

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2001 - 2002 BUDGET



EXECUTIVE BUDGET OVERVIEW: KEY POINTS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2001

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Robert E. Littell (R), 24th District (Sussex and parts of Hunterdon and Morris), *Chairman*
Peter A. Inverso (R), 14th District (Parts of Mercer and Middlesex), *Vice Chairman*
Martha W. Bark (R), 8th District (Parts of Atlantic, Burlington and Camden)
Wayne R. Bryant (D), 5th District (Parts of Camden and Gloucester)
Anthony R. Bucco (R), 25th District (Part of Morris)
Sharpe James (D), 29th District (Parts of Essex and Union)
Walter J. Kavanaugh (R), 16th District (Parts of Morris and Somerset)
Bernard F. Kenny, Jr. (D), 33rd District (Part of Hudson)
Joseph M. Kyrillos, Jr. (R), 13th District (Parts of Middlesex and Monmouth)

GENERAL ASSEMBLY BUDGET COMMITTEE

Leonard Lance (R), 23rd District (Warren and parts of Hunterdon and Mercer), *Chairman*
Joseph R. Malone, III (R), 30th District (Parts of Burlington, Monmouth and Ocean), *Vice Chairman*
Peter J. Biondi (R), 16th District (Parts of Morris and Somerset)
Francis J. Blee (R), 2nd District (Part of Atlantic)
Barbara Buono (D), 18th District (Part of Middlesex)
Steve Corodemus (R), 11th District (Part of Monmouth)
Marion Crecco (R), 34th District (Parts of Essex and Passaic)
Louis D. Greenwald (D), 6th District (Part of Camden)
Nellie Pou (D), 35th District (Part of Passaic)
Albio Sires (D), 33rd District (Part of Hudson)
Joel M. Weingarten (R), 21st District (Parts of Essex and Union)

OFFICE OF LEGISLATIVE SERVICES

Alan R. Kooney, *Legislative Budget and Finance Officer*
Allan Parry, *Assistant Legislative Budget and Finance Officer*

This report was prepared by the Legislative Budget and Finance Office with the assistance of the Central Management Unit of the Office of Legislative Services.

Questions or comments may be directed to the Legislative Budget and Finance Office
(Tel. 609 292-8030).

TABLE OF CONTENTS

	<u>Page Number</u>
Budget Overview	1
Departmental Summaries and Key Points	9
Agriculture	11
Banking and Insurance	14
Commerce and Economic Growth Commission and Related Economic Development Programs	16
Community Affairs	20
Corrections	24
Education	28
Environmental Protection	33
Health and Senior Services	37
Higher Educational Services	43
Human Services	47
Labor	55
Law and Public Safety	58
Military and Veterans' Affairs	64
Personnel	68
State	70
Transportation	74
Treasury	79
Inter-Departmental Accounts	88
Judiciary	93

THE NEW JERSEY FISCAL YEAR 2002 EXECUTIVE BUDGET OVERVIEW: KEY POINTS

Prepared by the

OFFICE OF LEGISLATIVE SERVICES
LEGISLATIVE BUDGET AND FINANCE OFFICER

April, 2001

This report on the Governor's FY 2002 Budget contains a brief budget overview, as well as summaries of each department's budget recommendation.* The overview and 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 *Tax and Revenue Outlook*, which provides independent tax and revenue projections for FY 2001 and 2002.

*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.

BUDGET OVERVIEW

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$19,920,688	\$21,733,634	\$23,153,355	6.5%
Federal Funds	5,072,801	6,279,424	7,035,086	12.0%
<u>Other</u>	<u>2,718,159</u>	<u>2,008,766</u>	<u>1,959,819</u>	<u>(2.4)%</u>
Grand Total	\$27,711,648	\$30,021,824	\$32,148,260	7.1%

Introduction

This section contains a brief overview and commentary on the Governor's FY 2002 budget proposal, focusing on certain areas that cross departmental or agency lines. The discussion, like the rest of this report, is organized around Key Points for easier reference.

Key Points

- ! **Budget Growth** -- The Governor's proposed budget for FY 2002 is \$23.153 billion, 6.5 percent higher than the adjusted appropriation level for FY 2001. This common comparison -- between a current year adjusted appropriation and a subsequent year proposal-- almost always understates actual budget growth. For example, the FY 2001 adjusted base includes \$300 million in supplemental appropriations already enacted as well as those expected to be enacted prior to June 30; while the FY 2002 budget proposal does not recognize any supplemental appropriations, even though the need for them is inevitable and frequently authorized by language in the budget itself. In addition, ongoing State obligations that are temporarily charged to non-budgeted revenue sources, such as the federal **Intergovernmental Transfer** for Medicaid (see discussion below on Budget Relief through Cost Shifts), show up as *reductions* in State costs in FY 2002, making the budget as a whole appear smaller than it really is. If reasonable adjustments are made to account for factors such as these, a more representative comparison of the two years would show a budget increase of 9 percent or more in FY 2002.
- ! **Revenues and Surplus** -- Anticipated revenues to support the FY 2002 budget are estimated by the Administration to be \$22.874 billion, some \$279 million less than recommended spending. The difference, or "structural deficit," would be made up by applying \$279 million from this year's projected \$1.279 billion year-end surplus (fund balance) toward

Key Points (Cont'd)

next year's budget. The remaining \$1.0 billion would be carried over as a budgeted surplus for the end of FY 2002. The \$1.0 billion FY 2002 surplus recommendation represents a higher surplus target than any previous proposed or enacted New Jersey budget. Even so, it represents only 4.3 percent of recommended appropriations, certainly an adequate level to support supplemental appropriations which might be needed, but a balance which would come under pressure if revenues do not hold up to expectations. The Office of Legislative Services will present its own forecast of State revenues and surplus balances in a companion budget publication entitled *Tax and Revenue Outlook*.

- ! **Rainy Day Fund** -- Of the \$1.0 billion overall planned surplus, approximately \$698 million will consist of balances held in the Surplus Revenue Fund (Rainy Day Fund). The Rainy Day Fund has grown along with the State's healthy economy. In recent years, actual General Fund revenues have exceeded certified estimates; and one-half of any unanticipated "excess" General Fund revenues received in the course of a year are set aside in the Rainy Day Fund. Because of statutory restrictions placed on the use of Rainy Day Fund balances, concern has been raised among some observers that the Rainy Day Fund represents such a large proportion of the overall surplus, the fear being that the remaining "free" surplus will be inadequate to finance anticipated and unanticipated expenditure needs. Since the Rainy Day Fund is a statutory, rather than constitutional creation, this fear may be misplaced, as there is an inherent measure of legislative flexibility maintained to respond to critical fiscal situations. The Rainy Day Fund is currently capped at \$720 million, with any amounts that would otherwise be deposited there instead being directed to a new **Debt Retirement Fund** "to economically defease or retire long term debt obligations...." However, it is not anticipated that the Rainy Day Fund cap will be reached in FY 2002; therefore, the Debt Retirement Fund is unlikely to receive any deposits of excess revenue.
- ! **Tax and Fee Proposals** -- There are no tax or fee increases associated with the proposed budget. However, the FY 2002 revenue estimate for the Corporation Business Tax has built into it an assumption that \$100 million or more will be realized by enacting pending legislation (S-1962/A-3045 or similar) to minimize the use of certain tax avoidance mechanisms by limited liability companies and limited partnerships. In her FY 2002 budget message, former Governor Whitman also called for the enactment of two tax credit proposals, one for small businesses purchasing assistive technology devices for their disabled employees and one to provide incentives for builders and developers to locate their projects in designated "Smart Growth" areas. The former Governor also called for a first year corporate tax exemption for small business. The total value of these three proposals, should they be enacted, was estimated to be less than \$12 million in forgone revenue.
- ! **State Budget Cap** -- The proposed budget is \$71.2 million under the appropriations cap imposed pursuant to P.L.1990, c.94, the State Appropriations Limitation Act. The cap applies to the portion of the General Fund budget designated as Direct State Services, which is essentially the operational costs of the three branches of State government. In the FY 2002 budget, Direct State Services constitutes about 21 percent of overall recommended State spending. Permitted increases in capped appropriations are related to average growth in New Jersey per capita personal income over the most recent three-year period.
- ! **Major Budget Increases and Decreases** -- See the list on pages 4 to 8 of this report, which has been reproduced from the FY 2002 budget document.

Key Points (Cont'd)

- ! **Budget Relief through Cost Shifts** -- New Jersey is currently participating in a program, known as an **Intergovernmental Transfer**, that permits the State to maximize the amount of federal Medicaid reimbursement it can claim. New Jersey made its first claim for increased federal matching funds in the last quarter (April-June) of FY 2000; however, under current federal regulations, New Jersey and many other states will be effectively phased out of the program on September 30, 2002. In the Governor's FY 2002 budget, the availability of this federal money has enabled the State to reduce its own share of Medicaid costs for nursing homes, inpatient hospital care, managed care and prescription drugs by \$657 million. The budget relief provided by this cost shift is very real, but since these Medicaid costs have not gone away, several points are worth noting. First, the shift masks the real growth in State spending that will actually occur in FY 2002, which is considerably higher than a year-to-year comparison of budget figures would suggest. More importantly, the State will have to pick up these costs out of its own revenues in FY 2003 unless the federal Medicaid regulations governing this program are repealed or amended.

The other major area of budget relief through cost shifts is in the financing of the State pension systems. Due to legislated actuarial changes and the extremely favorable rate of return on the investment of pension assets since 1997, the State pension funds have "excess valuation assets" that have been applied to offset normal cost contributions that must be made every year. In FY 2002, it is estimated that more than \$650 million in employer pension contributions will be financed from the assets of the various State-administered retirement systems, rather than by direct appropriations.

- ! **Tobacco Manufacturer Payments** -- The State anticipates receiving about \$293 million in FY 2002 from the national tobacco manufacturers' agreement. A **Tobacco Settlement Fund** was created in the current Appropriation Act to receive the tobacco payments, and the proposed budget would continue that fund. In FY 2002, all of the tobacco receipts would be displayed "on budget" for the first time; that is, the entire \$293 million the State is expected to receive will be transferred from the Tobacco Settlement Fund to the General State Fund as budgeted revenue and appropriations tied to the tobacco money would also be made from the General Fund. By contrast, only a portion of the tobacco payments were transferred to the General Fund in FY 2001. The remainder was appropriated "off budget" directly out of the Tobacco Settlement Fund. Some of those funds remain unspent and are likely to be available to support State programs in FY 2002, such as the State's contribution to the Health Care Subsidy Fund (hospital charity care) and a "Senior Gold" prescription drug program.

The proposed expenditure of tobacco settlement funds can be found on pages F-7 to F-8 in the budget document, in the so-called General Provisions section that follows the itemized budget recommendations.

- ! **State Employees** -- The FY 2002 budget calls for the creation of 1,051 new positions, the bulk of which are in the Departments of Corrections, Human Services, Health and Senior Services and the Division of State Police and Juvenile Justice Commission. These positions are discussed in more detail in the Office of Legislative Services departmental budget analyses. The *Budget in Brief* points out that a managed attrition (i.e., partial replacement) program planned for FY 2002 should limit the net growth in the employee work force to about 450. As of mid-February, 2001, the number of full-time paid State employees (excluding former county court employees) was 64,788, almost 1,850 higher than one year ago, and the highest overall level since June 1994.

SUMMARIES OF APPROPRIATIONS

SUMMARY OF APPROPRIATIONS MAJOR INCREASES AND DECREASES

This table summarizes the major increases and decreases in the fiscal 2002 Budget, defined as a change of \$2 million or more. Information is organized by category.

Categories of appropriations are defined as follows:

State Operations consists of programs and services operated directly by the State government. The largest single component is for the salary and benefits of State employees. This portion of the budget is subject to the spending limitations imposed by the Cap Law.

Grants-in-Aid appropriations are for programs and services provided to the public on behalf of the State by a third party provider, or grants made directly to individuals based on assorted program eligibility criteria. The Medicaid program, the Tuition Assistance Grant Program, Homestead Rebates, payments for State inmates housed in county jails, public transportation aid, and funding for State Colleges and Universities fall into this category.

State Aid consists of payments to or on behalf of counties, municipalities, and school districts to assist them in carrying out their local responsibilities. In addition to School aid, this category of expenditure includes the Consolidated Municipal Property Tax Relief program; the Municipal Block Grant program, and other forms of municipal aid. It also includes funding for county colleges, local public assistance and county psychiatric hospital costs.

Debt Service payments represent the interest and principal on capital projects funded through the sale of general obligation bonds.

Capital Construction represents pay-as-you-go allocations for construction and other infrastructure items.

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	Increases	Decreases	Net Change
State Operations			
Contractual Salary Increases	\$ 100.2		
Employee Benefits	40.4		
Employer Taxes and Fringe	14.8		
Property Rentals	14.8		
Operating Costs - New Beds in Corrections and Juvenile Justice Commission	10.9		
Automated Parole and Case Tracking System	9.8		
Integrated Financial and Administrative Suite Project (IFAAS)	9.0		
Shift of Salary Costs from the Transportation Trust Fund	7.9		
Watershed Management - CBT Dedication	4.5		
Drug Court Pilot Expansion	4.3		
Narcotic Detectives/Patrol Supervisors Expansion	4.0		
N.C.I.C. 2000 Program Costs	3.9		
Office of Construction Services	3.5		
Watershed Management - Safe Drinking Water Fund	3.3		
Gubernatorial Public Finance Program (GEF)	3.1		
Corrections - Case Management/Discharge Planning	3.0		
Enterprise License Agreements	3.0		
Utilities Expense	2.9		
DYFS District Office Hiring	2.5		
Other (Net)	54.5		
Subtotal State Operations Increases	\$ 300.3		

SUMMARIES OF APPROPRIATIONS

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Debt Service on Pension Bonds		\$ (27.7)	
Custody and Non-Custody Overtime Savings in Corrections		(22.9)	
Debt Collection, IT, and Revenue Management System Non-recurring Costs		(15.7)	
Managed Attrition Program for FY 2002		(13.8)	
Enhanced Inspection and Maintenance Non-recurring Costs		(13.0)	
IT Equipment Upgrades		(8.0)	
Graduated Drivers License (GDL)		(7.6)	
Workers' Compensation and Tort Claims Payments Non-recurring Costs		(5.0)	
Reduction of Gateway/Corridor Enhanced Maintenance Program		(3.2)	
FY 2001 Fleet Renewal Management Program Non-recurring Costs		(2.9)	
Pensions		(2.8)	
Ten-Year Drivers License (DDL)		(2.7)	
Revenue Management System Non-recurring Costs		(2.5)	
Other (Net)		(30.6)	
<i>Subtotal State Operations Decreases</i>		<u>\$ (158.5)</u>	
<i>Net Change (State Operations)</i>			<u>\$ 141.8</u>
Grants-in-Aid			
NJ SAVER Program	\$ 270.7		
Medicaid Growth	103.0		
NJ FamilyCare Growth and Expansion	116.0		
Pharmaceutical Assistance for the Aged/Drugs (PAA/D)	54.9		
Solid Waste Management - County Environmental Investment Debt Service Aid	54.0		
TANF Abbott Expansion	53.0		
Senior Gold	50.0		
Nursing Home Growth	42.5		
NJ Transit Operating Increases	41.9		
Cost of Living Adjustment/Direct Care Salary Supplement	40.1		
Health Care Subsidy Fund Payments	37.9		
Community Services Waiting List - FY2001 and FY 2002	34.7		
Contractual Salary Increases - Higher Education	29.5		
Earned Income Tax Credit - Program Growth	25.0		
Employee Benefits - Higher Education	24.8		
Higher Education Capital Improvement Program	24.7		
Higher Education - Base Adjustment and Performance Funding	21.8		
NJT Leases for Buses and Newark Penn Station	18.2		
Increase Medicaid Physician Reimbursement Fees	17.5		
New Jersey Fund for Technology Innovation	15.0		
Community Transition Initiative - FY 2001 and FY2002	13.0		
Greystone Transition Funding	12.0		
Higher Education - Business and Industry Partnership Fund	10.0		
Cancer Institute of New Jersey	10.0		
Teacher Preparation	10.0		
Urban Area Industrial Reuse Incentive Fund, EDA	10.0		
Children's System of Care Initiative	8.7		
Land Preservation	8.0		

