. In its place was established the New Jersey Commerce and Economic Growth Commission which is "in but not of" the Department of the Treasury. P.L. 1998, c.44 stipulates that the duties of the new Commission are to coordinate under one organization, the State's economic development efforts which include, but are not limited to, business advocacy, international trade, account management, economic development, maritime resources, sustainable businesses, travel and tourism, the urban enterprise zone (UEZ) program, and the development of small, women and minority-owned businesses.

**Introduction (Cont'd)**

The Commission is responsible for coordinating State economic development activities among related entities. These related entities include, but are not limited to, the New Jersey Commission on Science and Technology, the New Jersey Economic Development Authority, the New Jersey Urban Enterprise Zone Authority (UEZ), the Motion Picture and Television Development Commission, and the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises. In addition to its relationship with the above organizations, the Commission also has authority to enter into memoranda of understanding or other cooperative agreements with independent entities such as the Atlantic City Convention Center Authority, the Dredging Project Facilitation Task Force, and the Economic Development Site Task Force. The Chief Executive Officer of the Commission has the statutory authority to appoint the executive directors of the New Jersey Commission on Science and Technology, the New Jersey Economic Development Authority, and the Motion Picture and Television Development Commission.

The above table includes funding and position data that are budgeted in the Department of the Treasury but are organizationally more closely affiliated with the New Jersey Commerce and Economic Growth Commission. The table below disaggregates the summary table on the previous page.

Commerce and Economic Growth Commission and Related Economic Development Programs (\$000)			
	Expended FY1998	Adjusted Appropriation FY1999	Recommended FY2000
<b>New Jersey Commerce &amp; Economic Growth Commission</b> State Budgeted Other Subtotal	\$15,849 <u>5,314</u> \$21,163	\$14,813 <u>23,722</u> \$38,535	\$15,588 <u>22,775</u> \$38,363
<b>Economic Planning and Development</b> State Budgeted Subtotal	<u>\$1,087</u> \$1,087	<u>\$12,110</u> \$12,110	<u>\$12,110</u> \$12,110
<b>New Jersey Commission on Science and Technology</b> State Budgeted Federal Funds Subtotal	\$14,855 <u>353</u> \$15,208	\$19,521 <u>0</u> \$19,521	\$19,521 <u>0</u> \$19,521
<b>Grand Total</b>	<b>\$37,458</b>	<b>\$70,166</b>	<b>\$69,994</b>

## Introduction (Cont'd)

Included in this analysis are appropriations made to the following programs which appear on pages D-384 to D-391 in the Department of the Treasury:

### **New Jersey Commerce and Economic Growth Commission - \$38.4 million**

Urban Enterprise Zone Authority  
New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises  
Office of Sustainability  
Travel and Tourism  
Prosperity New Jersey, Inc.  
Office of Maritime Resources  
New Jersey Israel Commission

### **Economic Planning and Development - \$12.1 million**

Motion Picture and Television Development Commission  
New Jersey Economic Development Authority

### **New Jersey Commission on Science and Technology - \$19.5 million**

Research and Development programs  
Business Assistance  
Technology Transfer Program

## Key Points

### **NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION**

- ! The Governor's FY 2000 budget recommends \$38.4 million for the New Jersey Commerce and Economic Growth Commission, a 3 percent decrease in total funds available from the prior fiscal year. The \$38.4 million includes \$15.6 million in State funds and \$22.8 million in Other Funds. This level of appropriation would fund a total of 113 positions.
- ! Of the \$15.6 million in State funds recommended for the Commission, \$15 million is a special purpose appropriation for the Commission's programs and \$550,000 is for the Prosperity New Jersey, Inc. Grants-In-Aid program.
- ! The \$15 million recommended special purpose appropriation for the New Jersey Commerce and Economic Growth Commission is a \$775,000, or 5.4 percent, increase over the FY 1999 adjusted appropriation. According to the Budget in Brief, this increase will support an expanded Economic Development Television Campaign whose purpose is to highlight the benefits of relocating businesses to New Jersey. This appropriation would fund 97 State supported positions in FY 2000.
- ! Although the Commission's budget is displayed as a single special purpose line, budget language directs that of the \$15 million, no less than the following amounts are allocated for the programs listed: Office of Sustainability (\$550,000); Advertising and Promotion (\$4.5 million); Accounts Management (\$3.0 million); Travel and Tourism Cooperative Marketing Program (\$1.9 million); Business Marketing Campaign coordinated with

## Key Points (Cont'd)

Prosperity New Jersey (\$1 million); Community Development Bank (\$1 million); Business Information-Call Management Center (\$25,000); Office of Maritime Resources (\$350,000); New Jersey Israel Commission (\$130,000); Promotion of Agricultural Exports (\$150,000); and Business Resource Center (\$75,000).

- ! Language is recommended that would authorize the appropriation of such sums as are necessary from the General Fund to the New Jersey Commerce and Economic Growth Commission to fund business relocation grants made under the Business Relocation Assistance Grant Act (P.L. 1996, c 25). These appropriations are subject to approval by the Director of the Division of Budget and Accounting and are subject to certain limitations.
- ! The Governor's budget reflects \$22.8 million in Other Funds which are available to the New Jersey Commerce and Economic Growth Commission. The majority of these funds support a joint dredging plan for the Port of New York and New Jersey.
- ! Continuation funding of \$550,000 is recommended for Prosperity New Jersey, a Grants-In-Aid account.

## ECONOMIC PLANNING AND DEVELOPMENT

- ! The Governor's budget recommends continuation funding of \$12.1 million for Economic Planning and Development. Two programs are funded in this program class: the Economic Research program (Office of Revenue and Economic Research - OREA) at \$824,000 and the Economic Development program at \$11.3 million. This level of appropriation would fund a total of 16 State supported positions.
- ! The Governor's budget recommends continuation funding of \$824,000 for the Office of Revenue and Economic Analysis (OREA). This office is newly created by the consolidation of the Office of Tax Analysis in the Division of Taxation and the Economic Research Offices from the Department of Labor and what was the Department of Commerce and Economic Development. Also funded as part of this office with an appropriation of \$45,000 is the autonomous Council of Economic Advisors. This office's line of authority is to the State Treasurer not to the Chief Executive Officer of the Commerce and Economic Growth Commission.
- ! The Governor's budget recommends continuation funding of \$11.3 million for the Economic Development program. Included in this recommendation is \$286,000 for the administrative expenses of the program and an \$11.0 million special purpose appropriation for the Business Employment Incentive Program (P.L. 1996, c.26). The Business Employment Incentive Program is administered by the New Jersey Economic Development Authority (EDA). The EDA is authorized to make direct payments in the form of grants to attract businesses which will create new jobs in the State. Language in the FY 2000 budget recommends that additional funds be available to the Economic Development Authority from the General Fund subject to certain limitations.

## NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

- ! Funding of \$19.5 million is recommended for the New Jersey Commission on Science and Technology, the same as was recommended in FY 1999. Of the total recommended appropriation, \$496,000 is for the administrative expenses of the Commission. This level

## Key Points (Cont'd)

of appropriation would fund a total of 8 State supported positions.

- ! The balance of the \$19.5 million, or \$19.0 million, is recommended for Grants-In-Aid and is divided among the following three programs: Research and Development Programs (\$11.9 million); Business Assistance (\$2.1 million); and the Technology Transfer Program (\$5 million). Recommended funding for each of these programs represents continuation funding at FY 1999 levels.

# DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-7; C-15; C-20; C-26; C-28; C-30 ;  
D-35 to D-61; G-2

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$943,632	\$949,316	\$926,093	(2.4)%
Federal Funds	180,118	188,040	197,595	5.1%
<u>Other</u>	<u>15,702</u>	<u>31,629</u>	<u>33,120</u>	<u>4.7%</u>
Grand Total	\$1,139,452	\$1,168,985	\$1,156,808	(1.0)%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	606	584	619	6.0%
Federal	253	247	253	2.4%
<u>Other</u>	<u>96</u>	<u>92</u>	<u>98</u>	<u>6.5%</u>
Total Positions	955	923	970	5.1%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

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

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 the 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 \$28.8 million, \$478,000 more than the FY 1999 adjusted appropriation. This increase is primarily reflected in a \$445,000 increase in the DCA's State funded Office of State Planning to address increased responsibilities and complete an impact assessment study on the State Plan. Included among these increased responsibilities is a recommended appropriation of \$125,000 for the Brownfields Site Inventory and Redevelopment Task Force.

! DCA's combined State Aid funding for municipalities from both the General Fund and the Property Tax Relief Fund is recommended to increase by \$21.0 million, from \$838.9 million in FY 1999 to \$859.9 million in FY 2000. However, in addition to the total \$859.9 million, recommended budget language would appropriate, subject to the approval of the State Treasurer, up to an additional \$25.0 million for the Regional Efficiency Aid Program.

Included in the total \$859.9 million is increased or new funding recommended for the following purposes:

- \$12.0 million for a new program for Special Assistance to the City of Camden to help promote the revitalization of the city;
- \$11.5 million of increased funding for the Consolidated Municipal Property Tax Relief Program to provide an adjustment for inflation; and
- \$10.0 million for the new Regional Efficiency Development Incentive Grant Program (REDI), the purpose of which is to assist local governments and school districts with the study and implementation of shared service agreements and consolidation efforts.

Offsetting the above increases is the elimination of funding for two programs:

- \$500,000 for Joint Services Incentive Aid that the department indicates would be superseded by the REDI Program; and
- \$2.0 million for Watershed Moratorium Offset Aid, an item that was added to the FY 1999 Appropriations Act by the Legislature.

Also offsetting the above increases is reduced funding for the following program:

- \$10.0 million, a 33 percent reduction from the FY 1999 \$30.0 million appropriation for Extraordinary Aid. The Budget in Brief indicates that the reduced level of funding would be used to provide short-term assistance to municipalities experiencing a catastrophic loss of tax ratables.

! The FY 2000 recommended budget anticipates an increase of \$9.5 million (+ 5.1 percent) in Federal funds for the Department, which is principally attributable to a \$9.5 million increase in the Section 8 Housing Voucher Program. This program assists very low-income families, the elderly, and the disabled to rent decent, safe and sanitary housing in the private

## Key Points (Cont'd)

market. This FY 2000 DCA projected increase is due to a nationwide FFY 1999 increase in federal housing voucher funding.

- ! The FY 2000 recommended budget anticipates an increase of \$1.5 million (+ 4.7 percent) in Other funds over the FY 1999 adjusted appropriation of \$31.6 million.

Increased or new funding is anticipated from four sources:

- \$500,000 in projected revenue growth from Housing Code Enforcement activities;
- \$300,000 from Housing Demonstration Grant Funds;
- \$500,000 from the Uniform Construction Code training fund; and
- \$200,000 from Hackensack Meadowlands Development Commission (HMDC) Escrow Funds, which funds are sent to the State and returned to the HMDC for operating purposes.

- ! A net \$44.7 million decrease in FY 2000 Grants-In-Aid total grants is recommended. This net decrease results from the difference between two recommended funding increases totaling \$10.0 million and four funding decreases totaling \$54.7 million.

New funding is recommended for the following purposes:

- \$2.5 million for a College and University Homebuyers' Fund designed to offer employees of State and community colleges and universities located in urban areas being assisted by the Urban Coordinating Council, financial incentives to purchase or improve homes in urban neighborhoods near those colleges and universities; and
- \$7.5 million for a Downtown Living Initiative Program designed to offer low-interest rate loans to developers to encourage the construction of market-rate rental housing in urban areas.

Total Grants-In-Aid would be reduced because of the elimination of two grants added by supplemental appropriations:

- \$5.0 million for a Downtown Business Improvement Loan Fund; and
- \$2.0 million for a Morris County Life Safety Center.

The majority of the reduction in total Grants-In-Aid is due to two components:

- the elimination of \$22.7 million in funding for 215 local government and non-profit social services programs that were added by the Legislature in FY 1999; and
- the elimination of \$25.0 million in funding for a program for Redeveloping Abandoned Urban Properties also known as the New Jersey Urban Site Acquisition Program, a revolving loan fund the department indicates is adequately capitalized.

- ! Receipts of \$18,507,000 in FY 2000 to be deposited into the Affordable Housing

## Key Points (Cont'd)

Neighborhood Preservation - Fair Housing account from the collection of the realty transfer tax are anticipated to remain the same as those deposited in FY 1999. Of those receipts, \$2.0 million is recommended to be appropriated in FY 2000 for Shelter Assistance, representing a continuation from FY 1999 of funding Shelter Assistance from the realty transfer tax receipts.

- ! Recommended budget language would extend the authority of the Local Finance Board, by giving it the same authority as was given to the Camden Financial Review Board by language in the FY 1999 budget. The language confers on the Local Finance Board the authority to create, by resolution, a financial review board to approve, implement and enforce a financial plan for any municipality for which the Director of the Division of Local Government Services in the DCA has determined that conditions exist that create extreme difficulty in adopting a budget in compliance with the Local Budget Law, in issuing indebtedness, or in funding capital improvements essential to the protection of the public health, safety and welfare. The DCA indicates the language is necessary due to the strong possibility that additional municipalities will reach conditions under which the intervention of the State through such a board will become advisable.
- ! A recommended budget language provision would increase by \$200,000 from \$3,005,000 to \$3,205,000 the maximum amount available from the aggregate balance in the closure and post-closure escrow accounts of the Hackensack Meadowlands Development Commission (HMDC) for HMDC operational purposes. The DCA indicates that the increase is necessary to sustain the operations of the Hackensack Meadowlands Environmental Center.
- ! A General Fund language provision in FY 2000 (p. G-2) recommends that \$1,450,000 be appropriated from the New Home Warranty Security Fund for transfer to the General Fund as State revenue. In FY 1998, \$7,000,000 was transferred from the fund to the General Fund as State revenue pursuant to budget language.

# DEPARTMENT OF CORRECTIONS

Budget Pages..... C-7, C-15, C-20, C-26, D-63 to D-97, E-3 to E-4, H-1 to H-2,

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$801,533	\$849,664	\$879,219	3.5%
Federal Funds	13,523	12,726	12,529	(1.5)%
<u>Other</u>	<u>39,894</u>	<u>46,583</u>	<u>44,351</u>	<u>(4.8)%</u>
Grand Total	\$854,950	\$908,973	\$936,099	3.0%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	8,754	8,959	9,427	5.2%
Federal	30	34	43	26.5%
<u>Other</u>	<u>391</u>	<u>438</u>	<u>536</u>	<u>22.4%</u>
Total Positions	9,175	9,431	10,006	6.1%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 of which is dedicated to the treatment and rehabilitation of sex offenders; one housing adult female offenders; and three facilities housing youthful offenders.

## Introduction (Cont'd)

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 2000 Direct State Services recommendation totals \$757 million, \$33 million or 4.6 percent more than the FY 1999 adjusted appropriation of \$724 million. The increase primarily reflects an enhanced program of mental health treatment for inmates; the operating costs for a facility for the civil commitment of sex offenders who have completed their time of incarceration, but are still deemed to be a danger to the community; various parole enhancement initiatives; and custody staff training.
- ! According to the Department of Corrections' second quarter spending plan, the department projects a total net deficit of \$60 million in FY 1999. The FY 1999 adjusted appropriation amount assumes that supplemental appropriations totaling \$7.8 million in Direct State Services funding and \$51.8 million in Grants-In-Aid funding will be made to the Department of Corrections prior to the end of the current fiscal year.
- ! As of January 31, 1999, there were 30,555 State sentenced inmates housed in State and county correctional facilities and halfway house placements. The department estimates that 125 more inmates will enter the State's prison system each month than will leave it during FY 2000.
- ! According to the FY 2000 budget evaluation data, with a projected population level of 24,169 inmates in the institutional population, the State prisons are expected to operate at 138 percent of their rated capacity of 17,458 bed spaces. The population above the rated capacity amount is accommodated primarily through double bunking at various institutions and the conversion of other facility operating space to inmate bed spaces.
- ! The FY 2000 budget recommends \$3.1 million for the expansion of bed spaces at 7 institutions through double bunking. Institutions to be double bunked include East Jersey State Prison, 86 beds; South Woods State Prison, 144 beds; Bayside State Prison, 40 beds; Southern State Correctional Facility, 30 beds; Adult Diagnostic and Treatment Center, Avenel, 60 beds; Garden State Youth Correctional Facility, 48 beds; and Albert C. Wagner Youth Correctional Facility, 12 beds.
- ! The FY 2000 budget recommends a new appropriation of \$2 million to provide for a total of ten hours of annual training for all custody staff. Currently, all custody staff receive training upon entering into the employ with the Department of Corrections. This new appropriation would ensure that custody staff received continuous training throughout their tenure with the department. The appropriation would fund the cost of overtime generated as a result of posts left vacant during the officers' training period.