SUMMARIES OF APPROPRIATIONS

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	Increases	Decreases	Net Change
Homestead Property Tax Rebates for Homeowners and Tenants	8.0		
Medical Day Care Growth	7.8		
Liberty Science Center Debt Service	7.7		
Shift of Salary Costs from the Transportation Trust Fund	7.1		
Tuition Aid Grants (TAG)	6.4		
Dormitory Safety Trust Fund	6.1		
Urban Coordinating Council Neighborhood Grants Program	6.0		
Excellence in High-Technology Workforce	5.0		
Teacher Recruitment	5.0		
Division of Criminal Justice - Municipal Mobile Video Recording	2.9		
Increase Personal Care Assistance (PCA) Rates	2.8		
Alternatives to Incarceration - Planning Grants	2.1		
Community Supports to Allow Discharge from Nursing Homes	2.0		
Other (Net)	11.9		
<i>Subtotal Grants-in-Aid Increases</i>	\$ 1,237.8		
Shift Costs to Federal Funds		\$ (407.0)	
Community Affairs Non-recurring Grants		(54.5)	
County/Administrative Federal Enhancements		(40.2)	
Energy Assistance		(23.0)	
County Jail - Decreased Population		(21.3)	
Economic Development Authority Initiatives		(20.0)	
Racing Commission Non-recurring Costs		(18.0)	
Health - Non-recurring Grants		(15.2)	
Medicaid/PAAD Pharmacy Reform		(9.5)	
Deferred Medicaid/PAAD Savings		(8.2)	
Treasury - Non-recurring Grants		(6.0)	
State - Non-recurring Grants		(5.0)	
Biomedical and Other High-Technology Research		(5.0)	
Revenue Development Initiatives		(4.2)	
Third Party Liability (TPL) Initiatives		(4.0)	
Work First Enhanced Federal		(4.0)	
Cranford Township Flood Control Non-recurring Costs		(3.3)	
Human Services - Non-recurring Grants		(2.8)	
Airport Acquisition Projects Non-recurring Costs		(2.5)	
NJ Health ACCESS Transition to FamilyCare		(2.0)	
Cyberdistricts		(2.0)	
Rutgers Athletic Complex		(2.0)	
Other (Net)		(7.4)	
<i>Subtotal Grants-in-Aid Decreases</i>		\$ (667.1)	
<i>Net Change (Grants-in-Aid)</i>			\$ 570.6

SUMMARIES OF APPROPRIATIONS

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
State Aid			
CEIFA Formula Mandatory Growth (School Aid)	\$ 383.2		
Teacher Post Retirement Medical, Debt Service, and Social Security	111.5		
Abbott Supplemental Programs	74.7		
School Construction and Renovation Fund	52.1		
Special Municipal Aid Act	47.0		
CMPTRA Inflation Adjustment	30.8		
State Reimbursement for Veterans' Property Tax Exemptions	18.0		
County College Operating Aid	12.0		
Teacher Quality Mentoring	12.0		
Regional Efficiency Aid	8.3		
Recycling Grants	5.5		
Extraordinary Special Education Costs	5.0		
Debt Service on Pension Obligation Bonds	4.8		
Police and Firemen's Retirement System, Health Benefits	4.7		
Education - Other State Aid	3.2		
Debt Service for the Public Library Project Fund	3.1		
Replacement of Punch Card Voting Machines	3.0		
Other (Net)	<u>8.2</u>		
Subtotal State Aid Increases	\$ 787.1		
Solid Waste Management - County Environmental Investment Debt Service Aid		(33.0)	
Business Personal Property Tax Depreciation Adjustment		(20.8)	
South Jersey Port Corporation Property Tax Reserve Fund		(4.0)	
Reimbursement to Municipalities - Senior and Disabled Citizens' Tax Exemptions		(3.3)	
N.C.I.C. 2000 - Final Phase		(2.6)	
State - Non-recurring Grants		(2.0)	
Others (Net)		<u>(7.0)</u>	
Subtotal State Aid Decreases		\$ (72.7)	
Net Change (State Aid)			<u>\$ 714.4</u>
Capital Construction			
Design of New Health Lab and Lab Equipment	\$ 12.0		
State Lands Stewardship	11.3		
Rutgers Biotech/Genetics and Biomaterials Buildings and Athletic Facilities	10.5		
Dam Repairs	10.0		
Transportation Trust Fund	8.1		
DMV Inspection Station and Customer Service Facilities Improvements	7.5		
NJN Digital Transmission Conversion and Satellite Receiving System	5.4		
Statewide ADA, Open Space, Storage Tanks, and HAZMAT Mitigation	3.5		
IT Network Infrastructure	2.4		
HR 6 Flood Control Projects	<u>2.0</u>		
Subtotal Capital Construction Increases	\$ 72.7		

SUMMARIES OF APPROPRIATIONS

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	Increases	Decreases	Net Change
Corrections Bedspace Expansion Projects		\$ (16.0)	
State Police and Juvenile Justice Commission Projects		(15.6)	
Human Services Projects		(9.5)	
Senior Public Institution Capital Projects		(7.0)	
Vineland Veterans' Home and Other Armory Projects		(6.5)	
New Jersey Environmental Management System		(5.0)	
OIT Projects		(4.2)	
South Jersey Port Corporation Pier Renovations		(4.1)	
On-Line State Portal		(3.5)	
Land Acquisition for Montclair State University		(3.5)	
Other (Net)		(4.5)	
<i>Subtotal Capital Construction Decreases</i>		\$ (79.4)	
<i>Net Change (Capital Construction)</i>			\$ (6.7)
Debt Service (Decrease)		\$ (0.6)	\$ (0.6)
GRAND TOTALS	\$ 2,397.9	\$ (978.4)	\$ 1,419.6

DEPARTMENTAL SUMMARIES

AND

KEY POINTS

DEPARTMENT OF AGRICULTURE

Budget Pages.....C-8; C-16; C-20 to C-21; D-19 to D-28

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$44,513	\$24,024	\$24,788	3.2%
Federal Funds	168,110	234,800	234,800	0.0%
<u>Other</u>	<u>8,857</u>	<u>8,828</u>	<u>8,833</u>	<u>0.1%</u>
Grand Total	\$221,480	\$267,652	\$268,421	0.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	145	161	180	11.8%
Federal	39	43	48	11.6%
<u>Other</u>	<u>59</u>	<u>47</u>	<u>52</u>	<u>10.6%</u>
Total Positions	243	251	280	11.6%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The primary mission of the Department of Agriculture (DOA) is to ensure the continued viability of New Jersey's agricultural environment and its related industries. The department's regulatory functions and operating programs provide services that support the following objectives: preserving up to 500,000 acres of farmland by the year 2010; 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; promoting agricultural education and training programs; and distributing federally donated food commodities and cash reimbursements for child and adult nutrition programs.

Key Points

- ! The total General Fund appropriation recommended for the department is \$24.8 million, a net increase of \$764,000 or 3 percent over the current adjusted funding level.
- ! Of the General Fund appropriation, \$11.2 million is recommended for **Direct State Services** (DSS), an increase of \$244,000 or 2 percent above the current adjusted appropriation level. Significant changes in the DSS budget are as follows:
 - ! A new Special Purpose appropriation of \$183,000 is recommended for three additional staff to expand testing and research on horses that may be affected by mosquitos carrying the West Nile virus.
 - ! The State Agriculture Development Committee (SADC), which administers the Farmland Preservation Program and related activities, is recommended to receive an additional \$250,000 to hire five more staff to meet expanding program responsibilities.
 - ! The SADC is recommended to receive \$95,000 to pay the expenses of an additional Deputy Attorney General for legal services associated with farmland assessment activity.
 - ! Two Special Purpose appropriations included in the current budget by the Legislature, \$160,000 for the Organic Certification Program and \$50,000 for Farmers Against Hunger, are not continued in FY 2002.
 - ! Of the department's total General Fund appropriation, \$4.0 million is recommended for **Grants-In-Aid** programs, an increase of \$620,000 or 19 percent over the current funding level. Significant changes in the Grants-In-Aid budget are as follows:
 - ! A new \$500,000 initiative, the Farmland Stewardship Program, is recommended to provide matching grants to farmers enrolled in the Farmland Preservation Program to help them improve the economic viability of their farm operations.
 - ! A new appropriation of \$250,000 is recommended to provide matching grants to County Agriculture Development Boards to help support administrative costs incurred under the Farmland Preservation Program.
 - ! The following Grants-In-Aid accounts, totaling \$130,000, were included in the current budget by the Legislature but are not continued in FY 2002: N.J. Fresh Feasibility Study; Hunterdon County 4-H and Agricultural Fair; Agricultural Fairs Association of N.J.; and N.J. Dairy Association Re-Engineering Initiative.
 - ! The **State Aid** portion of the General Fund appropriation is recommended at \$9.5 million, an increase of \$450,000 or 5 percent greater than the current funding level. The entire increase is recommended for the School Breakfast Program, which would raise its funding level to \$2.4 million in FY 2002.
 - ! The General Fund appropriation for **Capital Construction** funding consists of one recommended project: \$50,000 to replace a cooling tower at the Alampi Beneficial Insect Laboratory. This facility received \$150,000 in FY 2001 for related equipment replacement.
 - ! **Federal** funding is estimated at \$234.8 million, the same amount currently authorized. Most of these funds support the various child nutrition programs run by the department's Bureau of Child Nutrition Programs.

Key Points (Cont'd)

- ! The **All Other Funds** portion of the budget is estimated at \$8.8 million, the same amount estimated for FY 2001. No significant changes are indicated in any program areas.
- ! New budget language is recommended that appropriates up to \$75,000 in DSS funds to the Division of Plant Industry to complete a survey concerning the spread of the Plum Pox virus in the State's fruit trees.

DEPARTMENT OF BANKING AND INSURANCE

Budget Pages..... C-16, C-29, C-31, D-29 to D-35

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$59,516	\$63,256	\$63,313	0.1%
Federal Funds	0	0	0	—
<u>Other</u>	<u>28,269</u>	<u>37,630</u>	<u>37,630</u>	<u>0.0%</u>
Grand Total	\$87,785	\$100,886	\$100,943	0.1%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	467	493	544	10.3%
Federal	0	0	0	—
<u>Other</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0.0%</u>
Total Positions	472	498	549	10.2%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Banking and Insurance is primarily responsible for the State's 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, including the financial condition of health maintenance organizations, 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. The department is fully funded by the industries it regulates.

Key Points

- ! The department's recommended FY 2002 General Fund appropriation is \$63.3 million, representing an increase of 0.1 percent or \$57,000 over the FY 2001 adjusted appropriation. This increase reflects additional State support/funding for actuarial services, supervision and examination of financial institutions and financial examinations of health maintenance organizations (HMO's).
- ! For banking related functions, the Governor's FY 2002 budget recommends an overall decrease of \$240,000 due to a loss of banking revenues and the transfer of staff from the Division of Banking to the Division of Insurance. Of the \$240,000, \$140,000 represents the transfer of two employees from the Division of Banking to the Division of Insurance and \$100,000 represents the administrative savings associated with the Summit/Fleet bank merger.
- ! For insurance related functions, the Governor's FY 2002 budget includes an increase of \$297,000 to enhance Insurance operations. These enhancements include \$39,000 for a new position within the Division of Actuarial Services to accommodate the increased workload of the Health Bureau. The remaining \$258,000 appropriation represents funding for five additional positions for the Financial Examinations of State Chartered Banks and Insurance Companies, intended to eliminate the dependence on outside consultants and reduce the costs assumed by the insurance companies.
- ! A continued Special Purpose appropriation of \$600,000 for the Actuarial Services Unit, within the Division of Insurance, is recommended to support the revision of the current territorial rating plan, a part of the division's automobile insurance reform initiatives. The Automobile Insurance Territorial Rating Plan Advisory Commission, established within the division, is responsible for redrawing the 50-year-old territorial rating plan used to set automobile insurance premiums throughout the State.
- ! While appropriations for Insurance Fraud Prevention and Insurance Fraud Prosecution remain within the department, the fraud prevention investigator functions were shifted to the Department of Law and Public Safety in FY 1999 in an effort to provide more effective prosecution of insurance fraud related cases. These appropriations remain within the department's budget display because they are still funded through insurance industry assessments. However, all but \$2.2 million of the \$28.2 million appropriated for this purpose will be expended by the Department of Law and Public Safety. The \$2.2 million will be utilized to fund the Anti-Fraud Compliance Unit within the Department of Banking and Insurance.
- ! The recommended appropriation from "all other" funds is \$37.6 million, the same level as in FY 2001. Of that total, \$34.6 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-20; D-464 to D-471

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$42,363	\$58,443	\$57,828	(1.1)%
Federal Funds	0	0	0	—
<u>Other</u>	<u>1,462</u>	<u>2,405</u>	<u>2,405</u>	<u>0.0%</u>
Grand Total	\$43,825	\$60,848	\$60,233	(1.0)%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	126	131	136	3.8%
Federal	0	0	0	—
<u>Other</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>0.0%</u>
Total Positions	139	143	148	3.5%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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, the New Jersey Commerce and Economic Growth Commission was established "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 of 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 tables include funding and position data that are budgeted in the Department of Treasury but are organizationally more closely affiliated with the New Jersey Commerce and Economic Growth Commission. The table below breaks out the summary table on the previous page.

New Jersey Commerce and Economic Growth Commission and Related Economic Development Programs (\$000)			
	Expended FY 2000	Adjusted Appropriation FY 2001	Recommended FY 2002
New Jersey Commerce and Economic Growth Commission			
State Budgeted	\$16,665	\$21,676	\$21,036
Other	<u>1,462</u>	<u>2,405</u>	<u>2,405</u>
Subtotal	<u>\$18,127</u>	<u>\$24,081</u>	<u>\$23,441</u>
Economic Planning and Development			
State Budgeted	<u>\$6,738</u>	<u>\$12,205</u>	<u>\$12,230</u>
Subtotal	<u>\$6,738</u>	<u>\$12,205</u>	<u>\$12,230</u>
New Jersey Commission on Science and Technology			
State Budgeted	<u>\$18,960</u>	<u>\$24,562</u>	<u>\$24,562</u>
Subtotal	<u>\$18,960</u>	<u>\$24,562</u>	<u>\$24,562</u>
Grand Total	\$43,825	\$60,848	\$60,233

Introduction (Cont'd)

Included in this analysis are appropriations made to the following programs which appear on pages D-464 to D-471 in the Department of Treasury.

New Jersey Commerce and Economic Growth Commission - \$23.4 million

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

Economic Planning and Development - \$12.2 million

- Motion Picture and Television Development Commission
- New Jersey Economic Development Authority

New Jersey Commission on Science and Technology - \$24.6 million

- Research and Development programs
- Business Assistance
- New Specialized Incubators
- Technology Transfer Program

Key Points

NEW JERSEY COMMERCE AND ECONOMIC GROWTH COMMISSION

- ! The Governor's FY 2001 Budget recommends State funding of \$21.0 million for the New Jersey Commerce and Economic Growth Commission, a 3 percent decrease in total funds available over the prior fiscal year.
- ! Of the \$21.0 million in State funds recommended for the Commission, approximately \$20.5 million is a Direct State Services special purpose appropriation for the Commission's programs and \$550,000 is for the Prosperity New Jersey, Inc. Grants-In-Aid program. Prosperity New Jersey, Inc. is a public-private partnership designed to retain jobs and expand job opportunities in the State.
- ! The \$20.5 million recommended special purpose appropriation for the New Jersey Commerce and Economic Growth Commission is a \$275,000, or 1.3 percent, decrease over the FY 2001 adjusted appropriation. This decrease represents the elimination of \$200,000 for international trade expenses, although the Executive has indicated the International Trade Program will fund trade missions through receipts collected by participating New Jersey businesses. A \$75,000 one time appropriation is eliminated for the New Jersey Business Resource Center development costs. According to the Executive, the New Jersey Business Resource Center is scheduled to receive the necessary funding for upgrades to the network infrastructure from the Office of Information Technology.
- ! A Grants-In-Aid reduction of \$365,000 reflects the elimination of legislative initiatives that are not continued.

Key Points (Cont'd)

- ! Although the Commission's budget is displayed as a single special purpose line, budget language directs the expenditure of \$17.2 million. Of the recommended \$20.5 million, no less than the following amounts are allocated for the programs listed: Office of Sustainability (\$550,000); Advertising and Promotion (\$8.5 million); Business Retention, Expansion and Attraction (\$3 million); Travel and Tourism Cooperative Marketing Program (\$1.9 million); business marketing campaign coordinated with Prosperity New Jersey, Inc. (\$2 million); Community Development Bank (\$1 million); Business Information - Call Management Center (\$25,000); New Jersey Israel Commission (\$130,000); Promotion of Agricultural Exports (\$150,000).
- ! The Governor's Budget recommends new budget language that would transfer \$9.5 million (page F-8) from certain Urban Enterprise Zone municipal accounts (including Bridgeton, \$630,185; Camden, \$637,659; Millville, \$409,858; Newark, \$3,976,276; Plainfield, \$928,227; Trenton, \$1,383,945; Vineland, \$1,612,867) to the General Fund. According to the Executive, these accounts were "over-reimbursed" under a prior language provision which entitled certain municipalities to be made whole for amounts transferred from the UEZ assistance fund to the General Fund as State revenue in FY 1995.
- ! The Governor's Budget recommends the transfer of interest earned in FY 2002 on balances in the Urban Enterprise Zone Assistance Fund to support the following programs as a "first" source of revenue: Urban Coordinating Council, \$6,000,000; Safe and Secure Neighborhoods, \$3,600,000; Municipal Mobile Video Recorders, \$2,917,000; Local Unit Budget and Accounting Reporting System, \$1,500,000; Playground Safety, \$1,000,000. The assistance fund, which is comprised of individual UEZ municipal accounts, is estimated to earn approximately \$12.1 million in investment earnings in FY 2002.

ECONOMIC PLANNING AND DEVELOPMENT

- ! Funding of \$430,000 is recommended for the Motion Picture and Television Development Commission, a \$25,000 or 6.2 percent increase. The increase in the Commission's budget is intended to update the program's computer database and hire additional part-time staff in order to expand its promotional efforts.
- ! The Governor's Budget recommends continuation funding of \$4.3 million for the Brownfield Site Reimbursement Fund, although the FY 2001 supplemental appropriation has yet to be enacted. The purpose of this fund is to reimburse certain developers for the costs of remediation.

NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY

- ! Continuation funding of \$24.6 million is recommended for the New Jersey Commission on Science and Technology. Of the total recommended appropriation, \$657,000 is for the administrative expenses of the Commission and \$23.9 million is recommended for Grants-In-Aid.

DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-8; C-16; C-21; C-27; D-37 to D-85

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,112,932	\$1,044,344	\$1,096,943	5.0%
Federal Funds	215,030	188,819	203,507	7.8%
<u>Other</u>	<u>1,974</u>	<u>35,387</u>	<u>35,390</u>	<u>0.0%</u>
Grand Total	\$1,329,936	\$1,268,550	\$1,335,840	5.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	628	678	744	9.7%
Federal	249	258	282	9.3%
<u>Other</u>	<u>94</u>	<u>82</u>	<u>90</u>	<u>9.8%</u>
Total Positions	971	1,018	1,116	9.6%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

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

The DCA provides housing assistance, local government financial assistance and oversight, and services to the disadvantaged and sets building safety 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 DCA is \$38.2 million, \$2,588,000 more than the FY 2001 adjusted appropriation. According to the DCA's Budget Request, the increase includes \$1,500,000 to finance the acquisition costs of the new Local Unit Budget Approval and Reporting System (LUBARS), \$300,000 to fund a local school contracting oversight and assistance effort, and \$250,000 to underwrite a new community development institute.
- ! DCA's combined State Aid funding for municipalities from both the General Fund and the Property Tax Relief Fund is recommended to increase by \$99.5 million, from \$894.8 million in FY 2001 to \$994.3 million in FY 2002.

Included in the total \$99.5 million in increased funding are recommendations for the following purposes:

- \$43.9 million (5.6 percent) for Consolidated Municipal Property Tax Relief (COMPTR) that has two components. The first component is a \$30.8 million increase which the department reports as a 4.0 percent adjustment for inflation. The second component is \$13.1 million in State Aid targeted to municipalities with a decrease of 1.0 percent or more in total tax revenue due to recalculated values of personal property owned by Verizon (formerly Bell Atlantic);
 - \$47.0 million for Special Municipal Aid to augment funding for eight urban municipalities that have severe fiscal problems and structural budget deficits that could not be resolved without additional State funds. Budget language indicates that the amount appropriated for Special Municipal Aid has been reduced to reflect savings attributable to Special Municipal Aid recipient municipalities from pending legislation that would reduce their PFRS contributions. The budget language recommends the appropriation of additional sums as may be required in the event that this legislation is not approved. The department indicates the additional appropriation would be approximately \$21.0 million;
 - \$8.3 million (49.5 percent) for the Regional Efficiency Aid Program. The increase is requested to meet the anticipated growth in direct property tax credits to be paid to residential property taxpayers as a result of their local governments having entered into shared service agreements; and
 - \$233,000 (45.9 percent) to provide full funding for county prosecutors' salary increases pursuant to P.L.1996, c.99 and P.L.1999, c.380, to be consistent with State mandate/State pay principles.
- ! The Budget recommends that the Legislative Initiative Municipal Block Grant program (PTRF) be funded at \$33.8 million in FY 2002, the same as the FY 2001 adjusted appropriation. Pending legislation proposes to increase the amount of State Aid payable under this program from \$33.8 million to a minimum of \$133.0 million by FY 2004.
 - ! In addition to the \$831.6 million recommended for Consolidated Municipal Property Tax Relief Aid, a general language provision recommends an appropriation of up to \$3,565,000 to be allocated consistent with the applicable requirements contained in the State Aid - Property Tax Relief section of the Budget for municipalities which have experienced a loss in business personal property tax revenues due to recalculated values of personal property

Key Points (Cont'd)

owned by Verizon (formerly Bell Atlantic).

- ! A net \$49.4 million decrease (43.4 percent) in FY 2002 total Grants-In-Aid is recommended. The net decrease results from the difference between: one recommended net \$3.0 million increase for Special Urban Services; a reduction of funding for three divisions and one office totaling \$15.8 million and the elimination of funding for programs totaling \$36.6 million.

New net funding is recommended for Special Urban Services:

- \$6.0 million for Special Urban Services in new funding is recommended to establish the Urban Coordinating Council (UCC) Neighborhood Grants program to be allocated by the UCC to the targeted programs and the agencies that oversee them including: the Police Community Partnerships Program (Law and Public Safety); the School Based Youth Services Program (Human Services); and programs providing mental health and substance abuse services to individuals released from incarceration to the community (Corrections); and
- \$3.0 million would be eliminated for the New Jersey Redevelopment Authority - Mercer County Projects which was a Legislative initiative.

Decreases in total Grants-In-Aid funding are recommended reductions for three divisions and one office totaling \$15.8 million:

- \$11.9 million in net reduction for the Division of Housing and Community Resources is comprised of \$12.9 million due to the elimination of 174 Legislative initiative grants for local governments and non-profit agencies and a new \$1.0 million program for playground safety;
- The entire \$2.0 million for the Division of Administration's cyberdistrict development grants is eliminated;
- \$1.6 million in reduced funding for the Division on Women attributable to the reductions in programs for rape prevention and displaced homemaker centers and the elimination of 12 other Legislative initiative grants for the Division of Women; and
- \$300,000 in reduced funding for the Office of State Planning due to the elimination of the Highlands Regional Planning grants which was a Legislative initiative.

Total Grants-In-Aid would be further reduced because of the elimination of:

- \$36.6 million in funding for 275 local government grants that were added by the Legislature in FY 2001.

- ! The FY 2002 recommended budget anticipates a Federal funds increase of \$14.7 million, (7.8 percent), over the FY 2001 adjusted amount of \$188.8 million. The increase is principally attributable to a projected growth of \$15.0 million in the Section 8 Rental Assistance program, which will permit between 1,500 and 2,000 additional households to be assisted by the department's Division of Housing and Community Resources. Offsetting this increase is a decrease of \$211,000 (-1.9 percent) in the Small Cities Block Grant program and a decrease of \$254,000 (-3.4 percent) in the Home Investment Partnerships

Key Points (Cont'd)

- program, due to a recalculated formula entitlement.
- ! FY 2002 Budget language recommends the appropriation of \$18.0 million for economic revitalization projects in the City of Camden pending the approval of P.L. , (now pending before the Legislature as A 2853) that is intended to promote the rapid revitalization of municipalities experiencing severe financial distress, in part by requiring the State to make available additional funds and incentives to attract new business investment into the municipality.
 - ! A general fund language provision recommends transferring to the General Fund as State revenue an amount up to \$4.0 million from the Housing Assistance Fund bond reserve account established under P.L.1968, c.127, to the extent that it includes monies other than bond proceeds initially deposited into the Housing Assistance Fund bond reserve account.
 - ! A general fund language provision recommends that interest earned in FY 2002 on balances in the Enterprise Zone Assistance Fund be used to fund \$8.5 million for the following DCA programs: Urban Coordinating Council (\$6.0 million); Local Unit Budget and Accounting Reporting Systems (\$1.5 million); and Playground Safety (\$1.0 million).

DEPARTMENT OF CORRECTIONS

Budget Pages..... C-8, C-13, C-16, C-21, C-27, D-87
to D-128, G-1 to G-2

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$902,732	\$986,175	\$955,287	(3.1)%
Federal Funds	30,060	16,321	13,800	(15.4)%
<u>Other</u>	<u>56,301</u>	<u>54,063</u>	<u>50,293</u>	<u>(7.0)%</u>
Grand Total	\$989,093	\$1,056,559	\$1,019,380	(3.5)%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	8,978	9,298	10,052	8.1%
Federal	34	34	50	47.1%
<u>Other</u>	<u>457</u>	<u>430</u>	<u>462</u>	<u>7.4%</u>
Total Positions	9,469	9,762	10,564	8.2%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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 Office of Parole and Community Programs is responsible for supervising parolees in the community and those released to 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, operates independently of the Department of Corrections, but is included in the department's budget for organizational purposes.

Key Points

- ! As of January 31, 2001, there were 28,280 State sentenced inmates housed in State and county correctional facilities and halfway house placements. The department estimates that 40 more inmates will enter the State's prison system each month than will leave it during FY 2001. This represents a dramatic decrease in the growth of State sentenced prison inmates. Over the past several years, the net increase in number of inmates entering the correctional system totaled 125 inmates per month.
- ! According to the FY 2002 budget evaluation data, with an average projected population level of 23,688 inmates, the State prisons are expected to operate at 134 percent of their rated capacity of 17,618 bed spaces in FY 2002. The excess population is accommodated primarily through double bunking at various institutions and the conversion of other facility operating space to inmate bed spaces.

DIRECT STATE SERVICES

- ! The department's FY 2002 Direct State Services recommendation totals \$789.4 million, \$1 million or 0.1 percent more than the FY 2001 adjusted appropriation of \$788.4 million.
- ! A net savings of \$22.9 million is expected due to the implementation of a two-year staffing study conducted by the National Institute of Corrections. The FY 2002 recommendation provides for the addition of 296 staff members in order to maximize the department's operations. Of this number, 211 are custody staff positions and 85 are civilian positions. According to the Budget In Brief, this increase in staffing is expected to save a projected \$35 million in overtime costs (Budget In Brief page 102) for a net savings of \$22.9 million.
- ! The Integrated Information Systems Development program is recommended to receive \$17.6 million in FY 2002, a \$10.2 million increase over the FY 2001 appropriation. The increased funding would permit the expansion of the Offender Based Correctional Information System (OBCIS), which currently tracks an inmate upon entry into and movement throughout the entire correctional system, to include information about parolees including residence, supervision status, and indication if an active parole warrant is on file and with which agency it has been filed. It would also permit all parole officers to download/upload case data on laptop computers.
- ! The FY 2002 budget includes a \$19.6 million recommendation for additional mental health treatment services for inmates, an increase of \$1.8 million over the FY 2001 appropriation. In response to ongoing litigation, the department has developed a comprehensive plan to address the mental health needs of inmates under its jurisdiction.

Key Points (Cont'd)

- ! The sum of \$7.4 million is recommended in FY 2002 to provide funding for a 150-bed annex to the Civilly Committed Sexual Offender facility at Rahway Camp, a satellite facility of East Jersey State Prison. Prior to December, 2000, the department housed approximately 150 general population inmates at Rahway Camp. Effective January 2001, these inmates were relocated to comparable custody settings within the department and the Rahway Camp began operating as an annex to the Civilly Committed Sex Offender Facility in Kearny. The facility has a capacity of 150 beds, and are in addition to the 150 beds currently in use at the Kearny unit. Both the Kearny Unit and Rahway Camp are operated under the jurisdiction of the Adult Diagnostic and Treatment Center, Avenel. As of March 15, 2001, 145 of the 300 total available civilly committed sex offender bed spaces were filled.
- ! A new appropriation of \$4 million is recommended for Southern State Correctional Facility to provide partial-year funding for the operation of the new 352-bed minimum security facility. The facility, which received \$11.1 million in Federal Violent Offender Incarceration/Truth in Sentencing (VOI/TIS) funding, is expected to begin accepting inmates in mid-FY 2002. Funding would support 161 new positions.
- ! A new appropriation of \$3 million is recommended in FY 2002 for a program of release notification. Funding would support 54 positions throughout the department and would establish an intake processing system at each institution, provide a formal discharge planning system for the pre-release review of all offenders scheduled for release, and develop a structured release processing and notification system for all institutional releases with particular emphasis on sex offenders.
- ! The FY 2002 recommendation includes a new appropriation of \$1.225 million for an additional 15 Institutional Parole Counselor positions to process caseloads, track and monitor each case, determine parole eligibility and complete other pre-parole related case management functions.
- ! The FY 2002 recommendation includes a new appropriation of \$3 million for the operating costs of the new 180-bed expansion of the Stabilization Reintegration facility on the grounds of the New Lisbon Development Center and funded under the Albert C. Wagner Correctional Facility budget. The department received \$10.7 million in capital funding in FY 2001 for the construction of these bed spaces, increasing the total capacity to 300 beds.
- ! An appropriation of \$164,000 is recommended in FY 2002 to permit the department to expand its canine unit from 6 to 10 staff members. The additional funding would provide for one new canine patrol to be established at each of two prisons, Bayside State Prison and the Vroom Central Reception and Assignment Facility.

GRANTS-IN-AID

- ! Grants-in-Aid funding is recommended to decrease from \$165.0 million in FY 2001 to \$143.7 million in FY 2002, a 12.9 percent reduction. The entire reduction of \$21.3 million is in the Purchase of Services for Inmates Incarcerated in County Penal Facilities account due to a reduction in the number of State sentenced inmates in the county prisons from 3,737 in FY 2001 to 3,271 in FY 2002.