## Key Points (Cont'd)

- ! The FY 2000 budget includes a \$16 million recommendation for additional mental health treatment services for inmates, an increase of \$14 million over the FY 1999 appropriation. In response to ongoing litigation, the department has developed a comprehensive plan to address the mental health needs of inmates under its jurisdiction.
- ! The FY 2000 budget includes a recommendation totaling \$9.5 million for a facility for the civil commitment of sexual offenders who have completed their time of incarceration for the crimes they committed but are still deemed to be a danger to the community, an increase of \$7.5 million over the FY 1999 appropriation of \$2 million. The recommendation would provide funding for the custody, supervision and care of inmates classified as sexually violent predators. The New Jersey Sexually Violent Predator Act (P.L. 1998 c.71) establishes a civil procedure for the involuntary commitment of inmates classified as sexually violent predators who have completed their sentences for sex crimes. The Department of Human Services, Division of Mental Health Services is responsible for treatment.
- ! An appropriation of \$122,000 is recommended in FY 2000 for the expansion of the sex offender surveillance/recovery unit from two teams of probation officers to three teams. This unit provides enhanced tracking, random drug testing and supervision of paroled sex offenders.
- ! A new appropriation of \$507,000 is recommended in FY 2000 for the Violent Offender Fugitive Recovery program. The program is intended to create three special teams of parole officers who will work with federal, State and local law enforcement agencies to apprehend and re-incarcerate parolees who have violated the terms of parole. These teams will concentrate on high profile violent offenders/parolees at large who pose a risk to the safety of the community.
- ! A new appropriation of \$539,000 is recommended in FY 2000 for a Past Due Parole Eligibility Unit. The unit, to be located at the 300-bed Secaucus satellite facility, (formerly the Northern Regional Pre-Release Unit), will expedite processing new inmates who are housed in the county jails but are past due or within seven months of their earliest parole eligibility date. Many inmates serve their entire sentence in the county facilities while they are waiting for bed space to become available in a State institution. Oftentimes their parole dates arrive before they are processed into the institutional population. By processing and paroling these inmates more quickly, the department hopes to reduce the number of bed spaces required in county jail facilities. Funding would support 15 positions.
- ! A new appropriation of \$100,000 is recommended for the Parole Board to place one Hearing Officer and staff at the new Past Due Parole Eligibility Unit in order to expedite the granting of paroles at this facility.
- ! The FY 2000 budget recommends \$2.6 million for the Parolee Drug Treatment Program, a program which provides intensive, low caseload supervision for parolees with a history of drug related problems. This represents an increase of \$1.3 million over the FY 1999 adjusted appropriation of \$1.3 million and will provide for 325 additional program participants, for a total program population of 650 inmates.

## Key Points (Cont'd)

- ! A new recommendation of \$251,000 would provide for a comprehensive in-house information system which would automate the inmate database, the eligibility monitoring hearing process and the reporting and decision making process of the State Parole Board.
- ! A new appropriation of \$265,000 would fund an additional parole panel of the State Parole Board to expedite the reduction of the backlog of inmates who are eligible for parole, but not yet processed. Funding would support two Parole Board members and support staff.
- ! The governor's budget includes \$52.8 million for the Grants-in-Aid program, Purchase of Community Services, \$13 million more than the amount appropriated in FY 1999. Budget evaluation data indicate that funding would provide 2,692 beds in residential treatment facilities, an increase of 454 beds over the FY 1999 level.
- ! The FY 2000 budget recommendation would reduce by \$28.4 million, or 39.5 percent, funding for the Grants-in-Aid program, Purchase of Service for Inmates Incarcerated in County Penal Facilities, from \$71.8 million in FY 1999 to \$43.4 million in FY 2000. This reduction reflects the department's use of double bunking in State facilities and efforts to increase community based bed spaces as well as attempts to provide various alternatives to incarceration for the increasing population of State sentenced inmates.
- ! The FY 2000 budget recommendation includes \$24 million for capital projects in FY 2000, an increase of \$12.2 million over the FY 1999 level of \$11.8 million. Proposed work includes fire safety code compliance, plumbing, emergency repairs, roof repair and security enhancements and the installation of permanent secure housing units.

## DEPARTMENT OF EDUCATION

Budget Pages..... C-8; C-15; C-20; C-26; C-28; C-30;  
D-99 to D-126; E-4 to E-5

### Fiscal Summary(\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$5,336,912	\$5,982,776	\$6,079,817	1.6%
Federal Funds	367,323	439,731	467,216	6.3%
<u>Other</u>	<u>12,676</u>	<u>15,630</u>	<u>16,741</u>	<u>7.1%</u>
Grand Total	\$5,716,911	\$6,438,137	\$6,563,774	2.0%

### Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	415	422	473	12.1%
Federal	240	254	277	9.1%
<u>Other</u>	<u>173</u>	<u>180</u>	<u>211</u>	<u>17.2%</u>
Total Positions	828	856	961	12.3%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 2000. The department's responsibilities include: allocating \$5.3 billion in State school aid to local districts in FY 2000, 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 2000 proposes that \$46.3 million be appropriated for the department to carry out its administrative and supervisory responsibilities over public school districts and to operate the Marie H. Katzenbach School for the Deaf.

(Revised - 4/12/99)

## Key Points

- ! State aid payments (including Grants-in-Aid, Pensions and Social Security Payments) totaling \$6.0 billion are recommended in FY 2000, a \$92.8 million (1.6 percent) increase over the FY 1999 7adjusted appropriation.
- ! In addition, to the total school aid amount recommended in the FY 1999-2000 budget, an additional State aid amount of \$69.6 million has been proposed. The additional State aid amounts were reported in the revised State aid notifications received by school districts on February 26, 1999 and are being anticipated as revenue in local school budgets for the 1999-2000 school year. The additional aid is to provide full funding of debt service aid, hold certain school districts harmless to their FY 1999 aid levels (stabilization aid III), and to hold all other districts harmless to a State aid loss of no more than 1 percent of net budget (additional stabilization aid II). Of the additional \$69.6 million, \$4.6 million is allocated for stabilization aid II, \$34.8 million for stabilization aid III, \$22.0 million for debt service aid, \$4.5 million for supplemental stabilization aid for large and efficient districts, and \$3.7 million for other CEIFA aid programs.
- ! Total State aid recommended under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L. 1996, c. 138 (CEIFA), and Abbott v. Burke Parity Remedy Aid, equals \$5.2 billion, a \$330.3 million (6.8 percent) increase over the \$4.9 billion adjusted appropriation allocated in FY 1999.

Core curriculum standards aid totaling \$2.8 billion is recommended in FY 2000. This represents an increase of \$97.5 million (3.5 percent) over the \$2.7 billion for FY 1999, and reflects the core curriculum standards aid allocation prior to the application of the stabilization aid growth limit provision of CEIFA.

The stabilization aid growth limit component of CEIFA, which applies as a deduction to aid that is otherwise payable, is reduced by \$120.7 million in FY 2000, from \$181.4 million in FY 1999 to \$60.7 million. This reduction in savings to the State is attributable to the CEIFA provision that eliminates a growth rate restriction in the 1999-2000 school year on school districts that were subject to the limitation in the 1997-98 school year. Also, the \$10.0 million Abbott district excess surplus reduction that was applied to aid otherwise payable is eliminated in FY 2000.

Core curriculum standards aid in the amount of \$5.0 million is to be held in reserve pending the determination of income appeals filed pursuant to section 15 of P.L. 1996, c. 138 (CEIFA). This section allows districts to challenge the amount of income calculated for that community by the Department of Treasury and used by the Department of Education to determine the district's core curriculum standards aid entitlement.

A State aid appropriation of \$8.1 million is recommended for Aid for Enrollment Adjustments. In addition, a recommended language appropriation (pg. D-112) would provide up to an additional \$3.0 million for the same purpose. The recommended aid reflects the provision in section 5 of P.L. 1996, c. 138 (CEIFA) that required aid for the current school year, in this instance 1998-99, which is calculated based on projected enrollment counts, be subsequently adjusted based on actual enrollments for that year.

## Key Points (Cont'd)

The amount of transportation aid recommended for local school districts in FY 2000 funds only 93.47 percent of the amount of each school district's entitlement under the CEIFA transportation aid formula, section 25 of P.L. 1996, c. 138. Transportation aid totaling \$265.3 million is recommended for FY 2000. This represents an increase of \$4.2 million (1.6 percent) over the \$243.9 million adjusted appropriation for FY 1999.

Special education aid totaling \$682.1 million is recommended in FY 2000. This represents an increase of \$44.2 million (6.9 percent) over the \$637.9 million adjusted appropriation for FY 1999.

A \$50.0 million appropriation for school construction aid is recommended for FY 2000. This represents the second year in which \$50.0 million, supported by dedicated revenues from the cigarette tax pursuant to P.L. 1997, c.264, has been recommended for school construction purposes. While separate from the CEIFA school aid formula, \$17.8 million of these funds were used, pursuant to budget language, to fund school building aid in FY 1999. While the allocation of these funds requires enabling legislation pursuant to section 4 of P.L. 1997, c.264., and the Governor has publicly discussed a new school construction program, a formal proposal for the use of these funds has yet to be submitted to the Legislature.

State aid totaling \$293.2 million is recommended in FY 2000 for Abbott v. Burke Parity Remedy Aid an increase of \$43.3 million (17.3 percent) over the FY 1999 adjusted appropriation of \$249.8 million. 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, the 120 highest wealth districts in the State.

- ! State aid totaling \$700.5 million is recommended in FY 2000 for teachers' health benefits, and pension and social security payments on behalf of the teaching staff of local school districts, a decrease of \$224.4 million (24.3 percent) from the \$924.9 adjusted appropriation.

An appropriation of \$120 million is recommended for the Teachers' Pension and Annuity Fund (TPAF) in FY 2000, a decrease of \$251.5 million (67.7 percent) from the \$371.5 million FY 1999 adjusted appropriation. The Office of Management and Budget, prior to the completion of the annual actuarial evaluation applicable to FY 2000, has estimated that there will be sufficient excess earnings from the fund to cover the full costs of all expenditures required of the fund, except for the cost of post retirement medical benefits which must be funded on a pay-as-you-go basis.

Under the provisions of P.L. 1997, c. 115, surplus earnings of the fund may be used to pay all costs of the Teachers' Pension and Annuity Fund except for post retirement medical benefits.

In addition, funds totaling \$69.2 million are recommended in FY 2000 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the

## Key Points (Cont'd)

"Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Social security payments on behalf of local teaching staff, totaling \$491.4 million, are recommended in FY 2000. This represents an increase of \$23.3 million (5.0 percent) over the \$468.1 million FY 1999 adjusted appropriation.

State aid totaling \$19.9 million is recommended for FY 2000 to pay for additional health benefits for local teaching staff, an increase of \$2.9 million (17.2 percent) over the FY 1999 adjusted appropriation.

- ! An amount totaling \$110.4 million is proposed for other State aid programs recommended for funding in FY 2000. This represents a decrease of \$13.0 million (10.6 percent) over the \$123.4 million appropriated for such programs in FY 1999. The major changes are shown below.

Appropriations totaling \$12.9 million for State aid grants added by the Legislature in FY1999 are not recommended for FY 2000.

Funding for Additional School Building Aid Debt Service is recommended at \$7.1 million, a reduction of \$0.5 million in FY 2000. The 6.6 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.

Funding for Nonpublic School Aid is recommended at \$80.5 million, a reduction of \$2.2 million (2.6 percent) in FY 2000 from the FY 1999 adjusted appropriation of \$82.7 million. This reduction reflects the elimination of a \$4.0 million legislative grant for a nonpublic school technology initiative; however nonpublic auxiliary services funding is recommended to be increased by \$1.0 million, and nonpublic handicapped aid is recommended to be increased by \$.8 million.

Payments for institutionalized children with unknown school districts of residence is recommended at \$12.4 million in FY 2000, a \$2.3 million increase (22.9 percent).

- ! The Department of Education's Direct State Services budget for FY 2000 is recommended to increase by \$4.2 million, from \$42.2 to \$46.3 million, a 9.9 percent increase. The increase is primarily attributable to the recommended funding of \$14.7 million for the Statewide Assessment Program, a \$3.4 million increase over the FY 1999 adjusted appropriation of \$11.3 million. The recommended 30.0 percent increase in funding represents additional funds recommended in FY 2000 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).

## Key Points (Cont'd)

- ! A new State program for the professional development of teachers is recommended to receive \$950,000 in FY 2000. This program is associated with the implementation of regulations adopted by the State Board of Education on June 1, 1998 which mandate professional development for teachers (N.J.A.C. 6:11-13.1 et seq.) The program appropriation will provide three State colleges with grants of \$250,000 each, and \$200,000 will be used by the Department of Education to provide administrative support for the program.
- ! The total recommended budget for the Marie H. Katzenbach School for the Deaf in FY 2000 is \$12.6 million, an increase of \$345,000 (2.8 percent) above FY 1999. Funding for FY 2000 includes, \$3.6 million in State funding (including capital construction), \$7.9 million in tuition, and \$1.1 million in federal funds. Katzenbach's day school tuition is projected to increase, on a per pupil basis, from \$23,878 to \$24,953, a 4.5 percent increase, while the State's contribution on a per pupil basis is projected to increase from \$12,594 to \$12,983 (3.1 percent).
- ! There is a total number of 961 funded positions recommended for the Department of Education in FY 2000. Of the 961 positions, 211 will be funded from fees and revolving funds, 277 will be funded from federal funds, and 473 will be supported by State funds. The total number of positions indicated for FY 1999 (856) is the payroll count as of September 1998.

# DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-8 to C-9, C-16, C-21 to C-22, C-26;  
D-127 to D-152; E-5 to E-8; F-8 to F-10

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$354,630	\$362,596	\$379,769	4.7%
Federal Funds	36,257	178,148	182,965	2.7%
<u>Other</u>	<u>25,056</u>	<u>41,986</u>	<u>38,849</u>	<u>(7.5)%</u>
Grand Total	\$415,943	\$582,730	\$601,583	3.2%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	2,807	2,858	3,089	8.1%
Federal	146	132	146	10.6%
<u>Other</u>	<u>69</u>	<u>55</u>	<u>78</u>	<u>41.8%</u>
Total Positions	3,022	3,045	3,313	8.8%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 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, federal funds, and constitutional dedications.

## Key Points

- ! The department's total State-funded appropriation is recommended at \$379.8 million, a net increase of \$17.2 million or 5 percent over the current adjusted funding level.
- ! The Direct State Services (DSS) portion of the State budget is recommended at \$188.1 million, an increase of \$5.5 million or 3 percent over the current adjusted appropriation. The recommended amount reflects increases of \$3.5 million to support 58 new positions in Parks Management, and \$578,000 to support 13 new positions in Land Use Regulation.
- ! A sum of \$98.0 million is recommended as the initial appropriation pursuant to the 1998 constitutional dedication for Open Space Preservation, as approved by voters in the Statewide referendum of November, 1998. That sum is included in the Interdepartmental Accounts-Capital Construction section of the recommended budget. The expenditure of these funds is subject to the enactment of enabling legislation.
- ! The total amount of Corporation Business Tax (CBT) revenues constitutionally dedicated for environmental purposes is \$70.0 million, an increase of \$12.6 million or 22 percent over the current level. This sum consists of DSS appropriations of \$5.0 million for Water Resources Monitoring and \$6.3 million for Administration of Cleanup Projects; and Capital Construction appropriations of \$35.4 million for Hazardous Substance Discharge Remediation and \$23.3 million for Private Underground Tank Remediation.
- ! Of the \$5.0 million in CBT funds recommended for Water Resources Monitoring, \$850,000 is authorized under proposed budget language in the Department of Agriculture's budget to be transferred to its Conservation Cost Share Program to support nonpoint source pollution control projects.
- ! Total Grants-In-Aid funding of \$350,000 is recommended, a decrease of \$364,000 or 51 percent from the current funding level. The reduction represents the elimination of the following items added to the FY 1999 Appropriations Act by the Legislature: \$220,000 for four natural resources engineering projects, and \$144,000 for a study concerning aircraft noise abatement. The sole Grants-In-Aid appropriation recommended for FY 2000 is \$350,000 to continue the Black Fly Treatment program on the Delaware River.
- ! The total State Aid budget is recommended at \$10.3 million, an increase of \$2.2 million or 27 percent over the current funding level. These additional funds are recommended for the Payment In Lieu of Taxes program, which is increased from \$2.32 million to \$4.52 million in anticipation of the passage of enabling legislation to implement the Open Space Preservation initiative.
- ! The total Capital Construction budget is recommended at \$88.4 million, an increase of \$21.9 million or 33 percent over the present funding level.
- ! In the Capital budget, \$27.3 million is recommended for Natural Resource Management projects, an increase of \$9.0 million over the FY 1999 total. This Statewide Program classification includes \$15.0 million for Shore Protection Fund projects, \$12.0 million for various maintenance and improvement projects in State parks, forests and wildlife areas, \$2.0 million for Ellis Island facilities, and \$3.2 million for historic preservation projects.