Key Points (Cont'd)

CAPITAL PROJECTS

- ! The FY 2002 budget recommendation includes \$22.2 million for capital projects, a decrease of \$10.5 million below the FY 2001 level of \$32.7 million. Proposed work includes data processing upgrades, water treatment plant upgrade, fire safety code compliance, roof repair and replacement, deferred maintenance and critical repairs.

- ! A recommendation of \$6 million is included in the Interdepartmental Accounts portion of the FY 2002 budget to provide the first year of debt service for the construction of the permanent civilly committed sex offender facility.

DEPARTMENT OF EDUCATION

Budget Pages..... C-16 to C-17; C-21 to C-22; C-27;
C-29; C-31; D-129 to D-160

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$6,192,922	\$6,752,919	\$7,335,430	8.6%
Federal Funds	444,988	542,919	638,811	17.7%
<u>Other</u>	<u>16,579</u>	<u>18,770</u>	<u>18,970</u>	<u>1.1%</u>
Grand Total	\$6,654,489	\$7,314,608	\$7,993,211	9.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	434	466	592	27.0%
Federal	236	240	295	22.9%
<u>Other</u>	<u>183</u>	<u>188</u>	<u>218</u>	<u>16.0%</u>
Total Positions	853	894	1,105	23.6%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Education is responsible for the governance of the public schools, the system under which instruction will be provided to close to 1.4 million students in FY 2002. The department's responsibilities include allocating \$6.4 billion in State school aid to local districts in FY 2002, exclusive of pension and social security costs paid by the State on behalf of teaching staff members. Under the "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), the Department of Education is responsible for the development of a framework of educational guidelines, the Core Curriculum Content Standards, that define what constitutes a thorough and efficient education. Using these guidelines and the funding provisions of CEIFA, the department is responsible for calculating each year the amount that each district is required to spend to provide a thorough and efficient education for the students in its district (the district's T and E budget), and to calculate the amount of aid the State will provide to each district and distribute that

Introduction (Cont'd)

aid, calculate the amount of the T and E budget that has to be raised by a local tax levy, and oversee local district operations including a review and audit of local district budgets.

Key Points

- ! The total recommended FY 2002 budget for the department (excluding federal and other funds) is \$7.335 billion, an increase of \$582 million (8.6 percent) over the FY 2001 adjusted appropriation of \$6.753 billion.
- ! State aid payments (including Grants-In-Aid, Pension and Social Security Payments) totaling \$7.269 billion are recommended for the FY 2002 budget, an increase of \$585 million (8.8 percent) over the FY 2001 adjusted appropriation of \$6.684 billion.
- ! General formula aid recommended for the FY 2002 budget totals \$4.453 billion, an increase of \$318 million (7.7 percent) over the FY 2001 adjusted appropriation of \$4.135 billion. The increase is the result of two factors: 1) the implementation in the 2001-2002 school year of the increased per pupil amounts for various aid programs recommended to the Legislature in the March 2000 *Biennial Report on the Cost of Providing a Thorough and Efficient Education*; and 2) an increase in the core curriculum standards aid, which, under CEIFA, is to change from the prior year by the sum of the percent change in the Consumer Price Index and the percent change in resident enrollment as projected by the commissioner. The following items are among those in the general formula aid recommendations.

Core Curriculum Standards Aid recommended for the FY 2002 budget totals \$3.078 billion, an increase of \$135 million (4.6 percent) over the FY 2001 adjusted appropriation of \$2.943 billion.

Abbott v. Burke Parity Remedy Aid recommended for the FY 2002 budget totals \$439.8 million, an increase of \$103.9 million (30.9 percent) over the FY 2001 adjusted appropriation of \$335.9 million.

Additional Abbott v. Burke Aid recommended for the FY 2002 budget totals \$248.7 million, an increase of \$74.7 million (42.9 percent) over the FY 2001 adjusted appropriation of \$174.0 million. This amount will be adjusted upward or downward, as necessary, to fulfill the responsibilities of the commissioner under the Abbott court order.

Supplemental Core Curriculum Standards Aid recommended for the FY 2002 budget totals \$253.2 million, an increase of \$43.6 million (20.8 percent) over the FY 2001 adjusted appropriation of \$209.6 million.

Aid for enrollment adjustments recommended for the FY 2002 budget totals \$13.5 million, a decrease of \$21.1 million (61 percent) from the FY 2001 adjusted appropriation of \$34.6 million.

Aid for various categories considered stabilization aid (Stabilization Aid, Large Efficient District Aid, County Special Services Tuition Stabilization Aid, Aid for Districts with High Senior Citizen Population, Regionalization Incentive Aid and Stabilization Aid 2) recommended for the FY 2002 budget totals \$144.2 million, a

Key Points (Cont'd)

decrease of \$21 million (12.7 percent) from the FY 2001 adjusted appropriation of \$165.2 million for similar aid categories.

A reduction in State aid of \$78.3 million based on the application of the Stabilization Growth Limit provision of CEIFA is recommended for the FY 2002 budget, representing an increase of \$10.2 million (15 percent) over the FY 2001 adjusted appropriation reduction of \$68.1 million.

- ! Special Education aid recommended for the FY 2002 budget totals \$895.5 million, an increase of \$135.2 million (17.8 percent) over the FY 2001 adjusted appropriation of \$760.3 million.
- ! Extraordinary Special Education Costs Aid recommended for the FY 2002 budget totals \$15.0 million, an increase of \$5.0 million (50 percent) over the FY 2001 adjusted appropriation of \$10.0 million.
- ! Non-public school aid recommended for the FY 2002 budget totals \$97.0 million, an increase of \$2.9 million (3.1 percent) over the FY 2001 adjusted appropriation of \$94.1 million.
- ! Total federal funds recommended for the department total \$638.8 million, a 17.7 percent increase over the \$542.9 million estimated for FY 2001. The major changes are an increase in special education aid of \$44.7 million (24.8%) and new federal funds of \$24.3 million for facilities planning and school building aid.
- ! Aid for districts based on concentrations of low-income pupils in the district or in schools within the district recommended for the FY 2002 budget totals \$542.2 million, an increase of \$18.5 million (3.5 percent) over the FY 2000 adjusted budget appropriation for the same aid categories of \$523.7 million. Aid in this category includes: Instructional Supplement (low-income pupil concentration in the district equal to or greater than 5 percent and less than 20 percent); Early Childhood Program Aid (low-income pupil concentrations in the district funded at two levels, a least 20 percent and less than 40 percent and equal to or greater than 40 percent); and Demonstrably Effective Program Aid (low-income pupil concentrations in schools within the district funded at two levels, at least 20 percent and less than 40 percent and equal to or greater than 40 percent).
- ! State Aid totaling \$904.0 million is recommended for the FY 2002 budget for teacher's health benefits, pension and social security payments on behalf of the teaching staff of local school districts, an increase of \$111.5 million (14.1 percent) over the FY 2001 adjusted appropriation of \$792.5 million.
- ! The recommended State aid appropriation for the FY 2002 budget for School Choice/Charter School Aid is \$6.8 million, representing a decrease of \$2.2 million (24.4 percent) from the FY 2000 adjusted appropriation of \$9.0 million .
- ! The recommended State aid appropriation for the FY 2002 budget for Charter Schools -- Council on Local Mandates Decision Offset Aid is \$6.0 million, representing no increase over the FY 2001 adjusted appropriation.
- ! The recommended appropriation for the FY 2001 budget for pupil transportation is \$302.1 million, an decrease of \$581,000 (.2 percent) from the FY 2001 adjusted appropriation of \$302.7 million.

Key Points (Cont'd)

- ! The total recommended budget for the Marie H. Katzenbach School for the Deaf for FY 2002 totals \$14.2 million, an decrease of \$564,000 (3.9 percent) from the FY 2001 adjusted appropriation of \$14.8 million. Funding for FY 2002 includes \$4.5 million in State funding (including capital construction), \$8.7 million in tuition from local districts and \$1.0 million in federal funds. Katzenbach's tuition for FY 2002 is recommended at \$27,249 for regular day students and \$33,475 for residential pupils. The recommended tuition represents a 4.5 percent increase over the FY 2001 revised tuition amounts. While the total estimated enrollment remains essentially the same as the revised enrollment for FY 2001, the mix of day and residential pupils is estimated to change for FY 2002, with an increase of 13 Day Pupils (9.4 percent) and a decrease of 14 Residential Pupils (14 percent).
- ! The recommended appropriation for the Statewide Assessment Program for the FY 2002 budget totals \$16.7 million, representing no change from the FY 2001 adjusted appropriation. This represents the first year under CEIFA that there is no recommended increase in the appropriation for the Statewide Assessment Program. Since the FY 97 adjusted appropriation of \$5.59 million, the appropriation for the Statewide Assessment Program has increased by \$11.1 million (198.5 percent).
- ! The Teacher Quality Mentoring program appropriation recommended for the FY 2002 budget totals \$14 million, an increase of \$12 million (600 percent) over the FY 2001 adjusted appropriation of \$2 million. In FY 2001, the Teacher Quality Mentoring Program operated as a pilot program. For FY 2002, the program is to be implemented Statewide.
- ! The Virtual Academy appropriation recommended for FY 2002 is \$1.0 million, an increase of \$500,000 (100 percent) over the adjusted FY 2001 appropriation of \$500,000. The additional funding of the Virtual Academy, a web-based program offering professional development activities for teachers, will add an assessment component to assist teachers in standardizing performance scoring of students.
- ! With the passage of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, the department received supplemental appropriations in FY 2001 of \$3.5 million, increasing the FY 2001 adjusted appropriation for Facilities Planning and School Building Aid to \$3.86 million. The recommended Direct State Services appropriation for Facilities Planning and School Building Aid for FY 2002 is \$2.8 million. The decrease eliminates one-time costs.

Of the recommended \$2.8 million appropriation, \$.74 million is for Salaries and Wages, an increase of \$.50 million (211.8 percent) over the FY 2001 adjusted appropriation for Salaries and Wages of \$.24 million.
- ! As required pursuant to section 64 of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, the recommended appropriation for apprenticeship programs registered by the federal Bureau of Apprenticeship and Training in the United States is \$3 million. This amount is to be appropriated annually from FY 2001 through FY 2005.
- ! Continued funding of \$1.8 million is not recommended for items added to the FY 2001 budget by the Legislature.
- ! The estimated public school resident enrollment for FY 2002 is 1.396 million, an increase of 34,031 (2.5 percent) over the FY 2001 revised enrollment of 1.361 million.

Key Points (Cont'd)

- ! The estimated FY 2002 average per pupil support (per local budgets, and State aid including core curriculum standards aid, debt service, transportation aid, all categorical aid, and pension/Social Security contribution) is \$11,668, an increase of \$278 (2.4 percent) over the FY 2001 revised average per pupil support of \$11,390.

The average local share of the estimated FY 2002 average per pupil support is \$6,190, an decrease of \$60 (1.0 percent) from the revised FY 2001 average local share amount of \$6,250.

The average State share of the estimated FY 2002 average per pupil support is \$5,233, an increase of \$332 (6.8 percent) over the revised FY 2001 average State share amount of \$4,901.

The average percent local share of the estimated FY2002 average per pupil support is 53.1%, a decrease of 1.8% (3.3 percent) from the revised FY 2001 average percent local share of 54.9%.

The average percent State share of the estimated FY 2002 average per pupil support is 44.8%, an increase of 1.8% (4.2 percent) over the revised FY 2001 average percent State share of 43%.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages.....C-9 to C-10; C-17; C-22 to C-23; C-27;
C-30; D-161 to D-193; E-9 to E-11

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$420,168	\$462,764	\$479,527	3.6%
Federal Funds	37,264	188,703	186,938	(0.9)%
<u>Other</u>	<u>25,862</u>	<u>41,468</u>	<u>38,916</u>	<u>(6.2)%</u>
Grand Total	\$483,294	\$692,935	\$705,381	1.8%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	2,962	3,087	3,373	9.3%
Federal	125	105	130	23.8%
<u>Other</u>	<u>71</u>	<u>78</u>	<u>77</u>	<u>(1.3)%</u>
Total Positions	3,158	3,270	3,580	9.5%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Environmental Protection (DEP) protects and manages the State's natural resources, fish and wildlife; preserves open space for recreation and conservation purposes; monitors the State's rivers, beaches and ocean waters; regulates air and water pollution, radiation, pesticides, 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 recommended General Fund appropriation is \$469.7 million, a net increase of \$16.5 million or 4 percent over the current adjusted funding level.
- ! The total Property Tax Relief Fund - State Aid recommendation for the department is \$9.8 million, an increase of \$300,000 or 3 percent above the current total. The entire increase is in the Payment in Lieu of Taxes program, which is recommended at \$7.4 million.
- ! The **Direct State Services** (DSS) portion of the recommended General Fund appropriation is \$220.5 million, an increase of \$7.8 million or 4 percent over the current adjusted appropriation. Key items or changes in the DSS budget are as follows:
 - ! A new Special Purpose appropriation of \$79,000 is recommended for Wildlife Monitoring to support the Division of Fish and Wildlife in monitoring signs of the West Nile virus in the State's wildlife population.
 - ! The Black Bear Response Team account is recommended at \$1.0 million, an increase of \$827,000, to provide more support for the Division of Fish and Wildlife's bear management activities.
 - ! The Dam Safety Program is recommended at \$1.3 million, an increase of \$930,000, to continue increasing staff size so that more dam inspections can be conducted to facilitate dam repair efforts. This increase also includes \$287,000 in administrative costs previously paid from bond funds.
 - ! In the Division of Science and Research, the recommendation for the Safe Drinking Water Fund account is \$1.3 million, an increase of \$800,000, to expand the monitoring and analysis of water resources for the watershed management program.
 - ! Two new Special Purpose appropriations, Action Now Projects-Constitutional Dedication and Action Now Projects-Safe Drinking Water Fund, are proposed at \$2.5 million each to support watershed quality improvement projects that would have an immediate impact on repairing impaired bodies of waters. The first line item would be supported by dedicated Corporation Business Tax (CBT) revenues, the latter line item by the cited Fund.
 - ! The CBT dedication for the Water Resources Monitoring and Planning account is recommended at \$7.9 million, an increase of \$2.0 million, to enhance support for planning and development activities in the State's 20 watershed management areas.
 - ! A new Special Purpose appropriation of \$850,000 is recommended for E-Government Software and Hardware Upgrades to expand and upgrade the department's on-line environmental information and government services computer systems.
- ! Of the General Fund appropriation, the **Grants-In-Aid** recommendation is \$8.9 million, a net increase of \$3.3 million or 60 percent over the current funding level, which includes the following key changes:
 - ! A new program, Land Preservation grants, is recommended at \$8.0 million to provide municipalities with funding to expeditiously purchase property (for open space purposes) that is at immediate risk of being developed.