## Key Points (Cont'd)

- ! In the Natural Resource Management-Capital budget, \$250,000 is recommended for capital improvements to the sanitary facilities under the Palisades Interstate Park Commission that are located in New Jersey. It currently receives \$875,000 for this purpose. The Commission's FY 1999 capital appropriation of \$100,000 to remove old or defective underground storage tanks is not renewed.
- ! The Capital Construction appropriation for various flood control projects supported by federal HR 6 funding is recommended at \$2.32 million, an increase of \$1.18 million over the present appropriation.
- ! A new Capital Construction appropriation of \$120,000 is recommended to replace old equipment owned by the State Mosquito Control Commission.
- ! The department's Debt Service requirement is recommended at \$92.6 million, a decrease of \$12.0 million or 12 percent from the current year's requirement.
- ! New budget language is recommended to authorize the use of \$1.1 million from the Shore Protection Fund Projects' Capital appropriation for repairs to the Bayshore Flood Control facility.
- ! The current \$20.0 million appropriation for Solid Waste Management-County Environmental Investment Debt Service Aid is recommended for continuation in FY 2000 and is displayed in the Department of the Treasury's budget.
- ! General Fund Provisions language recommends that \$5.0 million be appropriated from the Sanitary Landfill Facility Contingency Fund for transfer to the General Fund as State revenue. The current budget includes similar language that appropriates \$2.5 million from this fund for the same purpose.
- ! The off-budget or All Other Funds portion of the budget is estimated at \$38.8 million, a decrease of \$3.1 million or 8 percent from the current adjusted total. This is mostly attributable to a total \$1.8 million or 12.8 percent reduction in miscellaneous receipts for the Publicly-Funded and Responsible Party Site Remediation programs and a \$1.5 million or 28.3 percent reduction in Drinking Water State Revolving Fund administrative costs.

# DEPARTMENT OF HEALTH AND SENIOR SERVICES

Budget Pages..... C-9, 17,22-23; D-153 to D-180; E-8 to E-9.

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$1,102,257	\$1,113,183	\$1,206,379	8.4%
Federal Funds	911,465	984,286	981,623	(0.3)%
<u>Other</u>	<u>70,272</u>	<u>115,201</u>	<u>101,872</u>	<u>(11.6)%</u>
Grand Total	\$2,083,994	\$2,212,670	\$2,289,874	3.5%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	674	692	690	(0.3)%
Federal	770	787	801	1.8%
<u>Other</u>	<u>232</u>	<u>250</u>	<u>280</u>	<u>12.0%</u>
Total Positions	1,676	1,729	1,771	2.4%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

(a) Includes Revolving Funds expenditures.

(b) Excludes positions funded with Revolving Funds.

## 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, non profit and private health service providers in the following areas: vital statistics; family health services; public health protection services; 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 (Cont'd)

- ! **Health Administration** provides central support services to the department and operates the Office of Minority Health.
- ! **Senior Services** administers various Medicaid programs relates 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 97.3 percent from FY 1999 adjusted levels, from \$24.8 million to \$48.9 million. Funding for the Vital Statistics (\$1.4 million), Laboratory Services (\$4.5 million ) and AIDS Services (\$2.7 million) programs is unchanged from FY 1999 levels.
  - **Family Health Services** funding increases 86.1 percent, from \$2.2 million to \$4.2 million. New Special Purpose appropriations are recommended for: Service Recognition Program for EMT Volunteers (\$25,000); First Response EMT Cardiac Training Program (\$500,000); Youth Trauma Initiative (\$500,000); and Identification System for Children's Health and Disabilities (\$900,000).
  - **Public Health Protection Services** funding increases 27.0 percent, from \$13.3 million to \$16.8 million. New Special Purpose appropriations are recommended for: Cancer Screening - Early Detection and Education Program (\$2.7 million); Timely Issuance of Export of Certificate of Free Sale (\$50,000); and Evaluation of Human Exposure to Hazardous Waste (\$900,000).
  - **Addiction Services** funding increases from \$632,000 to \$19.2 million. New Special Purpose appropriations are recommended for: Youth Anti-Tobacco Awareness Media Campaign (\$7.3 million); Smoking Cessation Programs for Addicted Adults and Youth (\$2.6 million); Research, Surveillance, Evaluation and Assistance for Anti-Smoking Programs (\$1.7 million); School Based Programs for the Prevention of Tobacco Use (\$2.2 million); and Community Based Tobacco Control Programs (\$4.8 million). An increase in funding for the Middle School Survey on Substance Abuse, from \$100,000 to \$155,000, is also proposed.
- ! **Grants-In-Aid.** Recommended appropriations decrease 6.7 percent from FY 1999 adjusted levels, from \$51.6 million to \$48.2 million. However, excluding a recent \$5.0 million supplemental appropriation for the Cord Blood Resource Center, recommended appropriations increase 3.3 percent due to:
  - Cost of Living Adjustments - a 1.6 percent adjustment (\$3.0 million) to be distributed July 1999 and January 2000 to community providers.
  - Family Planning Services - an increase of \$300,000, from \$3.0 million to \$3.3 million.

## Key Points (Cont'd)

- New grant funding of \$225,000 is proposed for Primary Care Services - Dover Free Clinic.

The following grants included in the FY 1999 appropriations act by the Legislature are not continued: Interagency Council on Osteoporosis (\$300,000), Best Friends Foundation (\$50,000), Evesham Alliance (\$65,000), Birth Haven Inc., Newton (\$40,000), Lyme-Net (\$50,000), Governor's Lyme Disease Advisory Council (\$5,000), Interfaith Health Services - Urban Health Screening (\$50,000), Somerville Kids Care - Kool Vests (\$25,000), Greenville Hospital, Jersey City (\$25,000), Family Health Center at Monmouth Medical Center, Long Branch (\$200,000), Camden Optometric Eye Center (\$100,000), Meridian Health System - Pediatric Asthma Education and Resource Center (\$150,000), Sexual Assault Nurse Examiner (SANE) Program, Cooper Hospital, Camden (\$90,000), Chelsea House Outpatient Services (\$100,000), National Council on Alcohol and Drug Dependency (\$450,000) and Freedom House, Glen Gardner (\$200,000).

- ! **State Aid.** Recommended appropriations decrease 0.3 percent, or \$65,000, to \$23.6 million. By eliminating budget language that allowed health departments with populations between 20,000 and 25,000 (Bergenfield, Maplewood, South Plainfield, Montville, Mt. Olive, Ringwood, Vernon and Cranford) to receive Public Health Priority Funding, \$65,000 will be saved.

The Legislature increased Public Health Priority Funding from \$0.36 to \$0.40 per capita in the FY 1999 appropriations act. Per capita funding of \$0.40 is continued in FY 2000.

- ! **Casino Revenues.** Continuation funding of \$500,000 for the Birth Defects Registry is proposed.

- ! **Capital Construction.** An appropriation of \$1.5 million for various laboratory improvements and equipment is recommended.

- ! **Federal Funds.** A decrease of 4.3 percent, from \$284.2 million to \$272.1 million, is anticipated. The following programs are anticipated to have significant decreases or increases:

- **Family Health Services**, a 8.9 percent decrease, from \$144.1 million to \$131.5 million, as Supplemental Food Program - W.I.C. funds are expected to decline by \$14 million.
- **Public Health Protection Services**, a 13.5 percent decrease, from \$29.6 million to \$25.6 million, as \$3.0 million in one-time funds for Breast Cancer Epidemiology are not continued.
- **AIDS Services**, a 7.4 percent increase, from \$59.6 million to \$64.0 million, as additional funding is expected in several programs such as the Comprehensive AIDS Resources Grant.

- ! **Other Funds** are expected to increase by about 2.9 percent, from \$38.4 million to \$39.5 million, as **AIDS Services** anticipates additional drug manufacturers' rebates.

### Health Planning and Evaluation

- ! **Direct State Services.** Recommended appropriations increase 2.5 percent, from \$6.2

## Key Points (Cont'd)

million to \$6.4 million. A new \$155,000 Special Purpose appropriation for Resident Satisfaction System - Long Term Care is recommended.

! **Grants-In-Aid.** Recommended appropriations increase 64.2 percent, from \$65.3 million to \$107.2 million.

- Charity Care Hospital Payments funding increases over 126 percent, from \$44.1 million to \$99.7 million, as required by P.L.1997, c.263. The General Fund will provide \$79.3 million in funds. The remaining \$20.4 million will come from redirecting Admission Charge Hospital Assessment revenues pursuant to proposed budget language (p. D-169).

The Admission Charge Hospital Assessment is a \$10.00 assessment on adjusted inpatient admissions and generates about \$14.4 million annually: The first \$1.2 million is deposited into the General Fund pursuant to budget language; the balance is retained by the department for administrative costs and health planning. Available information is that the \$20.4 million will come from redirecting \$4.00 (or about \$5.8 million) of the \$10.00 assessment; the remaining \$14.6 million will come from unexpended assessment balances.

- New Jersey ACCESS Program funding decreases 58.3 percent, from \$18.0 million to \$7.5 million as children are shifted to the NJ KidCare program. Also, proposed language (p. D- 169) would deposit certain refunds (estimated at \$2 - \$3 million) in the General Fund instead of being retained by ACCESS. The ACCESS program is to be transferred to the Department of Human Services. As of this writing, an Executive Order or Agency Reorganization Plan has not been issued to explain and facilitate the program's transfer.
- The following grants included in the FY 1999 appropriations act by the Legislature are not continued: Southern New Jersey Emergency Medicine Center (\$1.0 million), Pediatric Trauma Education Program (\$1.0 million) and Family Medicine/Preventive Medicine Center (\$1.0 million).

! **Federal Funds.** Recommended appropriations decrease 2.6 percent, from \$8.4 million to \$8.2 million, due to a reduction in Medicare/Medicaid Inspection Funds.

! **Other Funds.** Recommended appropriations decrease 23.8 percent, from \$64.7 million to \$49.3 million. The redirection of \$4.00 in Admission Charge Hospital Assessment revenues (towards Charity Care Hospital Payments) will reduce revenues by about \$5.8 million; a reduction in the amount of revenues generated by the 0.53 percent assessment on hospital revenues will reduce revenues by \$5.8 million; and a reduction in Certificate of Need fees will reduce revenues by \$2.3 million.

Most of the **Other Funds** revenues (\$39.9 million) are realized from the 0.53 percent assessment charged hospitals, and support a variety of projects such as Expansion of Medicaid - Pregnant Women and Children and the Infant Mortality Reduction Program.

### Health Administration

! **Direct State Services.** Recommended appropriations of \$2.3 million are virtually unchanged from FY 1999 adjusted levels.

## Key Points (Cont'd)

- ! **Federal Funds.** Recommended appropriations increase 53.3 percent, from \$300,000 to \$460,000 due to the allocation of additional Preventive Health and Health Services Block Grant funds.
- ! **Other Funds.** Recommended appropriations of indirect cost recoveries are unchanged at \$2.4 million.

### Senior Services

- ! **Direct State Services.** Recommended General Fund appropriations of \$15.7 million for Medical Services for the Aged (\$4.7 million), Pharmaceutical Assistance to the Aged and Disabled (\$6.7 million), Lifeline (\$2.0 million), Programs for the Aged (\$1.0 million), Office of the Ombudsman (\$0.6 million) and Office of the Public Guardian (\$0.7 million) are unchanged from FY 1999 adjusted levels.
- ! **Grants-In-Aid.** Recommended General Fund appropriations increase 4.4 percent, from \$661.0 million to \$690.4 million. The increase reflects the transfer of \$10.8 million in Casino Revenue Fund costs for Community Care Alternatives to the General Fund; the FY 1999 adjusted appropriation also reflects a pending \$3.0 million supplemental appropriation for PAA - Claims.

- PAA - Claims are reduced 14.5 percent, from \$30.2 million to \$25.9 million. Approximately 23,200 elderly persons will be assisted each month.

The PAAD program (General and Casino Revenue Funds) anticipates savings of \$18.3 million by requiring pharmacies to bill Medicare for certain diabetic supplies and drugs and by resolving disputes with manufacturers over outstanding rebates.

- Though total funding for Community Care Alternatives is unchanged at \$27.7 million, approximately \$10.8 million in Casino Revenue Fund costs are shifted to the General Fund. The General Fund will now support \$24.4 million of program costs; the remaining \$3.3 million in program costs will be supported by the Casino Revenue Fund.
- Payments for Medical Assistance Recipients - Nursing Homes is increased 1.1 percent, from \$546.8 million to \$552.9 million. Savings of \$14.4 million are anticipated through such regulatory changes as ensuring that nursing homes bill Medicare first for certain patient days and by adjusting the inflation increase nursing homes currently receive.
- Medical Day Care Services is increased 34.8 percent, from \$16.2 million to \$21.8 million, to bring FY 2000 recommended appropriations in line with projected FY 1999 expenditures.
- The budget recommends \$10.3 million for new ElderCare Initiatives programs. This initiative would provide the elderly with community long-term care options other than nursing homes. In three years, when fully operational, the program is expected to cost about \$60 million (\$36 million State/\$24 million federal).

Among the projects to be initiated are: Caregiver Assistance Program (\$2.3 million); Jersey Assistance for Community Caregivers (\$2.5 million), NJ Ease Home Care

## Key Points (Cont'd)

(\$2.2 million) and Community Choice Counseling Program/Universal Screening Program (\$2.0 million). The Statewide Respite Care Program will receive an additional \$1.0 million.

- Cost of Living Adjustments are included to provide about \$900,000 for a 1.6 percent adjustment to be distributed July 1999 and January 2000.
- ! **State Aid.** Funding is reduced 8.1 percent, from \$3.7 million to \$3.4 million. Additional funding for County Offices on Aging provided by the Legislature is not continued.
- ! **Casino Revenue Fund.** Recommended appropriations of \$257.5 million are little changed from FY 1999 levels. Approximately \$10.8 million in Community Care Alternatives costs are shifted to the General Fund due to insufficient Casino Revenue Funds.
- Demonstration Adult Day Care Center Program - Alzheimer's Disease is reduced 45.1 percent, from \$1.7 million to approximately \$1.0 million. Increased funding first provided by the Legislature in the FY 1998 appropriations act is not continued.
  - Home Care Expansion is reduced 27.7 percent, from \$1.0 million to about \$750,000, as services are limited to persons enrolled in the program on June 30, 1996.
  - PAAD - Claims increase 6.7 percent, from \$193.6 million to \$206.7 million. Savings of \$18.3 million (gross) are anticipated and were previously mentioned. Approximately 138,500 elderly and 22,400 disabled persons will be assisted each month.
- ! **Federal Funds.** A 1.4 percent increase is anticipated, from \$691.3 million to \$700.9 million. Virtually the entire increase is related to an additional \$7.7 million in Medicaid funds for the ElderCare Initiative.
- ! **Other Funds.** A 5.5 percent reduction in other funds is anticipated, from \$561,000 to \$530,000. The reduction occurs in the Programs for the Aged.

## HIGHER EDUCATIONAL SERVICES

Budget Pages..... D-322 to D-354; D-378 to D-384;  
E-14 to E-17

### Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$1,130,058	\$1,219,957	\$1,273,338	4.4%
Federal Funds	17,759	14,828	15,808	6.6%
<u>Other</u>	<u>2,293</u>	<u>2,679</u>	<u>3,086</u>	<u>15.2%</u>
Grand Total	\$1,150,110	\$1,237,464	\$1,292,232	4.4%

### Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	47	51	52	2.0%
Federal	157	159	177	11.3%
Other	10	7	15	114.3%
<u>Colleges &amp; Univ's.*</u>	<u>19,628</u>	<u>19,628</u>	<u>19,628</u>	<u>0.0%</u>
Total Positions	19,842	19,845	19,872	0.1%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.\*

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

Revised - 4/12/99

### Introduction

Under the "Higher Education Restructuring Act of 1994," PL. 1994, c.48, the Department and the Board of Higher Education were abolished and replaced by the Commission on Higher Education. As a result, the programs previously administered by the department were transferred among other executive departments; mainly the Departments of State and Treasury. The commission was placed in, but not of, the Department of State to plan for, coordinate, and serve as the principal advocate of the State's higher education system. The higher educational services portion of the Department of State's budget includes funding for the commission, the operation of four-year public colleges and universities and the Educational Opportunity Fund Program. The Office of Student Assistance (OSA) and the Student Assistance Board (SAB) were placed in, but not of, the Department of Treasury and are responsible for the administration of various State and federal

## Introduction (Cont'd)

federal student assistance grant and scholarship programs. Funding for the independent colleges and universities as well as State aid for the county colleges is also allocated to that department. Also allocated in, but not of, the Department of Treasury are two State authorities: the Higher Education Assistance Authority (HEAA) and the New Jersey Educational Facilities Authority (EFA).

## Key Points

### Higher Educational Services - - Department of State

- ! Total recommended funding of \$38.9 million for the Commission on Higher Education, which includes the operational costs of the commission, funding for the Educational Opportunity Fund and other grant programs, is an increase of \$500,000 over the FY 1999 adjusted appropriation. The increase will fund a new program, the New Jersey Virtual University, an on-line catalogue that allows individuals to access distance learning opportunities offered by New Jersey colleges and universities through an index of credit and non-credit course offerings. According to OMB, the program funding is targeted toward faculty training and training in converting courses to distance learning.
- ! The total recommended net State appropriation, excluding State funded fringe benefits, for the operational costs of the four year public colleges and universities in FY 2000 is \$805.1 million. This represents a net increase of \$26.5 million or 3.4 percent over the FY 1999 adjusted appropriation of \$778.6 million. Funding of \$700,000 for legislative initiatives added to the budgets of the colleges and universities in FY 1999 is eliminated in FY 2000.
- ! Of the \$26.5 million recommended increase for the four year public colleges and universities, funding equal to one percent of each institution's FY 1999 adjusted net State appropriation, a system-wide total of \$7.5 million, has been set aside for the implementation of the Performance Incentive Funding Program. This new program rewards institutions of higher education for achieving certain State policy goals through the attainment of key performance levels.
- ! Fringe benefits totaling an estimated \$330 million are recommended in FY 2000 for the State funded positions at the four year public colleges and universities. Although the fringe benefit amounts are displayed in the institutional budgets of the colleges and universities, the State appropriation to those institutions is net of those costs. The funding for the employer's share of State funded fringe benefits is included in the Interdepartmental Account in the Department of Treasury.
- ! No salary program funding is recommended for the four year public State colleges and universities in FY 2000.
- ! No pay-as-you-go capital funding is recommended for the senior public higher education institutions in FY 2000. Funding of \$11.8 million was appropriated for this purpose in FY 1999.

### Higher Educational Services - - Department of Treasury

- ! Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by approximately \$7.8 million from \$141.7 million to \$149.5 million. According to the Office of Student Assistance, the recommendation will fund average TAG awards equal to

## Key Points (Cont'd)

approximately 95 percent of the actual FY 1998-99 tuition levels at public institutions and 47.5 percent of FY 1998-99 tuition levels at the independent institutions.

- ! Funding of \$20,000 is recommended under the Miss New Jersey Educational Scholarship Program for two students nominated to receive the scholarships. This new scholarship program was enacted during FY 1998 (P.L. 1997, c. 118) and provides one scholarship per year to a student designated by the Office of Student Assistance in consultation with the Miss New Jersey Pageant. The competitive scholarship provides the full cost of tuition for an initial bachelor's degree or postgraduate degree at a New Jersey public institution of higher education.
- ! Aid to Independent Colleges and Universities is recommended to increase by \$1.0 million from \$21.2 million to 22.2 million. The recommended appropriation represents 77 percent of the amount needed to fully fund aid to independent colleges pursuant to the formula established under P.L. 1979, c.132.
- ! Funding of \$400,000 is recommended for the Garden State Savings Bond Program in anticipation of the State's required two percent share on the initial group of bonds scheduled to be redeemed in FY 2000. The program was established by the Legislature in FY 1992 (P.L. 1991, c. 272) to assist persons saving for a college education by offering State and federal tax-free bonds for sale to the public. If the bonds are redeemed at a New Jersey institution, an extra six percent is added to the face value of the bonds of which two percent is paid by the State and four percent by the institution of attendance.
- ! The Governor announced a new \$550 million Capital Improvement Plan for the four year public and independent institutions. Legislation to enact the Governor's proposal is anticipated to be introduced. As outlined in the Budget-In-Brief, the senior public institutions will be eligible to receive two-thirds of the debt service costs incurred by a college for a particular project. Private institutions will be eligible to receive a one for one match. An appropriation of \$12.4 million is recommended to fund estimated first year debt service costs of the program.
- ! Funding for the Outstanding Scholar Recruitment Program is recommended to increase by \$3.2 million from \$6.0 million to \$9.2 million and will fund a third cohort of students. This program provides college scholarships to high achieving high school students as measured by class rank and SAT scores who attend public and private institutions of higher education in New Jersey.
- ! State aid for the county colleges is recommended to increase by \$14.5 million from \$159.8 million to \$174.3 million. Of the total increase, funding of \$12 million is recommended for the second installment of the Governor's initiative to increase support for the operational funding of the county colleges by \$12 million per year for four years. A portion of the increase in operating aid, equal to one percent (\$1.2 million) of FY 1999 county college operational costs will be earmarked for the implementation of the Performance Incentive Funding Program. This new program rewards institutions of higher education for achieving certain State policy goals through the attainment of key performance levels. The balance of the increased funding is allocated for increased debt service costs of approximately \$1.7 million and increased funding of approximately \$800,000 for employee health benefits.

**Key Points (Cont'd)**

- ! Legislative initiatives totaling \$440,000 in grants-in-aid added to the FY 1999 budget are eliminated. Supplemental funding of \$125,000 provided in FY 1999 for renovations at Seton Hall University is also not recommended for continuation in FY 2000.
  
- ! Federal funds are anticipated to increase by \$980,000 from \$14.8 million to \$15.8 million and represents additional funding for increased administrative expenses to implement changes included in the reauthorization of the federal Higher Education Act.

# DEPARTMENT OF HUMAN SERVICES

Budget Pages..... C-9, 17, 23; D- 181 to D-242; E-9 to E-11.

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$3,079,249	\$3,024,294	\$3,167,207	4.7%
Federal Funds	2,376,988	2,674,410	2,849,384	6.5%
<u>Other</u>	<u>422,265</u>	<u>503,326</u>	<u>534,741</u>	<u>6.2%</u>
Grand Total	\$5,878,502	\$6,202,030	\$6,551,332	5.6%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	12,618	11,771	11,866	0.8%
Federal	4,841	4,641	4,940	6.4%
<u>Other</u>	<u>524</u>	<u>536</u>	<u>517</u>	<u>(3.5)%</u>
Total Positions	17,983	16,948	17,323	2.2%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

(a) Includes Revolving Funds expenditures.

(b) Excludes positions funded 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 nearly 2,000 patients at six psychiatric hospitals and provide 257,600 episodes of community services to eligible persons.
- **Division of Medical Assistance and Health Services** will provide various health services to nearly 653,000 Medicaid and 97,100 KidCare recipients.
- **Division of Developmental Disabilities** will serve about 3,700 patients at seven developmental centers and will provide various community services to over 19,300 persons.
- **Commission for the Blind and Visually Impaired** provides education, vocational

## Introduction (Cont'd)

- rehabilitation, prevention and social services to blind and visually impaired clients and operates the Kohn Residential Center.
- **Division of Family Development** will provide monthly financial assistance to about 24,100 recipients in the General Assistance program, 178,200 recipients in the Work First New Jersey Client program, 138,700 recipients in the SSI program and to nearly 360,300 recipients in the Food Stamp program.
- **Division of Youth and Family Services**, the State's main social services agency, will provide foster care, adoption assistance, residential and other social services to 48,500 children/26,000 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 are largely unchanged at \$197.6 million.
  - Community Services funding of \$4.4 million is unchanged.
  - Management and Administrative Services funding decreases 8.2 percent, from \$4.9 million to \$4.5 million. One-time Additions, Improvements and Equipment funds of \$700,000 for security improvements/equipment for the institutions is not continued. A new \$300,000 Fraud Abuse Initiative Special Purpose appropriation to target partial care mental health services is recommended.
  - Psychiatric Hospitals. Recommended appropriations are largely unchanged at \$188.8 million. Funding for Greystone, Ancora, Brisbane and Hagedorn is unchanged. The recommended appropriation for Trenton decreases 3.7 percent, to \$43.2 million, as a One-Time Utility Cost Special Purpose appropriation of \$1.5 million is not needed. Forensic's recommended appropriation increases 3.1 percent, to \$14.8 million, as a new \$455,000 Competency Evaluations (P.L. 1998, c.111) Special Purpose appropriation is recommended.

As the number of patients at Greystone is expected to decline by 60, institutional populations will be reduced from 2,030 to 1,970.

- ! **Grants-In-Aid.** Recommended appropriations increase 1.7 percent, from \$203.5 million to \$207.0 million. Approximately \$3.7 million is provided for a 1.6 percent Cost of Living Adjustment to be distributed July 1999 and January 2000. The Community Care expenditures are reduced by \$200,000, to \$184.2 million, by refinancing high interest mortgages agencies hold.
- ! **State Aid.** Recommended appropriations of \$80.3 million to reimburse the six county psychiatric hospitals for an estimated 700 patients daily are unchanged from FY 1999 levels.

## Key Points (Cont'd)

- ! **Capital Construction.** Approximately \$11.8 million is recommended for projects at Ancora (\$1.5 million), Greystone (\$2.0 million), Trenton (\$.3 million), Forensic (\$7.5 million) and Hagedorn (\$0.5 million).
- ! **Federal Funds.** A 3.3 percent increase in federal funds, from \$9.0 million to \$9.3 million is anticipated for costs associated with the Fraud Abuse Initiative.
- ! **Other Funds.** Approximately \$1.6 million is anticipated, the same as in FY 1999, and is used for education-related activities.

### DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

- ! **Direct State Services.** Recommended appropriations for Health Services Administration and Management increase 24.1 percent, from \$31.7 million to \$39.3 million. Additional funds are recommended for: Salaries and Wages (\$405,000) to increase staffing for medical utilization and fraud and abuse activities; and Health Benefits Coordinator (\$7.1 million) for costs associated with an increase in SSI and NJ KidCare enrollment in managed care.
- ! **Grants-In-Aid.** Recommended appropriations for General Medical Services (Medicaid) increase 7.4 percent from \$1.29 billion to \$1.38 billion. This reflects higher costs for many health care services, an adjustment in health maintenance organization premiums (based on an actuarial report) and an increase in the number of SSI recipients enrolled in managed care.

The recommended appropriation incorporates \$38 million in Savings and Cost Avoidance such as: Delayed FY 1999 initiatives - \$9.5 million; Medicare coverage of diabetic supplies and certain drugs - \$4.6 million; and Independent assessments of personal care services - \$6.7 million.

- ! **Federal Funds.** Recommended appropriations increase 6.6 percent, from \$1.46 billion to \$1.55 billion, based on a continuation of the current federal Medicaid program.
- ! **Other Funds.** The budget recommends \$447.7 million in Other Funds, a 3.4 percent increase from FY 1999. 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.
  - \$22.7 million for the NJ KidCare Childrens Health Insurance Initiative (including \$3.8 million for administration). To increase enrollment, income eligibility will be raised from 200 percent (approximately \$27,300 for a three person household) to 350 percent of the federal poverty level (approximately \$47,800 for a three person household) and the period of time a child must be uninsured will be reduced from 12 to six months, subject to federal approval.

## Key Points (Cont'd)

### DIVISION OF DEVELOPMENTAL DISABILITIES

- ! **Direct State Services.** Recommended appropriations of \$205.9 million are unchanged from FY 1999 levels: Division of Developmental Disabilities (Central Office) - \$3.4 million; Community Programs (Administration) - \$19.1 million; and Developmental Centers - \$183.4 million. Institutional populations are expected to remain unchanged at 3,660 clients.
  
- ! **Grants-In-Aid.** Recommended appropriations increase 6.7 percent, from \$203.7 million to \$217.3 million. Total grant funding from all fund sources increases 9.6 percent, from \$441.8 million to \$484.1 million.
  - Community Services Waiting List Reduction Initiatives - FY 1997, 1998 and 1999. Gross funding for these initiatives increases from \$66.6 million to \$83.5 million. When completed, these initiatives will provide 1,500 community placements, nearly 1,000 day program slots and \$4.5 million for family support services.
  - Community Services Waiting List Reduction Initiative - FY 2000. The budget recommends \$15.0 million (\$5 million federal/\$10 million other funds) for a new initiative to provide 500 residential placements, 400 day program slots and \$3.0 million in additional family support services. FY 2001 costs are projected at \$34.2 million. Proposed budget language would allow a portion of the recommended appropriation to be used for the initiative's administrative costs.
  - Approximately \$6.7 million is provided for a 1.6 percent Cost of Living Adjustment to be distributed July 1999 and January 2000.
  - The following grants funded by the Legislature in the FY 1999 appropriations act are reduced or not continued in FY 2000: Bergen ARC- Expanded Respite Care Services for Autistic Children (\$75,000); Dental Program for Non-Institutionalized Children (\$100,000); and Essex ARC - Expanded Respite Services for Autistic Children (\$50,000).
  
- ! **Capital Construction.** Approximately \$7.3 million is recommended for projects at Vineland (\$5.1 million), Woodbridge (\$250,000), and Hunterdon (\$1.9 million).
  
- ! **Casino Revenue Fund.** Recommended appropriations for various community programs of \$24.5 million are unchanged from FY 1999 levels.
  
- ! **Federal Funds.** Approximately \$336.3 million is recommended, a 7.0 percent increase from FY 1999 levels. Most of the federal funds represent ICF-MR reimbursements of nearly \$169.2 million (including \$10 million in revenues realized through an assessment on all federally certified beds at State/private developmental centers) and Community Care Waiver revenue of \$161.3 million.
  
- ! **Other Funds.** A 21.4 percent increase, from \$46.9 to \$57.0 million is anticipated due to the implementation of the fee policy which requires all persons who receive services to contribute towards the cost of the services they receive. Approximately \$19 million represents State Facility Education Act monies used for education related activities; the balance of about \$38 million represents appropriated receipts used for Group Homes, Skill

## Key Points (Cont'd)

Development Homes and the FY 1997 and FY 2000 Waiting List Reduction Initiatives.

### COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

- ! **Direct State Services.** Recommended appropriations of \$7.4 million are unchanged from FY 1999 levels.
- ! **Grants-In-Aid.** Recommended appropriations of \$4.2 million are virtually unchanged from FY 1999 levels and provides \$70,000 for a 1.6 percent Cost of Living Adjustment to be distributed July 1999 and January 2000.
- ! **Federal Funds.** Recommended appropriations of \$9.2 million are virtually unchanged from FY 1999 levels.
- ! **Other Funds.** Social Security Administration reimbursements of \$300,000 and appropriated receipts of \$475,000 are anticipated.

### DIVISION OF FAMILY DEVELOPMENT

- ! **Direct State Services.** Recommended State appropriations increase 3.5 percent, from \$41.0 million to \$42.4 million. The increase is related to changes in various Special Purpose accounts:
  - A \$314,000 appropriation for Finger Imaging is discontinued and incorporated in the Work First New Jersey - Technology Investment account whose appropriation increases from \$25.8 million (gross) to \$29.0 million (gross). (Proposed budget language would appropriate as much as \$4.1 million in additional State funds for technology.)
  - Work First New Jersey - Child Support Initiatives appropriations increase from \$8.1 million (gross) to \$19.0 million (gross). (This account funds various child support activities such as the New Hires program and Centralized Collections).
  - Child Support Consolidation. A new \$3.5 million State/\$23.2 million federal appropriation is recommended. This is related to the Administration's proposal to consolidate child support related functions within the department (from the Administrative Office of the Courts) and to provide greater control over county welfare agency child support activities. (A similar request in FY 1999 was not approved.)
  - Electronic Benefit Transfer/Distribution System appropriations increases from \$4.1 million (gross) to \$6.9 million (gross) as the system will be operational Statewide during FY 2000.
  - SSI Attorney Fees Though it appears that \$7.0 million in funding is eliminated, the program does not yet exist. This program, to be established by the end of FY 1999 (and continue in FY 2000), would use a case management approach to qualifying welfare recipients for federal SSI benefits.

## Key Points (Cont'd)

- !** **Grants-In-Aid.** Recommended appropriations are virtually unchanged at \$146.4 million. However, excluding the \$5.5 million for Second Year Medicaid Extension which is being included within the overall Medicaid budget and \$5.0 million for Bright Beginnings Expansion which is being supported with federal funds, funding increases 8.2 percent.
- State funding for various WFNJ activities to assist clients in finding and retaining employment and various related services increases 7.5 percent, from \$126.1 million to \$135.2 million. Activities include: Training Related Expenses (\$12.3 million); Work Activities (\$48.2 million); Breaking the Cycle Pilots (\$3.8 million); Child Care (\$56.4 million); Community Housing for Teens (\$.7 million); and Substance Abuse Initiatives (\$13.5 million).
  - Proposed budget language provisions on p. D-231: (a) appropriates up to \$19 million from the Work Force Development Fund for additional Training Related Expenses and (b) charges off to the Work Force Development Fund \$25.4 million of the \$48.2 million in General Funds recommended for Training Related Expenses.
  - Grant funding included by the Legislature in the FY 1999 appropriations act for Project Self Sufficiency, Sparta (\$125,000) is not continued.
  - A new \$500,000 appropriation for Kinship Care is proposed to address the care of children by relatives.
  - Approximately \$1.6 million is provided for a 1.6 percent Cost of Living Adjustment to be distributed July 1999 and January 2000.
- !** **State Aid.** Recommended appropriations decrease 7.8 percent, from \$329 million to \$303.2 million, as follows:
- Work First New Jersey - Client benefits. Gross costs are expected to decrease 3.6 percent, from \$217.5 million to \$209.7 million. Approximately 178,200 persons will receive assistance each month, a 5.1 percent reduction from FY 1999 levels.  
  