Key Points (Cont'd)

- ! The recommended Grants-In-Aid budget does not continue \$486,000 in funding for various accounts that were included by the Legislature in the current budget.
- ! A Grants-In-Aid appropriation of \$3.3 million authorized under P.L. 2000, c.170 for Cranford Township Flood Control is not continued in FY 2002.
- ! The Statewide Community Forestry grants program recommendation is \$500,000, a decrease of \$400,000 from its current funding level.
- ! The recommended General Fund appropriation for **State Aid** funding, as detailed below, is \$18.1 million, an increase of \$7.2 million or 66 percent over the current level.
- ! Most of the State Aid increase is attributable to a \$5.0 million recommendation to continue the municipal recycling grants program for another year. This sum constitutes new State funding, as the current program is supported off-budget by the State Recycling Fund.
- ! Recommended State Aid funding for the Mosquito Control Commission is \$1.3 million, an increase of \$308,000, to provide more research support to county mosquito control agencies in analyzing and controlling the West Nile virus.
- ! The recommended State Aid budget for the Pinelands Commission is \$4.1 million, an increase of \$1.5 million, and consists mainly of two funding initiatives: \$475,000 for microfilming and overhead costs for its current and future offices, and \$798,000 for upgrades and expansion of its information technology systems.
- ! The recommended State Aid funding level for the Pinelands Development Credits program is \$20.0 million, the same amount it is now authorized to receive through budget language. Of the recommended sum, \$13.0 million would be appropriated through budget language.
- ! The **Capital Construction** portion of the recommended General Fund appropriation is \$116.2 million, a net increase of \$13.6 million or 13 percent above the current total. Major funding changes, by Statewide Program, are recommended as follows:
 - ! For Natural Resources Management, \$60.0 million is recommended, an increase of \$21.5 million or 56 percent over the current total. \$20.0 million is recommended for Parks Management, \$5.0 million for Fish and Wildlife, and \$35.0 million for Natural Resources Engineering, of which \$25.0 million is for shore protection projects and \$10.0 million for high hazard dam repairs.
 - ! Pursuant to recommended budget language that anticipates the enactment of enabling legislation, the \$25.0 million Capital funds recommendation for Parks Management and Fish and Game would be supported by revenues dedicated from the realty transfer tax.
 - ! The Capital funding recommendation for the Palisades Interstate Parks Commission is \$800,000, an increase of \$200,000 over the current funding total.
 - ! Under Site Remediation, \$46.3 million is recommended for programs supported by dedicated Corporation Business Tax (CBT) revenues, a decrease of \$5.5 million. Of this sum, the Hazardous Substance Discharge Remediation account would receive \$25.5 million and the Private Underground Tank Mitigation account would receive \$20.8 million.

Key Points (Cont'd)

- ! The recommended Capital appropriation for federally-matched, HR6 flood control projects is \$8.3 million, an increase of \$1.9 million over the current funding level.
- ! Capital funding recommended for the Mosquito Control Commission is \$810,000, an increase of \$560,000 over the current funding level. These funds will be used to further support the replacement of heavy equipment for county spraying and control programs.
- ! The **Debt Service** portion of the recommended General Fund appropriation, which covers payments for bond interest and redemption costs, is \$106.1 million, a decrease of \$15.4 million or 13 percent from the current year requirement.
- ! **Federal** funding is anticipated at \$186.9 million in FY 2002, a decrease of \$1.8 million or less than one percent under the current authorized total. No new major programs or significant funding changes in current programs are projected.
- ! The **All Other Funds** or off-budget portion of the budget is estimated at \$38.9 million, a net decrease of \$2.6 million or 6 percent below the current adjusted total. No new major programs or significant funding changes in current programs are anticipated.
- ! In the Interdepartmental Accounts budget (p. D-514), \$54.0 million is recommended for Solid Waste Management-County Environmental Investment Debt Service Aid, Economic Development Authority, a \$21.0 million increase over the current funding level. This recommendation anticipates, and is contingent upon, the enactment of legislation that would transfer the current program to the EDA and restructure it to allow bonds to be issued to refinance county solid waste debt.
- ! New Capital Construction budget language recommends up to \$10.0 million for the closure, remediation, and capping of abandoned municipal landfills. Of this amount, \$4.0 million would be derived from the (CBT-funded) Hazardous Substance Discharge Remediation - Constitutional Dedication account; the remaining \$6.0 million would come from the Sanitary Landfill Facility Contingency Fund.

DEPARTMENT OF HEALTH AND SENIOR SERVICES

Budget Pages..... C-10; C-17 to C-18; C-23; C-27;
D-195 to D-227; G-3.

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,312,881	\$1,166,504	\$1,049,747	(10.0)%
Federal Funds	934,707	1,315,994	1,633,753	24.1%
<u>Other</u>	<u>981,614</u>	<u>99,388</u>	<u>105,696</u>	<u>6.3%</u>
Grand Total	\$3,229,202	\$2,581,886	\$2,789,196	8.0%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	748	803	909	13.2%
Federal	813	820	919	12.1%
<u>Other*</u>	<u>271</u>	<u>282</u>	<u>301</u>	<u>6.7%</u>
Total Positions	1,832	1,905	2,129	11.8%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

* Excludes positions funded through 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, nonprofit 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 and operates the Office of Minority Health.
- **Senior Services** administers various Medicaid programs related to nursing homes and long term care alternatives, the Pharmaceutical Assistance to the Aged and Disabled programs, 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

DEPARTMENT OF HEALTH AND SENIOR SERVICES (GENERAL)

Cost of Living Adjustment/Salary Supplement for Direct Services Workers

Included within the recommended **Grants-In-Aid/State Aid** appropriations of the various programs is \$9.6 million to provide agencies with a Cost of Living Adjustment (COLA):

Family Health Services - \$2,124,000
Public Health Prevention - \$483,000
Addiction Services - \$2,859,000
AIDS Services - \$2,157,000
Senior Services - \$2,019,000

These funds are to be used primarily to increase the salaries of direct care personnel at agencies under contract to these programs by 3.6 percent. Any monies that remain after direct care personnel receive their increase may be used for other agency expenses.

Elimination of Legislative Grants

The following Legislative **Special Purpose/Grants-In-Aid** accounts, valued at \$15.6 million, are not continued in FY 2002:

Health Services: Animal Population Control Expansion - \$400,000; Interagency Council on Osteoporosis - \$300,000; Best Friends Foundation - \$100,000; BirthHaven, Inc., Newton - \$50,000; Kimball Medical Center, Emergency Room - \$250,000; Trinity Health Center - \$115,000; Monmouth Medical Center, AWARE - \$100,000; New Jersey Institute for Parent Education, Inc. - \$75,000; Parenting Resource Education Network of Southern New Jersey - \$25,000; Child Federation of Atlantic City - \$25,000; School for Children with Hidden Intelligence - Early Intervention - \$75,000; Community Action for Social Affairs - Teen Pregnancy Prevention Program - \$25,000; One Hundred Black Men of New Jersey - Prostate Screening - \$25,000; St. Peter's Hospital - Community Mobile Health Unit - \$145,000; Jersey City Medical Center - Neonatal Intensive Care - \$100,000; AD House, Newark - \$10,000; Jewish Renaissance Foundation - \$150,000; Camden Optometric Eye Center - \$200,000; Meridian Health System, Parker Family Health Center - \$100,000; Epilepsy Foundation of New Jersey - \$65,000; Emanuel Cancer Foundation - \$25,000; Resource Center for Women and Their Families - \$78,000; Paterson Community Health Center - \$75,000; St. Francis Medical Center - St. Clare Mobile Outreach Van - \$150,000; Community Health Law Project - \$50,000; Pet Rescue of Mercer County - \$25,000; Freedom House, Glen Gardner - \$450,000; Daytop, N.J. - \$100,000; Somerset Treatment Services - \$100,000; Rapt Foundation - \$100,000; Sunrise House In-Patient Adolescent Substance Abuse Treatment - \$10,000; Good News for Women - \$25,000; Resolve Community Counseling Center - \$25,000; Sussex

Key Points (Cont'd)

Council on Alcohol and Drug Abuse - Strengthening Families Program - \$10,000; Atlantic Prevention Resources - \$25,000; Catholic Charities - Project Free - \$22,000; Epiphany House - \$100,000; Free Throw for AIDS - \$20,000; and St. Mary's Hospital - F.A.I.T.H - \$50,000.

Health Planning and Evaluation: Cathedral Health Care System, Newark - \$9.5 million; Our Lady of Lourdes Health System - Osborn Family Health Center - \$500,000; and Cooper Health System - Emergency Medicine and Family Medicine - \$1.5 million.

Senior Services: Adult Day Health Center, St. Barnabus Medical Center - \$200,000; and Hunterdon County Department of Human Services - LINK Program - \$100,000.

HEALTH SERVICES

! **Direct State Services.** Recommended appropriations are virtually unchanged at \$62.3 million.

Continuation funding is provided for: **Vital Statistics** - \$1.5 million; **Family Health Services** - \$6.1 million; **Addiction Services** - \$30.7 million; and **AIDS Services** - \$2.8 million.

Funding for **Public Health Protection Services** would decrease 2.1 percent, from \$15.2 million to \$14.9 million, as a Legislative appropriation for Animal Population Control is not continued. A new \$80,000 Special Purpose appropriation for costs related to the West Nile Virus is proposed.

Funding for **Laboratory Services** increases 14.4 percent, from \$5.5 million to \$6.3 million. The additional funding would be used as follows: \$100,000 to employ two nurses to follow-up on children diagnosed with disorders during hospital newborn screenings; and \$690,000 is for a new Special Purpose appropriation related to the West Nile Virus. (When combined with the **Public Health** Special Purpose appropriation, eight additional staff will be available for West Nile Virus activities.)

! **Grants-In-Aid.** Recommended **General Fund** appropriations would increase 6.5 percent, from \$59.4 million to \$63.2 million, primarily due to the previously mentioned COLA.

! **State Aid.** Though recommended appropriations of \$31.0 million are virtually unchanged from FY 2001 levels, the following changes are noted:

Funding for the Early Childhood Intervention Program is reduced from \$26.3 million to \$26.0 million as one-time data processing costs are not continued.

FY 2001 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, is not continued, saving \$65,000. However, 2000 Census data indicates that Bergenfield, Englewood and Montville will qualify for funds as their population now exceeds 25,000.

! **Capital Construction.** Funding is recommended for: Laboratory Equipment/Improvements - \$2.1 million; and a New State Health Laboratory - \$12.0 million.

! **Federal Funds.** A 1.0 percent decrease, from \$296.7 million to \$293.9 million, is anticipated. Fewer federal funds are anticipated in **Family Health Services** (\$0.5 million);

Key Points (Cont'd)

Public Health Protection Services (\$1.5 million); and **Addiction Services** (\$1.9 million). **AIDS Services** receives an additional \$1.1 million.

- ! **Other Funds** are expected to increase by about 15.0 percent, from \$45.6 million to \$52.5 million, primarily in **Family Health Services** (\$1.8 million); **Addiction Services** (\$1.0 million); and **AIDS Services** (\$3.6 million).

HEALTH PLANNING AND EVALUATION

- ! **Direct State Services.** Recommended funding of \$6.5 million is largely unchanged from FY 2001 levels, though additional funds are provided for the Nursing Home Background Checks/Nursing Aide Certification Program.

- ! **Grants-In-Aid.** Recommended appropriations would increase 27.8 percent, from \$94.6 million to \$121.0 million.

Health Care Subsidy Fund Payments increases from \$65.0 million to \$102.9 million. The additional **General Funds** offset a reduction in the amount of Unemployment Insurance revenues allocated for charity care. (Pursuant to budget language, D-213, \$6.0 million will come from revenues generated by a \$10.00 per adjusted admission imposed on hospitals by the Admission Charge Hospital Assessment program.)

Supplemental Charity Care funding is unchanged at \$18.1 million. The Commissioner of Health and Senior Services will have greater discretion in allocating monies among hospitals under proposed budget language, D-213. (The Tobacco Settlement Fund supports the cost of this program.)

- ! **Federal Funds.** Funding increases from \$28.1 million to \$28.6 million. Most federal funds are related to Supplemental Charity Care (\$18.1 million) and Medicare/Medicaid Inspection of Nursing Facilities (\$8.7 million).

- ! **Other Funds.** Though funding decreases from \$48.5 million to \$48.0 million, significant unexpended balances are expected to be retained by the various programs. Most of the **Other Funds** are from the 0.53 percent assessment imposed on hospitals (capped at \$40 million) and the Admission Charge Hospital Assessment program (\$7.2 million). These monies support such projects as Expansion of Medicaid - Pregnant Women and Children, the Infant Mortality Reduction Program and Health Care Planning.

HEALTH ADMINISTRATION

- ! **Direct State Services.** Recommended appropriations increase 33.0 percent, from \$4.5 million to \$6.0 million. An additional \$1.5 million is provided for the Services Other Than Personal accounts for "information processing" related to "E" Public Health.

- ! **Capital Construction.** Though no new funds are recommended, unexpended funds from the \$1.8 million appropriated for Information Processing Network - Infrastructure Upgrade and "E" Public Health (to improve the department's technological infrastructure) will be available in FY 2002.

- ! **Federal Funds.** Recommended appropriations increase from \$0.5 million to \$0.6 million due to a new AIDS grant.

Key Points (Cont'd)

- ! **Other Funds.** Proposed funding decreases from \$4.7 million to \$4.5 million because less indirect cost recoveries are allocated back to the department. As unexpended balances are retained by the program, sufficient funds will be available.

SENIOR SERVICES

- ! **Direct State Services.** Funding increases 13.6 percent, from \$17.0 million to \$19.4 million.

Continuation funding is provided for: **Pharmaceutical Assistance to the Aged and Disabled** - \$7.1 million; **Lifeline** - \$2.0 million; **Programs for the Aged** - \$1.1 million; and the **Office of the Public Guardian** - \$0.7 million.

Medical Services for the Aged. Funding increases 25.2 percent, from \$5.4 million to \$6.8 million, as additional funds are requested for the Fiscal Agent - Medical Services for the Aged account.

Office of the Ombudsman. Funding would increase 58.1 percent, from about \$0.6 million to \$1.6 million. An additional seven positions are being funded to maintain the current level of hospital and nursing home inspections.

- ! **Grants-In-Aid.** Recommended appropriations decrease 33.1 percent, from \$598.7 million to \$400.7 million as discussed below:

Medical Assistance to the Aged. Funding decreases 53.5 percent, to \$205.6 million, as an additional \$247.3 million in federal Intergovernmental Transfer (IGT) funds are used to offset State Nursing Home appropriations.

IGT involves certain county operated nursing homes being reimbursed at the higher Medicare rate for nursing home services provided at county and non-governmental facilities with the State retaining the difference between the Medicare and Medicaid rate. The four counties that are administratively involved in the IGT receive certain financial benefits in return for their assistance. Also, pursuant to budget language, in FY 2002 (D-277), the State would provide those counties who are not involved in IGT with 50 percent of the local match required to earn federal Peer Grouping funds, if the State receives at least \$266.8 million in IGT funds. This proposed budget language represents a change from FY 2001 budget language wherein counties received two payments based on the State's receipt of \$266.8 million and \$292.5 million in IGT funds.

New federal regulations (January 2001) will virtually eliminate the State's receipt of IGT funds by the end of FY 2003.

During FY 2002, approximately 11.6 million patient days of Nursing Home services will be provided at an average daily cost of \$111. Due to the use of IGT funds, the State appropriation is reduced from \$362.8 million to \$118.4 million.

Recommended appropriations for Medical Day Care Services increases 31.4 percent, to \$32.5 million, due to increased utilization of services. Proposed funding for Community Care Alternatives increases from \$25.3 million to \$25.8 million to raise reimbursement to providers by \$1.00 per hour wage. Finally, funding for ElderCare Initiatives is unchanged at \$19.9 million as the number of people being served by the program has been less than

Key Points (Cont'd)

anticipated. (The Tobacco Settlement Fund supports the cost of this program.)

Pharmaceutical Assistance to the Aged and Disabled - Claims (PAAD). Recommended appropriations would increase 72.9 percent, from \$83.2 million to \$143.9 million:

- \$50 million is recommended for the Senior Gold Prescription Assistance Program to provide pharmaceutical assistance to persons with incomes up to \$10,000 greater than the current PAAD income limits (subject to the enactment of enabling legislation), of which up to \$4.3 million will be used for 51 staff and other administrative costs. (The Tobacco Settlement Fund will support program costs.)
- PAAD costs for certain elderly and disabled persons increase 12.8 percent, from \$83.2 million to \$93.9 million.
- PAAD savings initiatives of \$8.6 million are assumed: prior authorization for the use of brand name drugs for which a generic is available; an increase in the discount the State receives from certain high volume pharmacies from 10 to 15 percent; a Voluntary Discount Plan which would reduce the copay to \$2.00 and encourage the use of mail order prescriptions; and obtaining Medicare reimbursement for certain drugs covered by Medicare.