Proposed budget language on p. D-232 would permit the use of \$7.6 million in funds for one-time costs associated with funding WFNJ costs on a 95 percent State/federal and 5 percent counties year round, effective January 2000, instead of the current system whereby the State/federal share is higher between January - June and lower between July - December.
  - General Assistance (GA) related expenditures decrease 1.4 percent, from \$131.9 million to \$130.0 million. The recommended appropriation assumes savings of \$9.2 million by various initiatives to reduce pharmaceutical and medical costs, such as requiring drug manufacturers to provide rebates. Monthly caseloads are expected to decline as follows: Employable - from 14,900 to 14,200; Unemployable - from 10,200 to 9,900; and Emergency Assistance - from 6,300 to 6,000 persons.
  - Food Stamp Administration - State. The budget recommends \$9.5 million to offset the loss of federal Food Stamp administrative funding resulting from Pub.L. 105-185.

## Key Points (Cont'd)

- SSI Administrative Fee to the Social Security Administration. Administrative costs are expected to decrease 18.5 percent, from \$12.6 million to \$10.3 million, in anticipation of a private vendor being hired to administer the distribution of checks that the federal government now handles.
  - Food Stamps for Legal Aliens. Recommended appropriations decrease 69.3 percent, from \$3.3 million to \$1.0 million, as changes in federal law reinstate benefits for certain legal aliens.
- ! **Federal Funds.** Recommended appropriations are expected to increase 11.4 percent, from \$650.1 million to \$724.3 million, based on current estimates as to the amount of federal funds that will be received. Increased federal funds are expected for child care, child support enforcement activities and Temporary Assistance for Needy Families programs.
- ! **Other Funds.** Approximately \$5.6 million in child support incentive funds is recommended for costs associated with the proposed Child Support Consolidation.

### DIVISION OF YOUTH AND FAMILY SERVICES

- ! **Direct State Services.** Recommended State appropriations increase 75.8 percent, from \$37.0 million to \$65.1 million. The increase in General Funds offsets a reduction in the amount of federal TANF Block Grant funds transferred to Social Services Block Grant for personnel expenses, from \$128.7 million to \$102.6 million.

Monthly caseloads are unchanged from FY 1999 levels at 48,500 children and 26,000 families.

- ! **Grants-In-Aid.** Recommended appropriations increase 4.4 percent, from \$191.0 million to \$199.4 million. Total grant appropriations increase 6.2 percent, from \$269.6 million to \$286.4 million. The following changes occur in the various grant accounts:
- Various grants included in the FY 1999 appropriations act by the Legislature are not continued: Amanda Easel (\$75,000); Domestic Abuse Services, Inc. - Sussex (\$180,000); Substance Abuse Assessment (\$50,000); Counseling for Families of Young Crime Victims - Pilot Program (\$30,000); Monmouth County Day Care (\$25,000); Juvenile Suicide Prevention Program - Mercer County (\$500,000); Southern Region Advisory Board (\$300,000); Robin's Nest (\$50,000); and Hudson Cradle (\$20,000).
  - Family Friendly Centers: \$2.5 million is requested for a new pilot program intended to provide greater use of existing schools for after-school youth activities and various adult education programs. A similar request in FY 1999 was not approved.
  - Regional Diagnostic and Treatment Centers: \$1.5 million in additional funds is requested for programs in Hackensack, Newark, New Brunswick and Stratford.
  - The budget recommends \$4.7 million for a 1.6 percent Cost of Living Adjustment to be distributed July 1999 and January 2000.

## Key Points (Cont'd)

- ! **Casino Revenue Funds.** The recommended appropriation of \$3.7 million is unchanged from FY 1999 levels. These funds support a portion of the \$6.3 million cost of the Personal Assistance Services Program.
- ! **Federal Funds.** Recommended appropriations decrease 8.7 percent, from \$204.1 million to \$186.3 million, as less federal TANF Block Grant funds are being transferred to support division activities. Offsetting this reduction, federal funds for a Foster Care and Permanency Initiative are expected to increase from \$4.6 million to \$13.0 million.
- ! **Other Funds.** Approximately \$5.2 million is recommended, unchanged from FY 1999 levels. These funds represent restricted grants and recoveries.

### DIVISION OF THE DEAF AND HARD OF HEARING

- ! The recommended \$436,000 appropriation is unchanged from FY 1999 levels.

### DIVISION OF MANAGEMENT AND BUDGET

- ! **Direct State Services.** The recommended appropriation of \$11.2 million represents a decrease of about 1 percent from FY 1999. The reduction is in the division's Services Other Than Personal account.
- ! **Grants-In-Aid.** Recommended funding decreases 5.7 percent, from \$3.9 million to \$3.6 million as a \$250,000 grant for Childhood Lead Poisoning Prevention included in the FY 1999 appropriations act by the Legislature is not continued.
- ! **Capital Construction.** The budget recommends \$4.7 million for various department- wide capital projects in the areas of fire safety, roof repairs, etc.
- ! **Federal Funds.** The recommended appropriation of \$29.8 million is unchanged from FY 1999 levels. These monies primarily represent reimbursements for fringe benefits and indirect costs.
- ! **Other Funds.** The recommended appropriation of \$7.2 million is unchanged from FY 1999 levels. These funds will support the Catastrophic Illness in Children Relief Fund, the Children's Trust Fund and State Facilities Education Act programs.

# DEPARTMENT OF LABOR

Budget Pages..... C-9, C-17, C-23, C-27, D-243 to D-255, G-2, I-22 to I-23, I-28, I-40 to I-42

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$92,960	\$76,160	\$76,170	0.0%
Federal Funds	317,951	356,718	359,975	0.9%
<u>Other</u>	<u>116,681</u>	<u>132,733</u>	<u>136,750</u>	<u>3.0%</u>
Grand Total	\$527,592	\$565,611	\$572,895	1.3%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	654	664	722	8.7%
Federal	2,953	2,974	3,298	10.9%
<u>Other</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0.0%</u>
Total Positions	3,614	3,645	4,027	10.5%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

The Department of Labor is responsible for programs that provide for employment, as well as employment-related training and education for this State's citizens. The Department's specific responsibilities include ensuring safe and equitable working conditions for workers and the public; providing job training and job placement services for employed, underemployed and displaced workers, as well as the unemployed; overseeing income maintenance for unemployed and temporarily disabled persons; adjudicating disability claims under the State's workers' compensation/special compensation statutes and the federal Social Security Act; vocational rehabilitation of persons with disabilities; labor relations; and labor market planning and research.

## Key Points

- ! Most of the department's FY 2000 recommended appropriations are supported by federal (63 percent) and dedicated State and "Other" funds, such as trust funds (32 percent).
- ! The Governor's FY 2000 budget proposes a shift of \$30 million from the Second Injury Fund (SIF) to the General Fund as State revenue. The fund, which is not displayed in the appendix of the Budget proposal, is funded exclusively by an assessment on employers and workers' compensation insurance companies. The SIF provides workers' compensation benefits to totally and permanently disabled workers with prior, work-incurred disabilities and provides cost-of-living adjustments for workers who became totally and permanently disabled before 1980.
- ! The Second Injury Fund has had a growing balance which far exceeds benefits paid out of the fund. Current law (R.S. 34:15-94) requires the department to assess employers and insurers every year at 150 percent of what is anticipated to be needed for payments from the fund in the following calendar year, less the amount of unexpended balances in the fund over \$5 million. On a fiscal year basis, benefits paid from the fund have remained fairly level at approximately \$100 million since FY 1995. Yet, on a fiscal year basis, unexpended balances in the fund have grown significantly since FY 1995. In FY 1998, for example, the fund had an unexpended balance of \$135.4 million.
- ! The administration proposes in the "Budget in Brief" that the law governing the Second Injury Fund, R.S. 34:15-94, be amended to reduce the total amount assessed on employers and insurers from 150 percent to 125 percent of total estimated benefits. This would in turn, according to the "Budget In Brief," reduce the assessment rate paid by individual insurance carriers from 8.94 percent in FY 1999 to 8.71 percent in FY 2000.
- ! Proposed language in the Governor's Budget (page D-231) recommends the transfer of \$44.4 million from the Workforce Development Partnership Fund (page I-22) to the Work First New Jersey program in the Department of Human Services for work activity and training related expenses. The Workforce Development Partnership (WDP) Fund, which is funded through employer and employee payroll tax contributions, is used to provide workforce training grants to disadvantaged workers, displaced workers and employers.
- ! Of the \$44.4 million that is to be shifted from the Workforce Development Partnership Fund to the Department of Human Services under the proposed Budget, approximately \$40.1 million is in excess of the 6 percent of WDP revenues that must be utilized for grants to "disadvantaged" workers pursuant to P.L. 1992, c.43 (C.34:15D-1 et seq.). \$71.7 million in overall revenues is anticipated for the Workforce Development Partnership Fund in FY 2000.
- ! The Governor's Budget proposal continues language (page D-254) which increases 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 \$32.3 million of fund revenues allocated to Customized Training pursuant to the statutory requirements under P.L. 1992, c.43 (C.34:15D-1 et seq.). The Customized Training Program provides training grants to business to enhance the creation and retention of "high wage, high skill" jobs.

## Key Points (Cont'd)

- ! The Governor's Budget proposes two new special purpose appropriations, \$420,000 for Public Employees Occupational Safety and \$160,000 for Mine Safety Program Expansion. According to the Office of Management and Budget, this will result in the creation of 15 new positions, 4 for Mine Safety and 11 for Public Employees Occupational Safety, within the Division of Workplace Standards.
- ! Funding from the Unemployment Compensation Auxiliary Fund (UCAF) to the Grants-In-Aid appropriation for Vocational Rehabilitation is proposed to increase by approximately \$10 million in FY 2000. Funding from the UCAF would thus support the full \$18.8 million Grants-In-Aid appropriation for Vocational Rehabilitation in FY 2000. In the current fiscal year, only \$8.7 million of the \$18.6 million Grants-In-Aid appropriation for Vocational Rehabilitation is supported by the UCAF. The UCAF derives revenues from fines and penalties on employers for violations of insurance regulations.
- ! The Budget Recommendation anticipates an increase of \$3.2 million, or about one percent, in federal revenues for the department to approximately \$360 million in FY 2000. Divisions anticipating increases in federal aid include Planning and Research (\$354,000 or 4.8 percent); Unemployment Insurance (\$2.1 million or 2.2 percent); Vocational Rehabilitation Services (\$1.4 million or 3.1 percent); and Workplace Standards (\$53,000 or 3.2 percent). These increases are offset by reductions in federal assistance to the divisions of Employment Services (\$469,000 or 1.2 percent) and Employment and Training Services (\$200,000 or .15 percent).
- ! Proposed Grants-In-Aid funding for the Sheltered Workshop Program includes a cost of living adjustment of \$97,000 in FY 2000, as well as \$94,000 to fully fund a cost of living adjustment initiated in the current fiscal year. The FY 2000 COLA represents a 1.6 percent increase, according to the Office of Management and Budget. Sheltered Workshops provide long-term employment and rehabilitation services to individuals with severe disabilities who can not be placed in open competitive employment.
- ! The proposed Budget continues to provide funding for Sheltered Workshops at \$4,671 per client, which represents approximately 82.1 of the cost per client in the current year, according to department estimates. The last year the State provided full funding to provider agencies (100 percent reimbursement of the cost per client) was in FY 1988, according to the department.
- ! The Governor's Budget recommends funding for 4,027 positions in FY 2000, 18% (722 positions) of which are State funded. Position data for FY 1999 indicates that the total number of positions currently on payroll is 3,645, of which 18 percent (664 positions) are State funded.
- ! The Budget Recommendation anticipates that the Unemployment Compensation Fund will have a \$2.90 billion balance at the end of FY 2000, a \$41.4 million (1.4 percent) increase over the FY 1999 estimated balance of \$2.88 billion. These fund balances reflect the shift of \$250 million and \$195.5 million, in FY 1999 and FY 2000 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.

**Key Points (Cont'd)**

- ! Funding for the Public Employee Relations Commission (PERC) remains level at \$2.9 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.

# DEPARTMENT OF LAW AND PUBLIC SAFETY

Budget Pages..... C-9 to C-10, C-17 to C18, C-24 to  
C-25, D-257 to D-289, E-11 to E-  
13.

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$407,807	\$401,290	\$418,373	4.3%
Federal Funds	55,736	115,193	94,242	(18.2)%
<u>Other</u>	<u>98,576</u>	<u>163,318</u>	<u>172,148</u>	<u>5.4%</u>
Grand Total	\$562,119	\$679,801	\$684,763	0.7%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	5,854	5,964	6,294	5.5%
Federal	130	139	147	5.8%
<u>Other</u>	<u>1,548</u>	<u>1,708</u>	<u>1,875</u>	<u>9.8%</u>
Total Positions	7,532	7,811	8,316	6.5%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 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 local grant programs. Other agencies located in, but not of, the Department of Law and Public Safety include: the Election Law Enforcement Commission, the Executive Commission on Ethical Standards and the Victims of Crime Compensation Board.

## Key Points

The Governor recommends a total appropriation of \$418.4 million in State funding in FY 2000 for the Department of Law and Public Safety, an increase of \$17.1 million, or 4.3 percent, over the FY 1999 adjusted appropriation of \$401.3 million. Recommended direct state services funding of \$352.4 million is \$21.9 million, or 6.6 percent, over the FY 1999 adjusted appropriation of \$330.5 million. The department's FY 2000 capital budget would decrease by \$5.4 million, from \$19.9 million in FY 1999 to \$14.5 million in FY 2000, a 27.1 percent decrease. Federal funds for the department are also anticipated to decline, from \$115.2 million in FY 1999 to \$94.2 million in FY 2000, a \$21 million (18.2 percent) reduction. Other funds are anticipated to increase \$8.8 million, or 5.4 percent, from \$163.3 million in FY 1999 to \$172.1 million in FY 2000. These changes are discussed in more detail below.

### *Law Enforcement - State Police*

- ! The Governor's budget recommends \$1.9 million in new funding for State Police salaries. According to the Office of Management and Budget (OMB), this increase is needed to offset the costs associated with a higher-than-expected number of troopers who graduated from the 118th State Police class (approximately 150) in FY 1999 and for the salaries of an additional 100 troopers expected to graduate from the 119th and 120th State Police classes in FY 2000.
- ! The recommended budget includes a total of \$13.7 million to continue a "line of credit" vehicle replacement plan for the State Police. Under this method of acquiring vehicles, the State Police would make finance payments each fiscal year to lease vehicles, although a small number of utility vehicles would also be purchased. According to information contained in the Governor's Budget in Brief, the combined FY 1999 and FY 2000 appropriations will result in the replacement of the entire fleet of State Police vehicles.
- ! An appropriation of \$4.7 million is recommended for the National Crime Information Center (NCIC) 2000 data processing project, an increase of \$2.5 million. The project is designed to link State Police, State agencies and local police departments with advanced, computerized law enforcement technology operated by the Federal Bureau of Investigation (FBI). The increased FY 2000 funding is for phase two of the three-phase project. Between \$8 million and \$13.2 million in annual continuation funding may be required upon completion of this project.
- ! The Governor's budget recommends a new appropriation of \$1.5 million to develop, equip and train urban search and rescue teams. The department projects that these teams would become certified by the Federal Emergency Medical Agency (FEMA) as official disaster response teams once they meet the appropriate standards for training and equipment.
- ! The budget recommends a \$1.6 million decrease in the Division of State Police's capital budget from \$7.4 million in FY 1999 to \$5.8 million in FY 2000. This reduction largely represents the elimination of one-time funding for forensic laboratory equipment in FY 1999. The recommended State Police capital budget includes \$2.5 million for the Computer Aided Dispatch and Records Management System, an \$86,000 increase above FY 1999 funding; \$1.3 million for radio replacements; and \$2 million for four removal, replacement and facility repair projects.

## Key Points (Cont'd)

### *Law Enforcement - Criminal Justice*

- ! The budget recommends a \$3.2 million increase for Division of Criminal Justice salaries. In recent fiscal years, the Department of Law and Public Safety has transferred funding from other sources, such as the Safe and Secure Communities program, to cover salary deficits in the division.
- ! The Governor's budget recommends new line-item appropriations totaling \$1.9 million to replace funding provided by budget language in FY 1999 from forfeiture proceeds. This figure includes \$1.7 million for matching funds for federal grant programs; and \$200,000 for DNA testing of sex offenders pursuant to the requirements of Megan's Law.
- ! New funding of \$1.25 million is recommended to establish and administer the New Jersey Human Relations Council pursuant to P.L. 1997, c.257 (C. 52:9DD-8 et seq.). The 33-member council would develop initiatives to combat crime based on race, color, religion, sexual orientation, ethnicity, gender, or physical or mental disability. The council would also assist and train county human relations commissions and assist the Office of Bias Crimes and Community Relations in the Division of Criminal Justice in its efforts to foster better community relations throughout the State.
- ! The budget recommends a new appropriation of \$650,000 for a Government Integrity and Corruption unit in the Division of Criminal Justice to investigate and prosecute fraud and abuse by county and local government employees. The unit would evaluate cases and work closely with local agencies and other sections of the division to ensure that criminal cases are pursued.
- ! The Office of Insurance Fraud Prosecutor was established in the Division of Criminal Justice in FY 1999 pursuant to the "Auto Insurance Cost Reduction Act," (P.L.1998, c.21). This office is responsible for investigating and prosecuting automobile insurance fraud and for establishing a statewide fraud enforcement policy in cooperation with the county prosecutors. When fully staffed, the office will have 265 positions, including insurance fraud investigators transferred to it from the Department of Banking and Insurance (DBI). Funding for the office would be provided through the transfer in FY 2000 of approximately \$25 million in automobile insurer fee revenue from DBI.
- ! Safe and Secure Communities Program continuation funding of \$3.6 million is recommended for FY 2000. This program was established by P.L.1993, c.220 for the sole purpose of providing funding to municipalities for community policing projects. The major portion of Safe and Secure Penalty funding is provided through a dedicated penalty assessed for certain crimes.