In FY 2002, approximately 193,300 persons (167,400 elderly and 25,900 disabled) will use PAAD at an average cost per prescription of \$63.

Lifeline. Recommended funding decreases 38.9 percent, from \$59.2 to \$36.2 million for the Payments for Tenants Assistance Rebates. The reduction is attributable to P.L. 2001, c.24 which provides a one-time supplemental appropriation for various energy assistance programs.

Programs for the Aged. The recommended increase is due to the previously mentioned COLA.

- ! **State Aid.** Overall funding increases 10.5 percent, to \$6.5 million, due to the previously mentioned COLA. Continuation funding is provided for the County Offices on Aging (\$2.7 million) and the Older Americans Act - State Share (\$3.2 million).
- ! **Casino Revenue Fund.** Proposed funding increases from \$283.2 million to \$318.6 million. An additional \$35.5 million is allocated for PAAD program costs.
- ! **Federal Funds.** A 32.3 percent increase is anticipated, from \$990.7 million to \$1.31 billion. Most of the increase is related to the aforementioned Intergovernmental Transfer and the monies will be used to offset appropriations for Nursing Homes.
- ! **Other Funds.** A 22.8 percent increase is anticipated, from \$570,000 to \$700,000, and is related to an increase in fees received by the **Office of the Public Guardian**.

HIGHER EDUCATIONAL SERVICES

Budget Pages..... D-379 to D-421; D-460 to D-463;
D-523

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,277,336	\$1,424,235	\$1,534,990	7.8%
Federal Funds	14,502	18,586	20,252	9.0%
<u>Other</u>	<u>4,923</u>	<u>2,952</u>	<u>3,252</u>	<u>10.2%</u>
Grand Total	\$1,296,761	\$1,445,773	\$1,558,494	7.8%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	49	53	53	0.0%
Federal	152	158	188	19.0%
Other	14	13	19	46.2%
<u>Colleges & Univ's.*</u>	<u>19,653</u>	<u>19,653</u>	<u>19,653</u>	<u>0.0%</u>
Total Positions	19,868	19,877	19,913	0.2%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.*

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

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 to 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 Higher Education Student Assistance Authority (HESAA) was established pursuant to P.L. 1999, c.46 and is responsible for the coordination of various student financial aid programs, including Tuition Aid Grants (TAG). The enabling legislation

Introduction (Cont'd)

consolidated three former entities, the Higher Education Assistance Authority, the Office of Student Assistance and the Student Assistance Board which were all formerly in, but not of, the Department of Treasury. Funding for the independent colleges and universities as well as State aid for the county colleges is allocated to the Department of Treasury.

Key Points

Higher Educational Services - Department of State

- ! The total recommended State appropriation of \$101.6 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 \$34.4 million or 51.2 percent over the FY 2001 adjusted appropriation of \$67.2 million. The following initiatives account for the increase.
- ! New funding of \$10 million is recommended to help colleges and universities improve and expand teacher preparation programs. This program focuses on four primary goals: moving the education of teachers to the top of institutional agendas with a focus on the role of arts and science faculty; increasing the State's capacity to produce highly effective teachers; improving teacher preparation and professional development; and expanding collaborative efforts with preschool through grade 12 schools in areas such as curriculum development, mentoring and professional development.
- ! To further the objective of increasing the number of teachers in this State, the Governor recommends new funding of \$5 million to implement a teacher recruitment initiative. This program will help disadvantaged school districts recruit high-achieving teachers in critical disciplines, including pre-school education, mathematics, science, special education and world languages. Stipend amounts of \$5,000 per year for up to five years of teaching service will be paid to each teacher employed through the program at the completion of each full year of satisfactory performance.
- ! New funding of \$10 million is recommended for the Higher Education/Business and Industry Partnership Fund to foster partnerships between the business community and higher education institutions. This program will provide a pool of funds to senior public colleges and universities and private research universities to match private sector research grants in science and technology obtained by the college or university.
- ! New funding of \$15 million is recommended for the New Jersey Fund for Technology Innovation Program. The program would build on the prior efforts of the Biomedical and Other Technology Research Program to encourage research "capacity building" at New Jersey's research universities by providing funds to acquire and upgrade research equipment and to recruit top research faculty.
- ! In FY 2002, recommended funding for the Excellence in High Technology Workforce is \$20 million, a \$5 million increase from the \$15 million adjusted appropriation in FY 2001. This program provides competitive grants for higher education institutions moving toward excellence in areas related to targeted priorities. In FY 2001, the Commission on Higher Education received 45 proposals but only 9 awards were granted. Due to the strong response to the program, a \$5 million increase is recommended.

Key Points (Cont'd)

- ! Funding for the Biomedical and Other Technology Research Program is recommended to decrease by 50 percent to \$5 million from the FY 2001 adjusted appropriation of \$10 million. The FY 2001 appropriation assisted the State's six research universities in competing for federal grants in two ways: a matching grant fund for federal grants totaling \$3.5 million and grants to increase research capacity totaling \$6.5 million. In FY 2002, the matching component of this program is increased to \$5 million and the research capacity building component is being shifted to the New Jersey Fund for Technology Innovation. Although the matching fund program was limited to the research universities in FY 2001, all senior public institutions and private research universities will be eligible in FY 2002.
- ! The Governor recommends FY 2002 funding of \$563,000 for the maintenance of the online articulation system known as ARTSYS, a 51.2 percent decrease over the FY 2001 adjusted appropriation of \$1.2 million due to the elimination of one-time costs. ARTSYS, which was developed and implemented in FY 2001, is a coordination effort between New Jersey county colleges and 4-year public higher education institutions to provide a web-based database of course equivalencies and specific agreements, online course catalog, electronic exchange of transcripts and electronic transcript evaluation.
- ! Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by approximately \$6.4 million (4.1 percent) from \$157.8 million to \$164.3 million. The recommendation will fund a TAG award increase up to 100 percent of the tuition charges in the prior academic year for students attending New Jersey's public and independent colleges and universities. TAG will provide approximately 48,195 awards to lower and middle income students, an increase of almost 1,000 grants over the estimate for FY 2001.
- ! Direct operating aid for senior public institutions is recommended at \$893 million, a \$19.2 million net increase over the FY 2001 adjusted appropriation of \$873.8 million. Included in the increase is a 1.5 percent base appropriation adjustment and 1 percent reserve for performance-based incentive funding. Also included in the increase is a \$500,000 grant for the New Jersey Institute of Technology to create and organize a Sustainable State consortium bringing the total increase in the State appropriation to \$22.3 million. The increases are offset by the elimination of legislative initiatives totaling \$3 million that were not continued in the FY 2002 budget recommendations.
- ! The Governor's Budget also recommends \$10.5 million to support the construction of a new genetics/biomaterials building, a new bioengineering building and athletic facilities at Rutgers, the State University. The Governor recommended the elimination of \$7 million in one-time legislative initiatives.
- ! The State will also provide supplementary salary funding (in the Interdepartmental accounts) amounting to \$29.5 million to support negotiated cost-of-living adjustments bringing the State's total for employee fringe benefits and the salary program to \$335.3 million for the senior institutions.

Higher Educational Services- - Department of the Treasury

- ! Aid to County Colleges is recommended to increase \$12.8 million from \$191.2 million to \$203.9 million. Within that overall total, operational aid to the county colleges is recommended to increase \$12 million, from \$143.9 to \$155.9 million. FY 2002 marks the fourth year of a four-year plan to increase direct State operating aid by \$12 million. The

Key Points (Cont'd)

remaining \$763,000 of the increase (3.5 percent) will provide funding for State support of fringe benefits.

- ! Continued funding of \$27.2 million from the Property Tax Relief Fund has been recommended for debt service payments for capital projects under P.L. 1971, chapter 12.
- ! The FY 2002 budget proposal would increase aid to independent colleges and universities from \$25.2 million in FY 2001 to \$26.2 million in FY 2002, a \$1 million or 4 percent increase.
- ! The Governor recommends a \$24.7 million increase, from \$8.7 million in FY 2001 to \$32.9 million in FY 2002, for debt service payments required under the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217. That law authorized the New Jersey Educational Facilities Authority to issue bonds in a total outstanding principal amount of \$550 million to provide grants to four-year public and private institutions of higher education to finance renovation, expansion and construction of facilities and technology infrastructure. Under the law, the State pays two-thirds of the debt service on bonds issued to finance projects at the senior public institutions and one-half of the debt service on bonds issued to finance projects at the independent institutions.
- ! The FY 2002 budget includes \$9.1 million for debt service payments under the "Dormitory Safety Trust Fund Act," P.L. 2000, c.56. That law authorized the New Jersey Educational Facilities Authority to issue \$90 million in bonds to finance loans to eligible public and private secondary schools, military schools or boarding schools and public or private institutions of higher education to install fire suppression systems in dormitories located at the school or institution.
- ! Debt service payments for bonds issued under the "Higher Education Equipment Leasing Fund Act," P.L. 1993, c.16, are recommended to decrease by 7.3 percent to \$17.9 million in FY 2002 from \$19.3 million in FY 2001 due to a reduction in projected debt service payments. The original law authorized the New Jersey Educational Facilities Authority (EFA) to issue bonds in an outstanding principal amount of \$100 million to support the purchase of scientific, engineering, technical, computer, communication and institutional equipment at higher education institutions. The State pays 75 percent of the debt service costs and the institution pays 25 percent. According to the Budget-In-Brief, the Equipment Leasing Fund will be renewed in FY 2002. The original \$100 million in bonds have been issued and retired and therefore the EFA will re-issue \$100 million in bonds.

DEPARTMENT OF HUMAN SERVICES

Budget Pages..... C-10; C-17 to C-18; C-23; C-27;
D-195 to D-227; G-3.

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$3,355,675	\$3,523,145	\$3,729,032	5.8%
Federal Funds	2,689,395	3,167,900	3,503,273	10.6%
<u>Other</u>	<u>523,936</u>	<u>571,426</u>	<u>508,775</u>	<u>(11.0)%</u>
Grand Total	\$6,569,006	\$7,262,471	\$7,741,080	6.6%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	12,097	12,428	12,817	3.1%
Federal	4,798	4,836	5,052	4.5%
<u>Other</u>	<u>533</u>	<u>517</u>	<u>448</u>	<u>(13.3)%</u>
Total Positions	17,428	17,781	18,317	3.0%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

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

- **Division of Mental Health Services** will serve nearly 2,100 patients at six psychiatric hospitals and provide over 265,700 episodes of community mental health services.
- **Division of Medical Assistance and Health Services** will provide various health services to nearly 665,300 Medicaid recipients, 106,700 NJ KidCare recipients and 133,700 recipients in the NJ FamilyCare program.
- **Division of Developmental Disabilities** will serve about 3,500 patients at seven developmental centers and will supervise about 22,000 persons in the community.

Introduction (Cont'd)

- **Commission for the Blind and Visually Impaired** provides education, vocational rehabilitation, prevention and social services to blind and visually impaired clients and operates the Kohn Residential Center.
- **Division of Family Development** provides financial assistance to 273,900 recipients monthly in the General Assistance, Work First New Jersey Client Benefits and SSI programs, and to nearly 149,100 Food Stamp recipients; and child care services to over 64,000 children monthly.
- **Division of Youth and Family Services** as the State's main social services agency will provide foster care, adoption assistance, residential and other social services to 49,700 children and 25,700 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

DEPARTMENT OF HUMAN SERVICES (GENERAL)

Cost of Living Adjustment/Salary Supplement for Direct Services Workers

Included within the recommended **Grants-In-Aid/State Aid** accounts is approximately \$40.0 million (State/federal) for a Cost of Living Adjustment (COLA)/Salary Supplement for Direct Services Workers to direct care employees of provider agencies:

Division of Mental Health Services - \$8.2 million.
Division of Developmental Disabilities - \$14.0 million.
Commission for the Blind and Visually Impaired - \$56,000.
Division of Family Development - \$8.9 million.
Division of Youth and Family Services - \$8.7 million.
Central Office - \$0.1 million

The above funds are intended to provide direct care employees with a minimum 3.6 percent salary adjustment. Any funds that remain, after direct care employees receive their minimum salary adjustment, may be used for other agency operating expenses, including providing salary increases to non-direct care employees.

In addition, most direct care employees will receive an immediate \$1.00 per hour pay raise at a cost of \$28.2 million in FY 2001 and \$56.4 million in FY 2002. Various unexpended balances within the Division of Developmental Disabilities Grants-In-Aid accounts will be used to fund this salary increase (D-263).

Elimination of Legislative Grants

The following Legislative grants or programs initiated by the Legislature valued at \$2.9 million, are not continued or are reduced:

Division of Mental Health Services: Family Support Services Program, Mercer County - \$250,000.

Key Points (Cont'd)

Division of Developmental Disabilities: Community Access - \$100,000; ARC Bergen and Passaic -- Expanded Respite Care for Families with Autistic Children - \$250,000; Mary's Manor Group Home - \$25,000; ARC of Union County -- Senior Care Residential Program - \$250,000; The ARC, Ocean County Chapter - \$60,000; ARC of Burlington County - \$40,000; ARC of Somerset County - Respite Home - \$50,000; and Essex ARC - Expanded Respite Care Services for Families with Autistic Children - \$55,000.

Division of Family Development: Project Self Sufficiency, Sparta - \$250,000; Family Day Care of Gloucester and Cape May - \$65,000. Also, budget language allocating \$250,000 in funds from the Income Maintenance Management program to the Food Bank of Monmouth and Ocean Counties, Spring Lake is not continued.

Division of Youth and Family Services: Robin's Nest - \$400,000; Providence House, Willingboro - \$25,000; Angel's Wings, Inc., Trenton - \$75,000; Group Homes of Camden, Inc. - \$10,000; Hudson Cradle - \$30,000; Family and Children's Services - Monmouth County - \$150,000; Center for Evaluation and Counseling, Newton - Youth Shelter - \$250,000; Amanda Easel Project - \$125,000; Domestic Abuse Services, Inc. -- Sussex - \$165,000; and Fost-Adopt Demonstration Program for Boarder Babies and Children - \$90,000.

Division of Management and Budget: Interagency Task Force on the Prevention of Lead Poisoning - \$200,000.

DIVISION OF MENTAL HEALTH SERVICES

- ! **Direct State Services.** Recommended appropriations decreases 4.4 percent, from \$227.5 million to \$217.5 million:
 - Continuation funding of \$5.1 million is proposed for Community Services.
 - Administration and Support Services funding is reduced 67.8 percent, from \$14.8 million to \$4.8 million, as \$10.0 million in Greystone Psychiatric Hospital Bridge Funds are reclassified as **Grants-in-Aid**.
 - Psychiatric Hospitals. Recommended appropriations are unchanged at \$207.7 million. Institutional populations are expected to decrease by about 40 patients, to about 2,100.
- ! **Grants-In-Aid.** Funding increases 13.6 percent, from \$220.4 million to \$250.4 million as \$22.0 million is provided to continue services initiated during FY 2001 related to the Greystone Park Psychiatric Hospital Bridge Fund. The Greystone funds may be transferred to other accounts, as required.
- ! **State Aid.** Proposed funding to reimburse six county hospitals for nearly 740 patients daily increases 1.7 percent, to \$91.7 million.
- ! Ancora receives \$500,000 in **Capital Construction** funds. No funds are recommended for costs associated with a new Greystone facility.
- ! **Federal Funds.** Approximately \$15.5 million for community programs is anticipated, a 12.8 percent increase. **Other Funds** of approximately \$2.0 million are anticipated and are used for education activities.