### *Juvenile Services*

- ! The Governor's budget includes recommended salary reductions of approximately \$1.1 million resulting from overtime savings at Juvenile Justice Commission (JJC) institutions. This savings was made possible by the addition of 69 permanent staff, hired through a \$4 million appropriation in FY 1999. However, the decrease in overtime costs is partially offset by a recommended \$500,000 increase for salary needs, primarily in Juvenile Community Programs. These programs provide day and residential programs for juvenile offenders at non-State institutions and programs.

## Key Points (Cont'd)

- ! The recommended budget includes \$250,000 in additional funding for the Juvenile Justice Commission to operate a new 144-bed facility at the Juvenile Medium Security Facility in Bordentown to house juveniles relocated from the New Jersey Training School for Boys in Jamesburg. Approximately \$3.6 million of capital funding was provided in FY 1999 for the design and construction of this facility.
- ! The budget recommends a \$3.9 million decrease in the Juvenile Justice Commission's (JJC) capital budget from \$12.5 million in FY 1999 to \$8.6 million in FY 2000. This reduction largely represents the elimination of certain one-time funds for facility upgrade, repair and infrastructure improvement projects. Recommended FY 2000 funding includes \$4 million for fire/life safety improvement at the New Jersey Training School for Boys in Jamesburg; \$1 million in new funds for JJC suicide prevention improvements, including new lighting and dormitory fixtures and the removal of other hazardous items; \$1.2 million for various roof replacements; and \$2.4 million for seven other renovation, construction and improvement projects at various sites.

### *Legal Services*

- ! The Governor recommends an appropriation of \$15.3 million for Division of Law salaries in FY 2000, an increase of \$1.2 million over the division's FY 1999 adjusted salary appropriation. According to the Department of Law and Public Safety's budget request, this funding would enable the division to fully fund legal services required to defend tort claims brought against State agencies, officers and employees.

### *Federal Funds*

- ! Federal funding for the department is estimated to decline from \$115.2 million in FY 1999 to \$94.2 million in FY 2000, a \$21 million reduction (18.2 percent). Significant decreases include a \$1.3 million reduction in Violence Against Women Act grant funding; a \$4.5 million reduction in Victim Assistance Grants; a \$2 million reduction in drug enforcement grant awards; a \$3.6 million reduction in truth-in-sentencing awards; a \$2.6 million reduction in drug testing prevention, which was a one-time award in FY 1999; and a \$3 million reduction in funding for a youth gang gun initiative. According to the department, the anticipated decreases are not expected to have an impact on these programs because the decreases largely reflect overstatements in FY 1999 of anticipated revenue from these sources. The Division of Highway Traffic Safety expects a net \$1.4 million increase, primarily due to an increase in occupant protection incentive funds for adopting and implementing programs to reduce highway fatalities and injuries resulting from individuals riding without seat belts.

### *Other Funds*

- ! Other funds in the department are anticipated to increase \$8.8 million, or 5.4 percent, from \$163.3 million in FY 1999 to \$172.1 million in FY 2000. The State Police anticipate receiving \$6.4 million in additional reimbursements for services it provides on a contract basis, such as patrol on the roads of the highway authorities; investigative services for the Divisions of Alcoholic Beverage Control and Gaming Enforcement; and air ambulance services. Other funds for the operation of the State professional boards in the Division of Consumer Affairs are expected to increase \$2.3 million due to increased responsibilities for board operations, including the licensing of new professions and inflationary adjustments.

# DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Budget Pages..... C-10, C-18, C-25, D-291 to D-303;  
E-13 to E-14.

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$60,530	\$63,037	\$66,487	5.5%
Federal Funds	18,562	16,650	17,203	3.3%
<u>Other</u>	<u>125</u>	<u>1,118</u>	<u>1,219</u>	<u>9.0%</u>
Grand Total	\$79,217	\$80,805	\$84,909	5.1%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	1,205	1,209	1,292	6.9%
Federal	149	149	150	0.7%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	1,354	1,358	1,442	6.2%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

## Introduction

The Department of Military and Veterans' Affairs is responsible for administering services and programs specifically related to veterans and their dependents. The department is also responsible for supporting the New Jersey National Guard. The department operates three veterans' nursing homes, supports operations at 37 National Guard armories; and provides other services necessary to meet the needs of the veteran population in New Jersey, as well as to provide command, control and services to members of the National Guard units.

## Key Points

- ! The Governor's budget recommends an overall increase of approximately \$3.5 million, or 5.5 percent, for the Department of Military and Veterans' Affairs' State funded budget, which would rise from an adjusted appropriation of \$63.0 million in FY 1999 to a recommended \$66.5 million in FY 2000. Recommended direct state services funding of \$62 million is \$2.4 million, or 4 percent, over the FY 1999 adjusted appropriation of \$59.6 million. The department's FY 2000 capital budget would increase by \$950,000, from \$2.45 million in FY 1999 to \$3.4 million in FY 2000, a 39 percent increase.
- ! The Governor's budget recommends a \$1.1 million increase in funding to expand the Menlo Park Veterans' Memorial Home, from \$14.2 million in FY 1999 to \$15.3 million in FY 2000. The home provides nursing home care for New Jersey veterans with chronic disabilities and for those who need rehabilitative services to return to the community. The capacity of this facility has been expanded from 318 beds to 332 beds, which will allow its average daily population to increase from 250 to a projected 310 patients in FY 2000. A significant portion of the recommended increase would fund additional staff hired for the treatment and care of these patients. Continuation funding is recommended in FY 2000 for the Paramus Veterans' Memorial Home and the Vinelands Veterans' Memorial Home.
- ! The Governor's budget recommends additional funding of \$340,000 in the National Guard program class for maintenance and upgrading of department armories, from \$580,000 in FY 1999 to \$920,000 in FY 2000. In recent years, other state agencies and community organizations have used space in the armories as interactive community resource centers and for activities such as blood drives, voting, filmmaking, antique shows and scouting.
- ! A new special purpose appropriation of \$145,000 is recommended for departmental document storage and retrieval. This funding would allow the department to use electronic imaging equipment and the capability to scan documents into files for digital retrieval.
- ! An appropriation of \$250,000 is recommended for New Jersey's contribution to the World War II National Memorial. The memorial, expected to open on Veterans Day 2000, will be the first national memorial dedicated to all who served during World War II. The memorial will honor all military veterans of the war, the citizens on the home front and the nation at large. In 1993, Congress passed legislation authorizing the construction of this memorial in Washington, D.C.
- ! An appropriation of \$1.46 million is recommended for burial services in FY 2000, a \$250,000 increase over FY 1999 funding of \$1.21 million. This program provides for the burial of eligible New Jersey veterans, their spouses and dependents at the Brigadier General Doyle Memorial Cemetery. The additional funding in FY 2000 reflects an estimated increase in new interments, from 2,058 in FY 1999 to 3,000 in FY 2000.
- ! The budget recommends \$3.4 million in capital funding for the department, an increase of 39 percent, or \$950,000, over FY 1999 funding of \$2.45 million. According to information contained in the Governor's Budget in Brief, this total funding would allow for life safety and preservation projects at various armories and an electrical upgrade at the department's headquarters.
- ! The recommended budget indicates the department's federal funding would increase from \$16.7 million in FY 1999 to \$17.2 million in FY 2000, a 3.3 percent increase. According to the department, this is primarily attributable to an expected increase in federal funding for domiciliary and treatment services at the Menlo Park Veterans' Memorial Home.

# DEPARTMENT OF PERSONNEL

Budget Pages..... C-10, C-18, D-305 to D-310

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$27,540	\$27,609	\$28,009	1.4%
Federal Funds	355	0	0	—
<u>Other</u>	<u>      </u>	<u>2,549</u>	<u>1,949</u>	<u>(23.5)%</u>
Grand Total	\$27,895	\$30,158	\$29,958	(0.7)%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	435	408	435	6.6%
Federal	0	0	0	—
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>      </u>
Total Positions	435	408	435	6.6%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 192 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 and provide employee training programs, which foster the objectives of government, ensure equitable treatment of employees, and serve the best interests of the public.

## Key Points

- ! The FY 2000 Direct State Service (DSS) recommended appropriation for the Department of Personnel is \$28.0 million, a net increase of \$400,000, or 1.4 percent, more than the FY

## Key Points (Cont'd)

- 1999 adjusted appropriation. According to the Budget in Brief (pages 45 & 87), a decrease of \$200,000 in administrative expenses are offset by \$130,000 in additional funding "to cover the increased Office of Information Technology expenditures" and \$470,000 in funding for a new special purpose account: Document Storage and Retrieval. The \$470,000 recommended appropriation is part of a statewide technology initiative for "a centralized processing and storage function. Funding for the centralized unit will be through reallocation of agency savings." According to the Budget Message (page D-305), the program "will enable the Division to reduce appeals backlog and enhance productivity.
- ! The Governor's recommended budget anticipates a decrease in revenue from exam fees (Budget Message page C-18) of \$600,000, or 35.1 percent, in FY 2000. Budget language, however, permits the department to carryforward receipts derived from fees charged to applicants for open competitive or promotional examinations and the unexpended fee balance of up to \$600,000 from fire fighter examination receipts.
  - ! The Governor's recommended budget includes \$800,000 for the Classification and Compensation Redesign study initiated in FY 1999. The department has issued a Request-for-Proposal and is currently reviewing responses from several private contractors to design and implement a new classification and compensation system for the State that will reduce the number of job titles and incorporate performance-based pay.
  - ! The department has proposed rule changes affecting layoff units, bumping rights, credit for performance, seniority and special reemployment rights for State employees.
  - ! The Office of Management and Budget has indicated the department will lapse to the General Fund \$1.7 million in receipts derived from training services (Human Resource Development Institute (HRDI) training account). The HRDI is responsible for providing and coordinating training programs for most State and many local government employees.
  - ! The position data displayed in the Governor's recommended budget indicates that the FY 2000 budget would fund a total of 435 positions, an increase of 27, or 7 percent, over the FY 1999 position count. The actual payroll count as of September, 1998 (FY 1999) was 408.

# DEPARTMENT OF STATE

Budget Pages..... C-11, C-19, C-25, C-27; D-311 to  
D-354; E-14 to E-19; H-4

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$835,936	\$878,600	\$895,851	2.0%
Federal Funds	788	988	1,081	9.4%
<u>Other</u>	<u>10,267</u>	<u>10,602</u>	<u>10,169</u>	<u>(4.1)%</u>
Grand Total	\$846,991	\$890,190	\$907,101	1.9%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	301	280	328	17.1%
Federal	38	38	38	0.0%
Other	83	81	82	1.2%
<u>Colleges &amp; Univ's.*</u>	<u>19,628</u>	<u>19,628</u>	<u>19,628</u>	<u>0.0%</u>
Total Positions	20,050	20,027	20,076	0.2%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.\*

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

## 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. In FY 1999, the Department of State was 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 Public Broadcasting Authority previously budgeted in the former Department of Commerce and Economic Development, were transferred to the Department of State. The Public

## Introduction (Cont'd)

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.

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

## Key Points

- ! Direct State Services funding for the Office of the Secretary of State is recommended to decrease by \$576,000 from \$4.6 million to \$4.0 million. The decrease is attributed to savings through planned attrition (\$140,000), the consolidation of non-personnel costs for new programs (\$176,000), and non-recurring costs of \$260,000 for the relocation of the archives. The recommendation also includes funding for the Many Faces One Family Program and the Personal Responsibility Program which are funded at a total of \$500,000. According to OMB, these two programs were previously supported through the Governor's Contingency Fund.
- ! The program class Secretary of State's Office was formerly funded from off-budget receipts derived from various commercial recording filing fees, a portion of which were placed in a revolving "Secretary of State Fund" and used to fund technological improvements to the Division of Commercial Recording's automated information system ( AIS). The law (P.L. 1987, c. 435) required the termination of the fund upon the completion of technological upgrades to the computer system. The Division of Commercial Recording, the entity responsible for collecting the various filing fees, was transferred from the Department of State to the Department of Treasury through a reorganization of State government in FY 1999. Due to these changes and the completion of the AIS project, the Secretary of State Fund is recommended to be dissolved and the remaining balance of \$4. 7 million in the fund is targeted to lapse to the General Fund at the end of FY 1999.
- ! A net increase of \$2.5 million from \$15.6 million to \$18.1 million is recommended in total funding for the State Council on the Arts. This includes increased funding of \$3.0 million for cultural project grants which is offset by the elimination of \$525,000 in legislative initiatives that were added to the FY 1999 budget.

## Key Points (Cont'd)

- ! Total funding for Historical Resources which includes funding for the New Jersey Historical Commission is recommended to decrease by approximately \$1.7 million from \$2.8 million to \$1.1 million. The decrease is mainly attributable to the elimination of legislative initiatives added to the budget in FY 1999 which included \$1.2 million for the final costs associated with the relocation of the New Jersey Historical Society and \$580,000 for a variety of other programs. These decreases are offset by the recommendation of an additional \$105,000 for the regular operating costs of the commission.
- ! Direct State Services funding for the Public Broadcasting Authority is recommended to increase by \$518,000 from \$3.9 million to \$4.4 million. The increase is mainly attributable to additional operational aid of \$268,000 and \$250,000 to fund the study of Digital Television (DTV). The federal government has mandated that public television stations begin DTV transmission by May 1, 2003.
- ! Pay-as-you-go capital funding for the Department of State, including the State Library and the Public Broadcasting Authority, is recommended to increase by a net \$1.2 million from \$896,000 to \$2.1 million. Increased or new funding is recommended for the following purposes:
  - \$55,000 for the Council on the Arts to purchase visual arts display equipment;
  - \$235,000 for preservation and repair projects at the Public Broadcasting Authority;
  - \$329,000 in new funding for telecommunications improvements for the Library for the Blind;
  - \$100,000 for the State Library Computerized Research System;
  - \$197,000 in new funding for the State Records Storage Center - vault upgrade; and
  - \$502,000 for equipment for the new archives center.Offsetting the above increases is the elimination of funding for the following:
  - \$186,000 for electrical, HVAC and plumbing systems at the Public Broadcasting Authority.

## Higher Educational Services

A separate analysis booklet has been prepared for Higher Educational Services.

# DEPARTMENT OF TRANSPORTATION

Budget Pages..... C-11, C-19, C-25 to C-26, C-27; D-355 to D-371; E-19 to E-21

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$748,328	\$872,867	\$853,770	(2.2)%
Federal Funds	499,711	716,000	708,000	(1.1)%
<u>Other</u>	<u>855,078</u>	<u>719,497</u>	<u>918,586</u>	<u>27.7%</u>
Grand Total	\$2,103,117	\$2,308,364	\$2,480,356	7.5%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	4,512	4,442	4,230	(4.8)%
Federal	1,133	1,103	1,183	7.3%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	5,645	5,545	5,413	(2.4)%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded. Personnel Summary excludes position data at the New Jersey Transit Corporation.

## Introduction

The Department of Transportation (DOT) is responsible for managing the State's transportation system of highways and bridges, 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 State Transportation Trust Fund, the Casino Revenue Fund, the Airport Safety Fund, mass transit passenger fares, and federal monies.

As an additional responsibility, the DOT has incorporated the Division of Motor Vehicles subsequent to its transfer from the Department of Law and Public Safety pursuant to Reorganization Plan, No. 002-1995.

## Introduction (Cont'd)

The State's mass transit facilities are the direct responsibility of the New Jersey Transit Corporation (NJT). Although the Commissioner of Transportation is the ex-officio chairperson of the Corporation's seven-member governing board, the corporation functions independently of the department. At present, NJT operates 12 rail lines and some 174 bus routes throughout the State to accommodate an average, estimated daily ridership of 360,000. 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 handicapped persons using public or private mass transit facilities. The corporation also receives 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 provides additional transit services throughout the State for eligible, handicapped riders.

## Key Points

### Transportation Trust Fund

- ! A total capital budget appropriation of \$483.1 million is recommended for the Transportation Trust Fund (TTF). This amount would be derived from two sources. The first is a regular line item appropriation of \$477.8 million composed of: (a) \$360 million in motor fuels tax revenue that is constitutionally dedicated for the State's transportation system; (b) \$24.5 million from contracts with the State's three toll road authorities; (c) \$30 million from certain previous increases in diesel fuel taxes and truck registration fees; (d) \$60 million in revenue from motor vehicle registration surcharges; and (e) \$3.3 million from general revenues of the State. Secondly, a "language appropriation" would provide \$5.3 million from balances in the Petroleum Overcharge Reimbursement Fund (PORF).
- ! On July 1, 1999 the portion of the motor fuel taxes constitutionally dedicated for transportation purposes increases from 8.0 cents per gallon to 9.0 cents per gallon and then remains at that level.
- ! When the TTF was renewed and extended in 1995, the maximum size of the capital program was established at \$700 million. However, the Governor's budget calls for a \$900 million capital program in Fiscal Year 2000. The Legislature also authorized a \$900 million program amount for Fiscal Year 1998.
- ! Based on the proposed \$900 million capital program for Fiscal Year 2000, the Administration may seek legislative authority to permit the TTF to issue \$900 million in bonds in the next fiscal year, a \$200 million increase over its current annual statutory limit of \$700 million. The increase in the debt level limitation would support the higher capital program proposed for next year.
- ! Fiscal Year 2000 would be the fifth year of funding under the TTF reauthorization act of May, 1995. It was anticipated at that time that Fiscal Year 2000 would be the last year in which certain revenues identified in the 1995 act would be sufficient to finance the annual TTF capital construction program. However, since TTF bonds have been sold at lower interest rates than originally estimated, overall TTF debt service has been less than projected. Consequently, the TTF may not reach its financing limit until Fiscal Year 2001.

## Key Points (Cont'd)

### Highway Operations

- ! The department's \$13.2 million recommended net increase in Direct State Services is primarily attributable to the additional \$14 million recommended for highway and bridge maintenance. The amount for highway and bridge maintenance would offset the anticipated reallocation of federal funds from a federal reimbursement program that supported a limited number of eligible maintenance projects to the transportation capital construction program. Consequently, there may not be an actual increase in the overall level of the department's annual maintenance program, only a change in funding sources.
- ! The litter control tax was last renewed in 1996. Revenues from the litter tax are deposited in the Clean Communities Account and 90 percent of the account funds are to be annually distributed to local governments for litter removal. Previously, the Legislature allocated the remaining amount only for litter pickup in State parks. However, for Fiscal Year 2000 the budget would continue to use that account for litter pickup in State parks but would now use \$2.0 million from account balances for a new purpose, litter pickup on State highways. This account is projected to have a \$7.5 million balance as of June 30, 1999.
- ! The proposed Fiscal Year 2000 budget contains \$12.7 million for snow and ice control. Budget language would authorize the appropriation of an additional amount, not to exceed \$3.0 million, for snow removal costs should weather conditions next winter warrant the need for additional funds for snow and ice operations.
- ! The budget display for the department's current year Adjusted Appropriation of \$190.9 million includes about \$16.4 million in supplemental appropriations that have not yet been enacted. Of that amount, \$13.8 million would be appropriated by a Directory Letter, pursuant to budget language, and used by the Vehicle Inspection Program to offset federal Congestion Mitigation and Air Quality funds which are not available until the inspection program is fully implemented, and for certain related inspection program equipment costs. The department will also seek a direct appropriation of \$2.6 million to offset the reallocation of federal funds from highway maintenance to its capital program.

### New Jersey Transit Corporation

- ! The total recommended budget for the New Jersey Transit Corporation (NJT) is \$901 million. Of this total, the State would provide a direct line item subsidy appropriation of \$149.1 million and a "language appropriation" would transfer \$377,590 in Petroleum Overcharge Reimbursement Fund balances from the Department of Human Services. The remaining revenue sources, e.g. passenger fares, the Casino Revenue Fund, and various federal and Transportation Trust Fund resources, would contribute an estimated \$447.4 million, \$22.8 million and \$281.3 million respectively.
- ! The Administration proposes to lapse, i.e., withhold, \$10.8 million from the Fiscal Year 1999 State subsidy of \$194.3 million to NJT because of greater than expected fare revenue from increased ridership in the current fiscal year and management efficiencies. For the next fiscal year, revenue gains from further anticipated ridership increases, continued management efficiencies, expanded use of federal funds for maintenance expenses, and lower amounts needed for insurance and claims permit a \$34.0 million net decrease (\$10.8 million lapse assumed) in the regular State subsidy to NJT.

## Key Points (Cont'd)

- ! NJT has been able to avoid a passenger fare increase since Fiscal Year 1991 by reliance on federal and Transportation Trust Fund monies for maintenance activities, greater passenger fares from increased ridership levels, innovative financial arrangements such as "cross-border leases," and management efficiencies. No fare increase is anticipated in Fiscal Year 2000.

### Motor Vehicle Services

- ! Budget language would again permit balances in the Motor Vehicle Inspection Fund (MVIF) to be used for "other Clean Air purposes," namely the State operating subsidy to the New Jersey Transit Corporation. With estimated MVIF total revenues of \$66.1 million for Fiscal Year 2000, the fund display on page I-44 of the Governor's Fiscal Year 2000 Budget indicates that \$33.9 million would be provided for the Vehicle Inspection Program while the remaining \$32.2 million would be contributed towards NJT's regular line item appropriation of \$149.1 million.
- ! The Division of Motor Vehicles anticipated that the new In-Terminal School Bus Inspection Program, which received an appropriation of \$1.5 million in Fiscal Year 1999, would have that cost offset by estimated revenues of \$1.5 million in School Bus Inspection Fees. However, since the inspection program is related to the "School Bus Enhanced Safety Inspection Act," P.L.1999, c.5, which was not enacted until January 21, 1999, revised revenue estimates indicate that only \$561,000 in inspection fees are now expected this fiscal year. For the next fiscal year, the Office of Management and Budget (OMB) in the Department of the Treasury anticipates that inspection fee revenue would increase to about \$1.0 million. Also, according to OMB, the lower inspection fee amount for this fiscal year is offset by departmental balances, and offset next fiscal year by general revenue support.
- ! The Governor recommends that private motor vehicle agencies receive an additional appropriation of \$800,000 for employee merit raises and additional staff, where needed. A legislative initiative that would have appropriated \$886,000 in Fiscal Year 1999 for a five percent cost-of-living-adjustment for private agencies was vetoed by the Governor last June because it was considered premature to increase spending at the agencies before savings alternatives could be explored; a study on this issue has not yet been completed.
- ! The Vehicle Inspection Program is anticipated to be fully operational in December, 1999. Consequently, \$3.7 million in federal Congestion Mitigation and Air Quality funds are expected to be available to offset the proposed reduction of a similar amount in State funds for that inspection program.

### Federal Funds

- ! The federal Transportation Equity Act for the 21st Century (TEA-21) authorizes a 6-year, \$218 billion highway and mass transit improvement program to cover fiscal years 1998 through 2003. Its funding predecessor, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), was authorized to provide \$155 billion over a 6-year period from fiscal year 1992 through 1997. As a result of TEA-21, the budget estimates that the amount of federal funds available to New Jersey for highway and mass transit purposes for Fiscal Year 2000 is \$985 million, compared to about \$835 million appropriated by the budget for fiscal year 1997, the last year of ISTEA funding.

# DEPARTMENT OF THE TREASURY

Budget Pages..... C-11 & C-12; C-19; C-26 & C-27; D-373 to  
D-419; E-22; F-10 to F-12; and H-5 to H-11

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$1,517,961	\$1,596,367	\$1,869,510	17.1%
Federal Funds	21,060	19,104	19,584	2.5%
<u>Other</u>	<u>972,334</u>	<u>993,489</u>	<u>1,006,083</u>	<u>1.3%</u>
Grand Total	\$2,511,355	\$2,608,960	\$2,895,177	11.0%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	4,317	4,348	4,474	2.9%
Federal	175	176	200	13.6%
<u>Other</u>	<u>1,830</u>	<u>1,822</u>	<u>1,874</u>	<u>2.9%</u>
Total Positions	6,322	6,346	6,548	3.2%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 benefits management, purchasing goods and services, maintaining and leasing facilities, operating a State vehicle fleet, and providing mail and printing services.

The FY 2000 budget also reflects the "in but not of" status in the Department of the Treasury

## Introduction (Cont'd)

of a number of agencies. Three of these agencies, the Board of Public Utilities, the Casino Control Commission and the Office of Information Technology, have been associated with the department for a number of years. Other organizations such as the Ratepayer Advocate, the Office of Student Assistance, the Higher Education Assistance Authority (HEAA), and the Educational Facilities Authority (EFA) were reassigned to the department several years ago when the Department of the Public Advocate and the Department of Higher Education were eliminated. A number of other organizations were reassigned to the department in FY 1999. These organizations include the following:

- N.J. Commerce and Economic Growth Commission
- Commission on Science and Technology
- Economic Development Authority
- Office of Administrative Law
- Office of the Public Defender
- State Legal Services Office

Also reassigned to the Department of the Treasury in FY 1999 were the Bureau of Wage Reporting from the Department of Labor and the Division of Commercial Recording from the Office of the Secretary of State. The functions of these agencies have been integrated into the Division of Revenue.

In order to be consistent with the data as it is displayed in the Governor's budget, the funding and position data that are budgeted in the Department of the Treasury for Higher Educational Services, the New Jersey Commerce and Economic Growth Commission, the Economic Planning and Development Statewide program and the New Jersey Commission on Science and Technology are included in the above tables. Other explanatory data for the above agencies are not included in this analysis but are contained in two separate analyses which are related to the above programs: Higher Educational Services and the New Jersey Commerce and Economic Growth Commission and Related Economic Development Programs.

## Key Points

### OVERVIEW

- ! The Governor has recommended \$2.9 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 2000. These funds represent an 11 percent increase in resources over those available in FY 1999.
- ! The Governor has recommended \$1.9 billion in State budgeted resources (General Fund, Property Tax Relief Fund and Casino funds) for the Department of the Treasury in FY 2000, an increase of 17.1 percent over the FY 1999 adjusted appropriation.
- ! The Governor has recommended \$19.6 million in Federal Funds, an increase of 2.5 percent over the FY 1999 adjusted appropriation. The majority of these funds are for Student Assistance Programs.
- ! The Governor has recommended \$1.0 billion in Other Funds for FY 2000, an increase of

## Key Points (Cont'd)

1.3 percent over FY 1999. 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 \$750 million in energy tax receipts, \$86.8 million in revolving funds for the Office of Information Technology (OIT) and \$56.0 million for the Distribution Center.

! The recommended General Fund appropriation for the Department of the Treasury is \$1.2 billion, an overall increase of 4.3 percent. The total appropriation includes increases in four of the five components of the General Fund. The Governor's budget includes recommended increases for Department of the Treasury Grants-In-Aid (9.1 percent), State Aid (8.3 percent), Capital Construction (64.8 percent) and Debt Service (7.5 percent). Only Direct State Services are recommended to decrease.

! The General Fund-Direct State Services appropriation recommended for FY 2000 for the Department of the Treasury is \$319.4 million, a \$22.4 million or 6.6 percent reduction from the FY 1999 adjusted appropriation. Significant decreases of \$12.2 million and \$16.5 million in the amounts budgeted for Statewide programs for Financial Administration and General Government Services are offset by an increase of \$5.3 million in Governmental Review and Oversight. The Governor's budget historically has included language which has permitted the department to appropriate additional funds to a number of programs. In FY 1998, \$33.0 million in supplemental appropriations for Direct State Services were authorized pursuant to similar language; in FY 1999, through February 22, 1999, \$23.3 million in supplemental appropriations have been authorized.

## ECONOMIC REGULATION

! The Governor's budget recommends \$21.2 million in funding for the Economic Regulation program class, a \$228,000 or 1.1 percent increase over the FY 1999 adjusted appropriation. This program class includes the Board of Public Utilities (BPU) and the Ratepayer Advocacy Program. The entire \$228,000 increase is attributable to increased operating costs for the Ratepayer Advocacy Program which represents the interests of utility customers.

! The Governor's FY 2000 budget includes new recommended language which would appropriate \$4.8 million from the Petroleum Overcharge Reimbursement Fund (PORF) for certain energy conservation projects. Included in this appropriation are the following: \$2.7 million to convert State and local government vehicles to alternative fuel vehicles; \$1.1 million for the cost of infrastructure to service alternative fuel vehicles; and \$1.0 million for a consumer education campaign on electric energy restructuring. The Governor's budget estimates \$19.1 million in available PORF resources and \$5.9 million in expenditures in FY 2000.

## GOVERNMENTAL REVIEW AND OVERSIGHT

! The Governor's budget recommends \$18.7 million for the Office of Management and Budget (OMB), a \$5.3 million or 39.6 percent increase. The entire increase in this budget is attributable to computer expenses. Documents from the department indicate that what seems to be an increase is in fact a funding shift. For the past several fiscal years these data processing costs have been funded out of the indirect cost recovery fund, an off budget resource. In FY 2000, a direct appropriation is recommended for these costs.

## Key Points (Cont'd)

### FINANCIAL ADMINISTRATION

- ! The Governor's budget recommends \$77.9 million for Taxation Services and Administration (Division of Taxation), \$3.0 million or 3.7 percent below the FY 1999 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 1999 pursuant to budget language. However, as in past years, broad language is included in the FY 2000 budget recommendation to permit the appropriation of additional resources for the Division of Taxation without subsequent legislative involvement. Through February 22, 1999, the Division of Taxation has received \$6.0 million as a result of language-authorized supplemental appropriations.
- ! Recommended funding for the Administration of the State Lottery is \$12.8 million, a \$365,000 or 2.8 percent reduction. Broad language is continued in the FY 2000 budget to permit the appropriation of additional resources for lottery administration. Through February 22, 1999, the State Lottery has received an additional \$368,000 pursuant to budget language to pay the one time costs associated with the development of the Holiday instant game in FY 1999.
- ! A sum of \$22.4 million is recommended for the Administration of State Revenues (Division of Revenue), a \$7.7 million or 25.5 percent reduction from the FY 1999 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 1999 pursuant to budget language. However, as in past years, broad language is included in the FY 2000 budget recommendation to permit the appropriation of additional resources for the Division of Revenue without subsequent legislative involvement. Through February 22, 1999, the Division of Revenue has received \$12.8 million as a result of language-authorized supplemental appropriations.
- ! The \$22.4 million recommended for the Division of Revenue includes a Special Purpose Revenue Management System appropriation of \$2.5 million. This represents continuation funding for a portion of the \$5 million Interdepartmental Initiatives appropriation in FY 1999 which was budgeted in the Interdepartmental Accounts.
- ! The Governor's budget recommends \$22.9 million from the Casino Control Fund for the Administration of Casino Gambling, a \$405,000 or 1.8 percent increase. This appropriation includes an additional \$400,000 for consultants to update computer systems for electronic gambling. The costs associated with this program are paid out of fees and assessments on the casino industry.
- ! The Governor's FY 2000 budget recommends \$4.6 million for the Office of Commercial Recording, a \$1.2 million or 20.8 percent reduction. This reduction is offset by a recommended \$2.3 million appropriation in the Division of Revenue to continue certain Commercial Recording functions there. Although fewer resources also are recommended for the Division of Revenue in FY 2000, the budget permits additional resources to be appropriated to the Division without subsequent legislative involvement.
- ! The Governor's budget recommends \$3.5 million for the Unclaimed Property (Escheats)

## Key Points (Cont'd)

program in the Division of Taxation, a \$338,000 increase. Budget documents from the department indicate that this increase reflects an internal reorganization between the Division of Taxation and the Unclaimed Property program. The administration of this program is funded from the revenues derived from escheated property.

### GENERAL GOVERNMENT SERVICES

- ! The Governor's budget recommends \$5.1 million for the Special Purpose Fleet Renewal Management Program in the Purchasing and Inventory Management Program, a \$9.9 million reduction from the \$15 million appropriated for this program in FY 1999. Of the \$15 million, \$14 million was to be used to purchase new State vehicles and \$1 million was to be used to develop an integrated fleet management information system. The department has indicated that the \$5.1 million will permit the continuation of fleet replacement and the installation of the new fleet management system.
- ! Continued funding of the \$4.7 million FY 1999 supplemental appropriation to the Property Management and Construction - Construction Management Services program is not recommended. The Division of Property Management and Construction generally operates as a revolving fund with fees charged to user agencies for architectural, engineering and supervisory expertise in the construction and renovation of State buildings. In FY 1998 receipts to this program were approximately \$7 million. In FY 1999 these receipts are expected to fall short. To prevent layoffs in the program in FY 1999, the department is anticipating the need for a \$4.7 million supplemental appropriation.
- ! The Governor's budget recommends \$25.4 million for the Division of Pensions and Benefits, a \$2.7 million or 9.6 percent reduction. Language is included in the FY 2000 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 22, 1999, the Division of Pensions and Benefits has received \$3.1 million in supplemental appropriations authorized by language.