Key Points (Cont'd)

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

- ! **Direct State Services.** Recommended appropriations increase 13.1 percent, from \$24.6 million to \$27.9 million: Services Other Than Personal and Payments to Fiscal Agents costs are expected to increase \$1.6 million and \$1.4 million, respectively.
- ! **Grants-In-Aid.** Recommended appropriations increase 7.6 percent, from \$1.57 billion to \$1.69 billion. The increase reflects changes in accounts that are both over and understated:
 - In FY 2002, the entire \$138.2 million in NJ FamilyCare costs is being reflected "on budget." In FY 2001, \$70.0 million had been classified as an "off budget" expense and about \$48 million in costs associated with the General Assistance population were included in the General Assistance State Aid account. NJ FamilyCare and the expansion mentioned below are expected to serve 133,700 persons. (The Tobacco Settlement Fund will pay \$100 million of FY 2002 costs.)

Pursuant to budget language (D-255), up to \$6.0 million may be used for NJ FamilyCare administrative costs.
 - \$159.6 million in charges otherwise payable with **General Funds** for Managed Care Initiatives, Inpatient Hospitals and Prescription Drugs costs are charged off against federal Intergovernmental Transfer funds the State will receive by being able to claim nursing home costs at the higher Medicare rate.

The following items are also noted:

- Provider fee increases of \$20.3 million, effective January 2002 are proposed. Effective January 2002: Personal Care services reimbursement would be increased \$2.8 million; and reimbursement for Physician services and the amount emergency room physicians, pediatricians and dentists are reimbursed by the Managed Care Initiative would be increased by \$17.5 million.
- As fewer persons are expected to receive services through the NJ Health ACCESS Benefits Payments program, funding is reduced from \$11.8 million to \$2.0 million.
- An additional \$16 million is proposed to expand the NJ FamilyCare program to cover adults without children with incomes of up to 200 percent of the federal poverty level (1 person - \$17,180; two persons - \$23,220), subject to federal approval. The expansion will cover 10,500 persons.
- Funding for the Title XIX Children's Initiative increases 86.8 percent, from \$10.0 million to \$18.7 million. The Initiative would be extended to other counties and new or enhanced treatment services are to be initiated.
- Savings of \$17.2 million are assumed. The three major savings initiatives are: Health Insurance Recoveries - \$4.0 million; Pharmacy Initiatives - \$5.5 million; and Deferred FY 2001 Initiatives - \$3.5 million.

Certain Medicaid programs (Personal Care, the Model Waiver, the AIDS Waiver, the Traumatic Brain Injury Waiver and Private Duty Nursing) are to be transferred to the proposed Division of Disability Services.

Key Points (Cont'd)

- ! **Federal Funds** increase 17.1 percent, from \$1.74 billion to \$2.04 billion, based on a continuation of the current federal Medicaid program, NJ FamilyCare/KidCare and various initiatives which qualify for Medicaid reimbursement. Included within the \$2.04 billion is nearly \$160 million in federal Intergovernmental Transfer monies which will be used to offset State appropriations in Medicaid accounts referenced above. (Pursuant to a federal waiver, federal NJ KidCare funds can be used to cover pregnant women with incomes between 185 - 200 percent of the federal poverty level and parents whose children are on Medicaid/NJ KidCare with income up to 200 percent of the federal poverty level.)
- ! **Other Funds** decrease 12.8 percent, from \$490.1 million to \$427.4 million, as NJ FamilyCare costs are brought "on budget". The \$427.4 million provides:
 - \$388.7 million for New Jersey Health Care Hospital Payments (charity care), 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.
 - \$38.8 million for the NJ KidCare Children's Health Insurance Initiative: \$4.2 million for administration and \$34.6 million for services to 106,700 children.

DIVISION OF DEVELOPMENTAL DISABILITIES

- ! **Direct State Services.** Recommended appropriations of \$191.9 million are essentially unchanged from FY 2001 levels.
 - Division of Developmental Disabilities (Central Office). Continuation funding of \$3.7 million is provided.
 - Community Programs. Proposed funding of \$21.2 million represents a 0.9 percent reduction as Education and Day Training program funding is reduced by \$0.2 million.
 - Developmental Centers. Appropriations for the seven facilities decrease 0.2 percent, from \$167.4 million to \$167.1 million. The reduction is at the Green Brook Regional Center where a bond payment account is not required because the mortgage was paid off.

Institutional populations are unchanged at about 3,500 clients. The 3,500 figure does not reflect the 144 clients who are to move to community programs due to the Community Transition Initiatives - FY 2001.
- ! **Grants-In-Aid.** Recommended **General Fund** appropriations increase 19.4 percent, from \$309.7 million to \$369.7 million. (Total grant funding from all fund sources increases 14.8 percent, from \$558.7 million to \$641.6 million.) The following expanded or new programs are proposed:
 - Community Nursing Care Initiative - FY 2002. Initial funding of \$1.6 million (gross) is provided to relocate 25 clients with developmental disabilities from nursing homes to community programs.

Key Points (Cont'd)

- Community Services Waiting List Reduction Initiative - 2001. Gross funding increases 53.4 percent from \$25.8 million to \$39.8 million. This Initiative would provide 500 community placements, 400 day program slots and \$3.0 million in family support services.
 - Community Services Waiting List Reduction Initiative - FY 2002. Initial funding of \$35.8 million (gross) is recommended to provide 500 residential placements, 400 day program slots and \$3.3 million in family support services.
 - Community Transition Initiative - FY 2001. Gross funding would increase 59.9 percent, from \$7.7 million to \$12.3 million, to relocate 144 developmental center clients over a two-year period into community programs.
 - Community Transition Initiative - FY 2002. Initial funding of \$14.0 million (gross) is provided to relocate an additional 200 developmental center clients over a two-year period into community programs.
- ! **Capital Construction**. Approximately \$4.3 million is provided for projects at New Lisbon (\$2.6 million), Vineland (\$0.5 million) and Woodbridge (\$1.2 million).
- ! **Casino Revenue Funds** of \$19.6 million are recommended and are expended on various community programs.
- ! **Federal Funds**. Approximately \$384.7 million is recommended, a 6.5 percent increase from FY 2001 levels. The federal funds primarily represent ICF-MR reimbursements of nearly \$181.7 million (including \$12.1 million in revenues realized through an assessment on all federally certified beds at State/private developmental centers) and Community Care Waiver revenue of \$201.5 million.
- ! **Other Funds** of \$57.6 million are anticipated, the same as in FY 2001. Client Cost Recoveries of \$38.0 million used in community services are anticipated. Approximately \$19.6 million in State Facilities Education Funds are anticipated for education related activities.

COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED

- ! **Direct State Services**. Continuation funding of \$7.9 million is recommended.
- ! **Grants-In-Aid**. Recommended funding of \$4.3 million includes a COLA for provider agencies.
- ! **Federal Funds** of \$9.4 million and **Other Funds** of \$0.8 million are unchanged from FY 2001 levels.

DIVISION OF FAMILY DEVELOPMENT

- ! **Direct State Services**. Recommended State appropriations are reduced 52.5 percent, from \$34.2 million to \$16.3 million. Most of the reduction is in the following accounts: Personal Services (\$7.7 million), Work First New Jersey - Technology Investment (\$10.2 million); and Work First New Jersey Child Support Initiatives (\$1.1 million). Unexpended balances are to be used to support these accounts.

Key Points (Cont'd)

- ! **Grants-In-Aid.** Recommended appropriations increase 30.4 percent, from \$208.3 million to \$271.6 million. Including federal funds, total grant funding increases 13.2 percent, to \$628.7 million:
- Proposed budget language on D-286/287 would reduce the amount of Work Force Development Fund available for Work First New Jersey activities from \$38.9 million to \$13 million.
 - Additional **General Funds** are recommended for the following activities: Training Related Expenses (\$0.4 million); Work Activities (\$7.6 million); Child Care (\$12.4 million); TANF Abbott Expansion (\$37.8 million); and Substance Abuse Initiatives (\$3.7 million).
 - New funds are requested for the following activities: Pre-Early Childhood Education targeted to the Abbott Districts (\$2.0 million); EITC Marketing (\$0.1 million); and Mental Health Assessments of TANF and General Assistance clients (\$1.6 million).
- ! **State Aid.** Recommended appropriations are reduced 20.4 percent, from \$214.9 million to \$171.1 million, as approximately \$40 million in medical costs for Payments for Cost of General Assistance recipients is included in the NJ FamilyCare appropriation.
- Costs associated with various assistance programs such as WFNJ - Client Benefits/Emergency Assistance, General Assistance Emergency Assistance Program, Payments for Supplemental Security Income (SSI), etc. increase/decrease by relatively small amounts or are level funded. On a monthly basis, General Assistance will assist 21,500 persons; WFNJ/TANF will assist 113,300 persons; and 139,100 persons will receive SSI benefits.
- ! **Federal Funds.** Recommended appropriations are virtually unchanged at \$825.8 . In the FY 2000 - FY 2002 period, the State has spent or at least obligated its unexpended TANF funds that had accumulated over the past few fiscal years. Over this period unexpended TANF funds have been used for new activities such as Kinship Care Initiatives, School Based Youth Services, Wage Supplement Program, Faith Based Initiatives, Career Advancement Vouchers.

DIVISION OF YOUTH AND FAMILY SERVICES

- ! **Direct State Services.** Proposed funding increases 7.3 percent, from \$47.9 million to \$51.5 million, and represents the annualized cost of additional hiring authorized for the Adoption Resource Centers and District Offices. Monthly caseloads increase slightly to 49,700 children and 25,700 families.
- ! **Grants-In-Aid.** Recommended **General Fund** appropriations of \$291.7 million represent a 1.8 percent increase over FY 2001 adjusted levels of \$286.4 million. (Total grant funding from all sources increases 3.8 percent, to \$357.4 million.) The number of children in paid Foster Care (6,740) is essentially unchanged; while the number of Subsidized Adoptions is expected to increase from 6,500 to 6,800.

For the most part the amount of State funds allocated for the various grant accounts is unchanged from FY 2001 levels (Foster Care - \$31.3 million and Residential Placements - \$54.3 million). However, the amount of State funds allocated for Subsidized Adoptions is reduced by \$2.1 million, to \$39.9 million, as additional federal reimbursements are anticipated.

Key Points (Cont'd)

- ! **Casino Revenue Funds** of \$3.7 million are unchanged from FY 2001 levels. These funds support a portion of the \$6.3 million cost of the Personal Assistance Services Program.
- ! **Federal Funds**. Recommended appropriations increase 4.7 percent, from \$185.7 million to \$194.5 million. An additional \$2.1 million in federal Title IV-E reimbursements are anticipated and are used to offset State appropriations for Subsidized Adoptions; additional federal TANF funds are allocated for Purchase of Social Services grants.
- ! **Other Funds**. Approximately \$5.2 million is recommended, unchanged from FY 2001 levels. These funds represent restricted grants and recoveries.

DIVISION OF THE DEAF AND HARD OF HEARING

- ! Continuation funding of \$709,000 is recommended.

DIVISION OF MANAGEMENT AND BUDGET

- ! **Direct State Services**. Recommended appropriations are reduced 2.0 percent from \$28.1 million to \$27.5 million, as a one-time FY 2001 supplemental appropriation included within the Services Other Than Personal account is not continued. Excluding these funds, appropriations would increase by \$441,000 to reimburse the **Attorney General's** office for legal costs.

The Office of Disability Services is to become the Division of Disability Services under an agency reorganization plan to be submitted in March 2001. The division will assume responsibility for certain Medicaid programs.

- ! **Grants-In-Aid**. Proposed funding increases 47.1 percent, from \$4.0 million to \$5.9 million. Subject to federal approval (and related federal funds), \$2.0 million is recommended for a new program, Community Supports to Allow Discharge from Nursing Homes, to enable 150 people with physical disabilities to be relocated from nursing homes or avoid nursing home placements.
- ! **Capital Construction** funds of \$11.0 million for various departmentwide capital projects in the areas of fire safety, roof repairs, and computerization are recommended.

In addition, an \$11.0 million "line-of-credit" is to be made available to the department to install sprinkler systems at various psychiatric hospitals and residential facilities.

- ! **Federal Funds** of \$30.1 million are unchanged from FY 2001 levels. These monies primarily represent reimbursements for fringe benefits and indirect costs.
- ! **Other Funds** of \$8.5 million are recommended, unchanged from FY 2001 levels. These funds support various dedicated programs such as the Catastrophic Illness in Children Relief Fund and the Children's Trust Fund.

DEPARTMENT OF LABOR

Budget Pages..... C-18, C-24, C-27, C-29, C-31,
D-301 to D-313

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$97,993	\$81,657	\$81,795	0.2%
Federal Funds	331,441	332,612	328,200	(1.3)%
<u>Other</u>	<u>124,846</u>	<u>147,509</u>	<u>147,440</u>	<u>0.0%</u>
Grand Total	\$554,280	\$561,778	\$557,435	(0.8)%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	654	679	745	9.7%
Federal	2,935	2,848	3,126	9.8%
<u>Other</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0.0%</u>
Total Positions	3,596	3,534	3,878	9.7%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Labor is responsible for programs that provide employment, as well as employment-related training and education, for the 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 programs are supported by federal (58.9 percent) and dedicated State and "Other" funds, such as trust funds (34.5 percent).
- ! The Governor's FY 2002 budget proposes (page F-8) a shift of \$23 million from the State Disability Benefits Fund to the General Fund as State revenue. The State Disability Benefits Fund (also known as the fund for Temporary Disability Insurance), which is supported by employee and employer payroll tax contributions, provides wage replacement benefits to workers as a result of unemployment due to sickness or injury which is not job-related.
- ! Proposed budget language (page F-8) recommends a shift of \$10 million from the Stock Workers' Compensation Security Fund to the General Fund as State revenue. The fund (page H-40) is funded exclusively by assessments levied against stock insurance carriers writing workers' compensation insurance. Payments from the fund are made to persons entitled to receive workers' compensation when a stock carrier is determined to be insolvent.
- ! Proposed language in the Governor's Budget (page D-313) recommends a \$3.0 million appropriation from the Unemployment Compensation Auxiliary Fund for furniture purchases and renovations of the One Stop Career Centers. One Stop Career Centers offer a wide range of employment and training services to businesses and job seekers through numerous points of access. During FY 2001, three One Stop Career Centers were opened.
- ! The Governor's Budget recommends language (page D-313) that would appropriate "such amounts as may be necessary" from the New Jersey Workforce Development Partnership Fund as a State match to the federal Welfare-to-Work Grant program. The Welfare-to-Work Grant Program will support work or work-readiness activities for Work First New Jersey recipients with additional barriers to employment, such as poor work history or deficient educational skills.
- ! The Governor's Budget (page D-313) proposes new language transferring \$5.669 million from the Department of Human Services to the Department of Labor to be used as a State match to the federal Welfare-to-Work Grant program.
- ! The department's budget request included \$17.8 million for the modernization of the Unemployment Insurance benefit payment system, Local Online Payment System (LOOPS), of which the Governor's Budget recommends a new \$1.0 million language appropriation from the General Fund to conduct a feasibility study to determine the department's specific needs and options and to gather additional research.
- ! The Governor's Budget proposes \$21.6 million in Grants-In-Aid (GIA) funding to support Vocational Rehabilitation Services, an increase of 1.8 percent or \$383,000 over the current year. The increase provides \$204,000 for a cost of living adjustment and \$179,000 for Direct Service Workers' salary supplement, within the Sheltered Workshop Program.
- ! The Budget Recommendation continues a \$650,000 appropriation to provide additional funding for transportation expenses related to clients' attendance at sheltered workshop programs. According to the Budget in Brief, this grant would reimburse the sheltered workshop clients between 90 to 100 percent for their out-of-pocket transportation expenses.
- ! The proposed FY 2002 Budget increases funding for Sheltered Workshops to \$4,925 per client, \$149.00 or a 3 percent increase over the FY 2000 per client appropriation of \$4,776.

Key Points (Cont'd)

According to the department, 2,617 clients were served at Sheltered Workshops during FY 2001, representing a decrease of 41 clients or 1.6 percent from FY 2000. The department anticipates serving the same number of clients in FY 2002.