### OFFICE OF ADMINISTRATIVE LAW

- ! The Governor's budget recommends \$7.4 million in State and other funds for the Adjudication of Administrative Appeals program (Office of Administrative Law). This includes a direct State appropriation of \$3.3 million, an increase of \$192,000 from the FY 1999 adjusted appropriation. According to the Budget in Brief, this new funding will permit the Office of Administrative Law to hire four new Administrative Law Judges to expedite routine cases. These new judges will be paid \$48,000 annually or 53 percent of the current average salary of \$90,000 for existing Administrative Law Judges.

### STATE SUBSIDIES AND FINANCIAL AID

- ! The Governor's budget recommends \$324.6 million from the Property Tax Relief Fund for Homestead Property Tax Rebates for Homeowners and Tenants pursuant to P.L. 1990, c.61, the same amount as FY 1999. Eligibility criteria and rebate amounts will remain the same as in FY 1998 and FY 1999.
- ! An appropriation of \$23.7 million from the Property Tax Relief Fund is recommended for first year funding for the new Senior and Disabled Citizens Property Tax Freeze pursuant to

## Key Points (Cont'd)

- P.L. 1997, c. 348. This program will pay certain senior and disabled residents a homestead property tax reimbursement beginning in calendar year 1999.
- ! The Governor's budget recommends \$200 million from the Property Tax Relief Fund for first year funding for a new Direct School Tax Relief Program. According to the Budget in Brief, this represents the first year of a five year \$1 billion program which will provide annual checks to taxpayers based on a portion of the school taxes paid on the assessed value of owner-occupied primary residences. This appropriation is subject to enabling legislation.
  - ! The Governor's budget recommends a total of \$51.2 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 \$2.4 million or 4.5 percent decrease from the FY 1999 adjusted appropriation. Eligibility criteria and exemption amounts will remain the same as in FY 1999.
  - ! 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 1999 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 1999 Appropriations Act.
  - ! The Governor's budget recommends \$8.7 million for Debt Service on Pension Obligation Bonds. This represents a \$5.6 million, or 180.6 percent increase from the FY 1999 adjusted appropriation. In FY 1998, \$12.1 million was appropriated for this purpose. Additional appropriations for Debt Service on Pension Obligation Bonds are located in the Interdepartmental Accounts section of the Governor's budget.
  - ! The Governor's budget recommends \$2.6 million for Police and Firemen's Retirement System (PFRS), Health Benefits, which is the same amount as that allotted for expenditure from the \$6.1 million appropriated in FY 1999. The \$3.5 million balance of the FY 1999 appropriation has been put in reserve. The Governor's budget recommends that any funds not spent in FY 1999 be appropriated. This appropriation reflects the provisions of P.L. 1997, c. 330 which provides State-paid post-retirement medical benefits for certain PFRS retirees.
  - ! The Governor's budget reflects the distribution of \$3.3 million in Other Distributed Taxes from certain insurance taxes. This is an increase of \$1.0 million from the FY 1999 adjusted appropriation. These are payments made to counties. Funds are distributed proportionately to the county in which a domestic insurance company's principal office was situated on January 1, 1999.
  - ! The Governor's budget reflects a FY 2000 distribution of \$750 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.

## MANAGEMENT AND ADMINISTRATION

- ! The Governor's budget recommends continuation funding of \$8.9 million for this statewide

## Key Points (Cont'd)

program which includes \$2.0 million for the Local Budget Government Review program and \$5.9 million for Management and Administrative Services (Treasurer's Office).

- ! An appropriation of \$26.0 million from Other Funds is recommended for Administrative and Support Services, including \$11.3 million in anticipated revenue from the Drug Enforcement and Demand Reduction Fund (DEDR), \$14.0 million from the Economic Recovery Fund and \$640,000 for public finance activities. DEDR funds are used to support the administrative expenses of the Governor's Council on Alcoholism and Drug Abuse, the municipal alliance programs and specific programs in the Department of Health.

## PROTECTION OF CITIZENS' RIGHTS

- ! The Governor's budget recommends continuation funding of \$76.5 million in State appropriations for the Office of the Public Defender. In addition to the State funds recommended, the Governor's budget reflects \$1.5 million in federal funds and \$660,000 in Soil Program Receipts and arbitration fees.
- ! Of the \$10.5 million continuation budget recommended for Grants-In-Aid for the Office of the Public Defender, \$2.5 million is recommended for the Public Defender's State Legal Services Office which provides grants to 15 county legal services offices and \$8.0 million is recommended for Legal Services of New Jersey - Legal Assistance in Civil Matters.

## CAPITAL CONSTRUCTION

- ! The Governor's budget recommends \$12.4 million in FY 2000 for Capital Construction purposes. This recommendation is \$4.9 million, or 64.8 percent larger than the FY 1999 adjusted appropriation. These funds are available to the Office of Information Technology (OIT) for new and continuing projects. New projects include the construction of a loading dock (\$500,000); Data Center Complex - Throughput (\$1.9 million); a Direct Access Storage Devices (DASD) project (\$750,000); and a duplex printing project (\$900,000). On going projects include upgrading and consolidating data centers (\$4.9 million); Preservation Projects - Information Processing (\$1.5 million) and a radio communications network study (2.0 million).

## DEBT SERVICE

- ! The Governor's budget for the department includes \$426.1 million for Debt Service on general obligation bonds. This represents a \$29.6 million or 7.5 percent increase over the FY 1999 adjusted appropriation.

## REVOLVING AND OTHER FUNDS

- ! The Governor's budget recommends language which appropriates resources from the 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 \$328,000, a decrease of \$92,000 or 22 percent, for the administrative expenses of this program.
- ! The Governor's budget recommends \$86.8 million for the Office of Information Technology (OIT). This represents a \$6.5 million increase from the FY 1999 adjusted appropriation.

## Key Points (Cont'd)

- The Governor's budget recommends two other appropriations which may directly benefit OIT in FY 2000. The first is a \$12.4 million Capital Construction appropriation for OIT projects. The second is a \$10.0 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 \$5.1 million is recommended as a Direct State Services appropriation to enable the Central Motor Pool to establish a line of credit to purchase State vehicles and to continue the fleet replacement program.
  - ! Continuation funding of \$56 million for the Distribution Center is recommended. Of the \$56 million recommended, the State Purchase Fund accounts for approximately \$52 million.
  - ! Continuation funding of \$1.3 million is recommended for the Capitol Post Office which is a revolving fund and appears in the budget only as a language appropriation.

## PERSONNEL

- ! The position data displayed in the Governor's budget indicates that the FY 2000 budget would fund a total of 6,548 positions. The actual payroll count as of September 1998 (FY 1999) is 6,346.

The Higher Educational Services portion of the Department of the Treasury (pages D-378 to D-384) is contained in a separate booklet: Higher Educational Services.

The New Jersey Commerce and Economic Growth Commission, the Economic Planning and Development Statewide program and the New Jersey Commission on Science and Technology portions of the Department of the Treasury (pages D-384 to D-391) are contained in a separate booklet: The New Jersey Commerce and Economic Growth Commission and Related Economic Development Programs.

# INTER-DEPARTMENTAL ACCOUNTS

Budget Pages..... D-425 to D-436; E-23 &24

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$1,394,965	\$1,638,605	\$1,778,545	8.5%
Federal Funds				—
<u>Other</u>	_____	_____	_____	_____
Grand Total	\$1,394,965	\$1,638,605	\$1,778,545	8.5%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State				—
Federal				—
<u>Other</u>				=
Total Positions	NA	NA	NA	NA

## 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 Office of Management and Budget has indicated that \$50 million will lapse at the close of FY 1999 to the General Fund from an account identified as the Post Retirement Medical Surplus account.

## Key Points (Cont'd)

- ! According to the Budget in Brief (page 1), \$36.4 million, of the \$92.8 million in revenue anticipated in the budget from the recent settlement, with the Tobacco industry, will be used to fund "state employees' health benefits".
- ! The Governor's recommended appropriation for Property Rentals is \$203.3 million, a decrease of \$5.1 million, or 2.5 percent, from the FY 1999 adjusted appropriation. However, budget language (page D-430), provides for an additional appropriation of up to \$3 million to pay property rental obligations.

According to the Budget in Brief (page 33), the debt service reserve fund for the South Jersey Port Corporation is reduced by \$2.3 million, there is a \$1 million initiative to curtail agency office renovation and other special projects, and the maintenance costs for the vacated North Princeton Developmental Center and Marlboro Psychiatric Hospital are reduced by \$2.5 million. In addition, there will be savings of \$6.4 million as a result of the acquisition of the Justice Complex by the New Jersey Building Authority. Partially offsetting these reductions are \$4.5 million in additional funding to support lease consolidation efforts, \$1.3 million for Other Debt Service Leases and Tax Payments, and \$922,000 for increased debt service for the Economic Development Authority.

- ! Funding for the Aid to Independent Authorities classification is recommended to increase by \$18.7 million, from \$61 million to \$79.7 million.

According to the Budget in Brief (page 34), funding for the Sports and Exposition Authority - Debt Service account is recommended to increase by \$21.7 million, from \$33.9 million to \$55.7 million. The additional funding is to "support the debt service for the Wildwood Convention Center, the Monmouth Park Racetrack, the Authority's capital renewal program, and East Hall of the old Atlantic City Convention Center." The Governor's recommended budget includes \$6 million for the Liberty Science Center. In the current fiscal year, the \$6 million is authorized by budget language in the Department of Education, PTRF - State Aid (Handbook page G-4). Partially offsetting these increases is a reduction of \$4 million in the Sports and Exposition Authority Operations account and \$5 million for the Trenton Hotel Project.

- ! According to the Budget in Brief (page 41), the FY 2000 budget anticipates the use of \$172.1 million in surplus pension fund assets to reduce or offset the State's obligations to fund the various State retirement systems. As in FY 1999, no appropriation is necessary to fund the State Police Retirement System, the Judicial Retirement System, or the Prison Officers' Pension System and the State contributions to fund the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System are less than "the actuarially determined normal contribution for the current year."
- ! The State contribution to fund the Police and Firemen's Retirement System is recommended to increase by \$33.5 million, from \$1.8 million to \$35.3 million. The recommended increase is due to a decline in surplus pension fund assets to offset the State contribution, as an employer, for this retirement system.
- ! The Debt Service on Pension Obligation Bonds is decreasing \$22 million to reflect savings in the current year (FY 1999) from refinancing a portion of the outstanding debt at lower interest rates.

## Key Points (Cont'd)

- ! The cost of providing health benefits, including medical, prescription drug, dental and vision care, for State employees continues to rise. Funding for the State Employees' Health Benefits account is recommended to increase \$40.3 million, or 9.3 percent, to \$473.4 million and funding for the State Employees' Prescription Drug is recommended to increase \$19.3 million, or 19.5 percent, to \$118.4 million. According to the Budget in Brief (page 42), "This growth is a result of anticipated rate increases for all State health plans, reflecting continued cost escalation in the health care industry."

The State Health Benefits Commission voted to increase, effective July 1, 1999, the employee co-payment for generic and mail order prescriptions to \$5 per prescription. The co-payment for generic prescriptions was \$1 and there was no co-payment for mail order prescriptions to encourage participants to utilize less expensive generic substitutes and the less expensive mail order program.

- ! Funding for the Year 2000 Data Processing Initiative is recommended to decrease by \$21.9 million, from \$31.9 million to \$10 million. According to the Budget in Brief (page 46), "approximately 75% of centrally maintained State systems are complete; departmental systems are in varying stages of remediation, and all systems are expected to be complete and tested prior to the beginning of the year 2000." However, budget language (Budget page D-435) provides for an additional appropriation of up to \$7.5 million to ensure completion of all Year 2000 related data processing projects.

- ! The Governor's recommended budget of \$38.4 million for Salary Increases and Other Benefits does not include funds to pay across-the-board salary increases (COLAs) because the State is negotiating new contracts with the CWA, AFSCME, IFPTE, and PBA, although it does include increases pursuant to contractual agreements with the Judiciary Council of Affiliated Unions (JCAU) and the State Troopers Fraternal Association of New Jersey (STFA) through FY 2000.

The State is in the fourth year of four-year contracts expiring June 30, 1999 with the Communications Workers of America (CWA), the American Federation of State, County, and Municipal Employees (AFSCME), the International Federation of Professional and Technical Engineers (IFPTE) and the Policemen's Benevolent Association (PBA). These unions represent approximately 52,100 State employees.

- ! The Governor's recommended budget for capital construction includes \$98 million for the Open Space Program, the first appropriation for the voter approved program to purchase and preserve one million acres of open space over the next ten years. According to the Budget in Brief (page 30), "The program will provide for open space and farmland preservation, historic preservation and park development in urban, suburban and rural areas" and is addition to the \$88.4 million in capital funds recommended for the Department of Environmental Protection.

- ! The Governor's budget recommends \$22.5 million for various statewide capital construction projects. This recommendation is \$6.1 million, or 37.2 percent larger than the FY 1999 adjusted appropriation. According to the Budget in Brief (page 32), \$4 million of the recommended amount is to preserve buildings within the Capitol Complex and \$2 million is for energy efficiency projects. The balance of the recommendation, \$16.5 million, is to comply with federal and State requirements.

# THE JUDICIARY

Budget Pages..... C-12, C-19 to C-20, C-26, D-437 to D-445

## Fiscal Summary (\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$365,750	\$383,163	\$391,653	2.2%
Federal Funds	42,488	50,644	49,877	(1.5)%
<u>Other</u>	<u>16,685</u>	<u>17,242</u>	<u>19,652</u>	<u>14.0%</u>
Grand Total	\$424,923	\$451,049	\$461,182	2.2%

## Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	7,391	7,599	7,847	3.3%
Federal	1,162	1,173	1,209	3.1%
<u>Other</u>	<u>170</u>	<u>177</u>	<u>187</u>	<u>5.7%</u>
Total Positions	8,723	8,949	9,243	3.3%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 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 Chief Justice of the New Jersey Supreme Court 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 2000 funding for the Judiciary is \$391.7 million, a 2 percent increase over the FY 1999 adjusted appropriation of \$383.2 million. Included in this amount is a \$4.5 million increase for court reporting and a \$2.8 million increase in information services.
- ! The FY 2000 budget recommends a \$7.2 million appropriation for Court Reporting, a \$4.5 million or 168 percent increase over the FY 1999 adjusted appropriation of \$2.7 million. Historically, the Judiciary has been under-funded in this area, and has supported these positions through carry forward balances. The budget recommendation would provide funding for an additional 75 court reporters over the FY 1999 funded level, for a total of 100 court reporter and 10 clerical positions in FY 2000. According to the AOC, there are currently 111 filled court reporter positions.
- ! An additional \$1 million has been recommended in FY 2000 for 25 new juvenile probation officer positions. Budget evaluation data indicate that there are currently about 17,000 juveniles under probation supervision in the State, with 198 probation officers to handle their cases. The addition of these positions would reduce the probation officer case load from the current case load of 85 cases per probation officer to 76 cases per probation officer. According to the Judiciary, the optimal case load for juvenile probation officers is 50 cases per officer.
- ! The Judiciary is recommended to receive \$14.6 million for Information Services, a \$2.8 million or 23.6 percent increase over the FY 1999 adjusted appropriation of \$11.8 million. The recommended increase would fund increased salary expenses related to the Year 2000 data processing upgrade; a line of credit for the Judiciary's second year payment for its data center mainframe hardware upgrade; and the electronic filing and optical imaging - Special Civil Part computer equipment. The goal of the Electronic Filing and Optical Imaging Project is to improve the efficiency of the Special Civil Part by replacing the current manual case filing systems with an automated, image-based case filing retrieval system, thereby eliminating the need for paper case files.
- ! The FY 2000 recommendation includes an appropriation of \$250,000 for the Middlesex County family courthouse. Middlesex County has agreed to build a new free standing courthouse designed to house the Family Court arm of the Superior Court of Middlesex Vicinage. The county will fund the cost of construction. The FY 2000 recommendation would provide line of credit payment for the furnishings required for the judges and staff in the new facility.
- ! The FY 2000 budget recommends \$1 million in funding for a Youth Violence Initiative which would permit Family Crisis Intervention Units (FCIU) in each county to expand their services in family crises situations. Family Crisis Intervention Units offer stabilizing environments where youth-family crises are addressed with either mediation or referral to appropriate services. The recommended funding would provide for a new position in each county, a total of 21 new positions, and permit the expansion of the definition of "Juvenile Family Crisis" to include patterns of repeated violent conduct or threats of serious bodily injury.
- ! The Judiciary has historically received authorization to carry forward unexpended balances into the following fiscal year. The FY 1999 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 1998. The lapse authorization was made discretionary in order to allow the Director of the

**Key Points (Cont'd)**

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. Because it is anticipated that these contracts will be settled and paid out by the end of FY 1999, FY 2000 recommended budget language would permit the appropriation of up to \$2 million in unexpended balances at the end of FY 1999, subject to the approval of the Director of the Division of Budget and Accounting.