- ! The Budget Recommendation indicates that federal funds are expected to decrease to \$328.2 million in FY 2002, down 1.3 percent or \$4.4 million, from the current adjusted appropriation of \$332.6 million. Divisions anticipating decreases in federal aid include: Planning and Research (\$380,000 or 4.7 percent) and Employment and Training Services (\$5.7 million or 5.6 percent). These decreases are offset by increases in federal assistance for the Division of Vocational Rehabilitation Services (\$1.1 million or 2.3 percent); Workplace Standards (\$5,000 or 0.1 percent); and Employment Services (\$585,000 or 1.5 percent).

DEPARTMENT OF LAW AND PUBLIC SAFETY

Budget Pages..... C-7 to C-8; C-10 to C-11; C-14 to
C-15; C-18 to C-19; C-24 to C-25;
C-27; C-29 to C-33; D-315 to D-352

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$479,675	\$532,883	\$518,445	(2.7)%
Federal Funds	99,405	105,727	102,673	(2.9)%
<u>Other</u>	<u>140,844</u>	<u>183,092</u>	<u>187,192</u>	<u>2.2%</u>
Grand Total	\$719,924	\$821,702	\$808,310	(1.6)%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	6,213	6,342	7,038	11.0%
Federal	157	184	169	(8.2)%
<u>Other</u>	<u>1,823</u>	<u>1,832</u>	<u>1,980</u>	<u>8.1%</u>
Total Positions	8,193	8,358	9,187	9.9%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

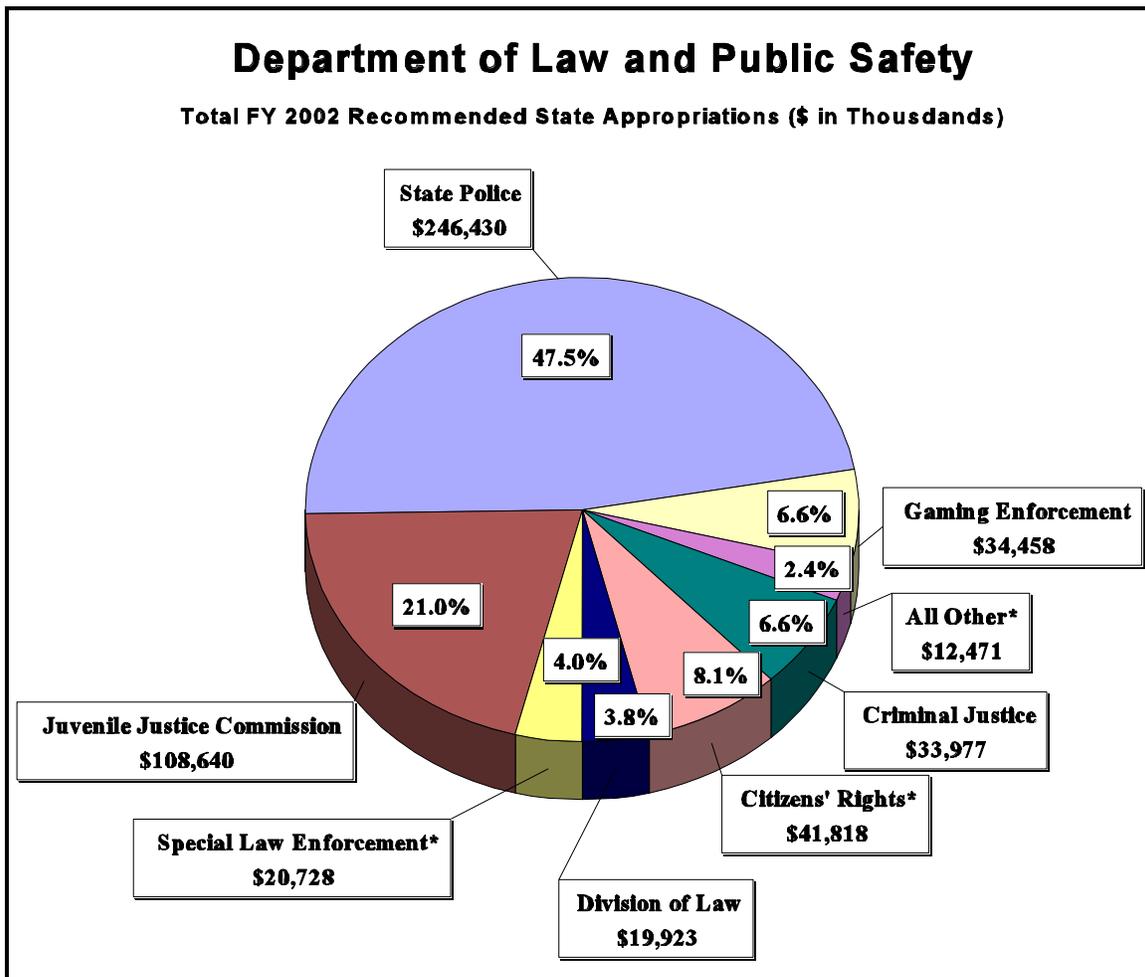
Introduction

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, promotes highway traffic safety, provides emergency response services, administers marine traffic laws, ensures compliance with voter registration requirements and enforces public protection laws in consumer affairs, civil rights, alcoholic beverages, gaming, boxing and racing. The department has 10 divisions.

Four independent agencies are located administratively within the Department of Law and Public Safety. They are the Election Law Enforcement Commission, the Executive Commission on Ethical Standards, the Victims of Crime Compensation Board and the Juvenile Justice Commission, which was created in 1995 to administer juvenile programs that were formerly located in the Departments of Corrections, Human Services and Law and Public Safety.

Key Points

The Governor recommends a total State appropriation of \$518.4 million in FY 2002 for the Department of Law and Public Safety, a decrease of \$14.4 million or 2.7 percent from the FY 2001 adjusted appropriation of \$532.9 million. A summary detail of major individual recommendations and changes is included in the Fiscal and Personnel section of this analysis. The following chart summarizes the FY 2002 recommended State appropriation by major purpose.



* Special Law Enforcement includes the Division of Alcoholic Beverage Control, the Election Law Enforcement Commission, the New Jersey Racing Commission, the Office of Highway Traffic Safety, the Executive Commission on Ethical Standards, the Division of Elections and the State Athletic Control Board. The Citizens' Rights category includes the Divisions of Consumer Affairs and Civil Rights, Victims of Crime Compensation Board and State professional boards. The All Other category includes the Office of the Attorney General and the State Medical Examiner.

Key Points (Cont'd)

Law Enforcement

Division of State Police

- ! The recommended FY 2002 State appropriation to the Division of State Police is \$246.4 million, a \$9.3 million, or 3.6 percent decrease from the \$255.7 million FY 2001 adjusted appropriation. The recommended \$231.0 million direct state services appropriation is an increase of \$9.8 million, or 4.4 percent, over the division's FY 2001 adjusted appropriation of \$221.2 million.
- ! The recommended appropriation anticipates the graduation of nine State Police training classes in FY 2002. These classes are expected to graduate a total of about 300 new troopers, 200 of whom will backfill normal attrition. The remaining 100 would increase the overall trooper complement, permitting the reassignment of more experienced troopers to other areas in the State Police such as criminal investigations and drug enforcement.
- ! The Governor's budget recommends \$4 million in FY 2002 for 100 additional troopers, including \$1.8 million for their training and \$2.2 million for their salaries after graduation in December 2001. The budget labels these two line items as "State Police Additional Narcotic Detectives and Patrol Supervisors."
- ! The Governor's budget recommends \$3.6 million in FY 2002 to fund the salaries of 70 troopers who graduated in FY 2001 from the Police Academy. This \$928,000 increase over the FY 2001 adjusted appropriation of \$2.7 million would provide a full year of funding for these troopers' salaries.
- ! The Division of State Police will assume the cost of 42 State trooper positions that were partially funded through the federal Community-Oriented Policing Services (COPS) Universal Grant Program at a cost of \$617,000. This federal grant is no longer available.
- ! A new \$450,000 recommendation for "Enhanced DNA Testing" would partially support expanded DNA testing of criminals required under law. Proposed language would allow the Director of the Division of Budget and Accounting to appropriate additional sums, up to \$450,000, to support DNA testing. This additional funding would be offset by receipts pursuant to law.
- ! The budget recommends a \$3.9 million increase in the "Services Other Than Personnel" account for payments to the Office of Information Technology. Included is an additional \$3.7 million in telecommunication switching costs associated with the conversion to the National Crime Information Center 2000 (NCIC 2000) database.
- ! The Governor's budget recommends \$15.2 million in capital funding for the Division of State Police, a \$16.4 million reduction, or 51.9 percent, below the FY 2001 adjusted appropriation of \$31.6 million. Major changes include an \$8.7 million reduction in the purchase of helicopters and a \$7.0 million reduction in technology enhancements. Among the items recommended for FY 2002 is new funding of \$1.3 million for the engineering and design phase of the State Police's emergency operating center to be located at division headquarters. This facility would replace the current emergency operating center located in a basement at division headquarters.

Key Points (Cont'd)

Division of Criminal Justice

- ! The Governor recommends a \$2.9 million increase in the division's grants-in-aid appropriation to fund the first year of a three year grant program to provide a 50 percent match for the purchase of in-car video cameras and audio recording units by municipal police departments.

State Medical Examiner

- ! A new capital construction appropriation of \$800,000 is recommended to repair and renovate the building housing the Office of the Medical Examiner laboratory in Newark.

Special Law Enforcement Activities

Election Law Enforcement Commission (ELEC)

- ! An appropriation of \$10.1 million, an increase of \$3.1 million over the FY 2001 adjusted appropriation, is recommended from the Gubernatorial Elections Fund to provide public financing to qualifying candidates in the 2001 gubernatorial general election. Budget language would appropriate additional sums from the General Fund to cover any shortfall in the Gubernatorial Elections Fund account.
- ! The Governor's budget recommends \$400,000 in funding for ELEC's "Ballot Statement Program" to reimburse counties for costs incurred in the printing and distribution of gubernatorial candidate statements as required on county sample ballots during a Gubernatorial election year. The candidate statements are printed in English and Spanish.

Executive Commission on Ethical Standards

- ! The Governor's budget recommends a \$58,000 increase in direct state services funding to the Executive Commission on Ethical Standards, from \$532,000 to \$590,000 to fully fund existing positions.

New Jersey Racing Commission

- ! Additional direct state services funding of \$250,000 is recommended to address the structural deficit the Racing Commission is experiencing. The commission's administrative expenses in FY 2001 are projected to exceed supporting revenues by approximately \$700,000. In addition to the recommended appropriation, the commission is reportedly seeking other sources of funding to help cover its projected structural deficit in FY 2002.

Division of Elections

- ! A new appropriation of \$440,000 is recommended to fund six new positions to provide assistance to counties to improve voting processes and procedures. This full time staff would instruct county board of election members and staff on State election laws and make recommendations to improve county election systems.

Key Points (Cont'd)

- ! A new state aid appropriation of \$3 million is recommended as a 75 percent State match to assist Salem and Sussex counties in upgrading their balloting systems in time for the November 2001 election. These are the only remaining counties in New Jersey that use punch-card balloting systems.

Juvenile Services

Juvenile Justice Commission

- ! The Governor recommends an appropriation of \$108.6 million to the Juvenile Justice Commission (JJC) in FY 2002, including \$79.5 million in direct state services; \$19.8 million in grants-in-aid; and \$9.3 million in capital construction funding. Recommended State appropriations in FY 2002 would represent a 3.2 percent increase over the \$105.2 million FY 2001 adjusted appropriation, with increases in direct state services and grants-in-aid funding partially offset by a decline in capital construction funding.
- ! A \$1.2 million appropriation is recommended for a "Standard Staffing Initiative" to support an additional 32 positions at JJC community residential facilities. These additional staff members would reduce staff caseloads to meet Division of Youth and Family Services (DYFS) standards.
- ! A combined State appropriation of \$46.8 million is recommended for the New Jersey Training School for Boys in Jamesburg and the Medium Security Center in Bordentown, a net increase of \$1.0 million over their combined FY 2001 adjusted appropriation. The net increase reflects the annualized cost of operating the new 144-bed secure facility under construction adjacent to the existing Juvenile Medium Security Center.
- ! An increase of \$2.1 million, or 70 percent, in grants-in-aid funding is recommended for the "State Incentive Program." This program provides grants to counties to plan, develop and establish residential, day treatment and other correctional programs for juvenile offenders, thus diverting them from the State juvenile justice system.
- ! A new appropriation of \$300,000 is recommended for "Aftercare Initiative 2002." This initiative would fund six new staff positions to provide aftercare services for juveniles graduating from the JJC boot camp, as recommended in a 1998 evaluation of the program.
- ! A \$350,000 appropriation is recommended for the "Community Program Medical Initiative," a new proposal to fund contract services and add one staff member to provide medical care to juveniles housed at each of the 15 regional group centers.
- ! The Governor recommends \$300,000 to replace information technology consultants with an in-house information technology unit. This unit would provide computer services to the JJC, reducing the cost of consultant services. These costs exceeded \$850,000 annually and were previously funded under a federal block grant. The JJC plans to use block grant funds for another purpose.

Key Points (Cont'd)

- ! The Governor recommends a \$398,000 increase in JJC training funds for a total of \$1.8 million. This additional funding would support an extra 16 hours of JJC curriculum and in-house service training programs for both direct care staff and correction officers. Program curriculum would emphasize proper crisis intervention techniques and appropriate use of force.
- ! Three grants-in-aid appropriations, provided as the result of legislative initiatives in FY 2001, are not recommended for funding in FY 2002. These include \$90,000 to the "Playwrights Theatre of New Jersey," \$150,000 to the "New Jersey Association of County Youth Services Commissions" and \$500,000 for "Expansion of Delinquency Programs - - Boys and Girls Clubs of New Jersey."
- ! A capital construction appropriation of \$9.4 million, a decrease of \$1.2 million from the FY 2001 adjusted appropriation, is recommended for the JJC in FY 2002. These funds will be used to install suicide prevention features, repair roofs at community facilities, replace cell doors and upgrade the sewage treatment plant at the New Jersey Training School for Boys, among other construction projects.

Central Planning, Direction and Management

Office of the Attorney General

- ! A \$3.1 million appropriation, a \$600,000 increase over the \$2.5 million adjusted appropriation, is recommended to fund the Office of the Inspector General (OIG). This office was created in FY 2001 by the Attorney General to investigate allegations of mismanagement of public resources and to insure that all public funds are administered in an economical, efficient and effective manner. The OIG will also provide oversight of school construction as mandated by the "Educational Facilities Construction and Financing Act," P.L.2000, c.72.

Federal Funds

- ! Federal funds to the department are anticipated to decline \$3.0 million, to \$102.7 million, a decrease of 2.9 percent from the \$105.7 million FY 2001 adjusted appropriation. However, \$2.3 million of this apparent decrease represents funding for the "Commercial Vehicle / Bus Inspection" program, funds which were never received from the federal government.

Other Funds

- ! The department is scheduled to receive "other funds" totaling \$187.2 million in FY 2002, up \$4.4 million, or 2.2 percent, over the \$183.1 million received in the FY 2001 adjusted appropriation. A \$3.8 million increase in "State Facilities Education Act" (SFEA) funding to the Juvenile Justice Commission is the primary reason for this increase.

DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Budget Pages..... C-11; C-19; C-25 to C-26; C-29;
D-353 to D-367

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$73,263	\$83,811	\$79,260	(5.4)%
Federal Funds	16,845	50,587	62,459	23.5%
<u>Other</u>	<u>90</u>	<u>1,213</u>	<u>1,543</u>	<u>27.2%</u>
Grand Total	\$90,198	\$135,611	\$143,262	5.6%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	1,279	1,294	1,333	3.0%
Federal	145	150	175	16.7%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	1,424	1,444	1,508	4.4%

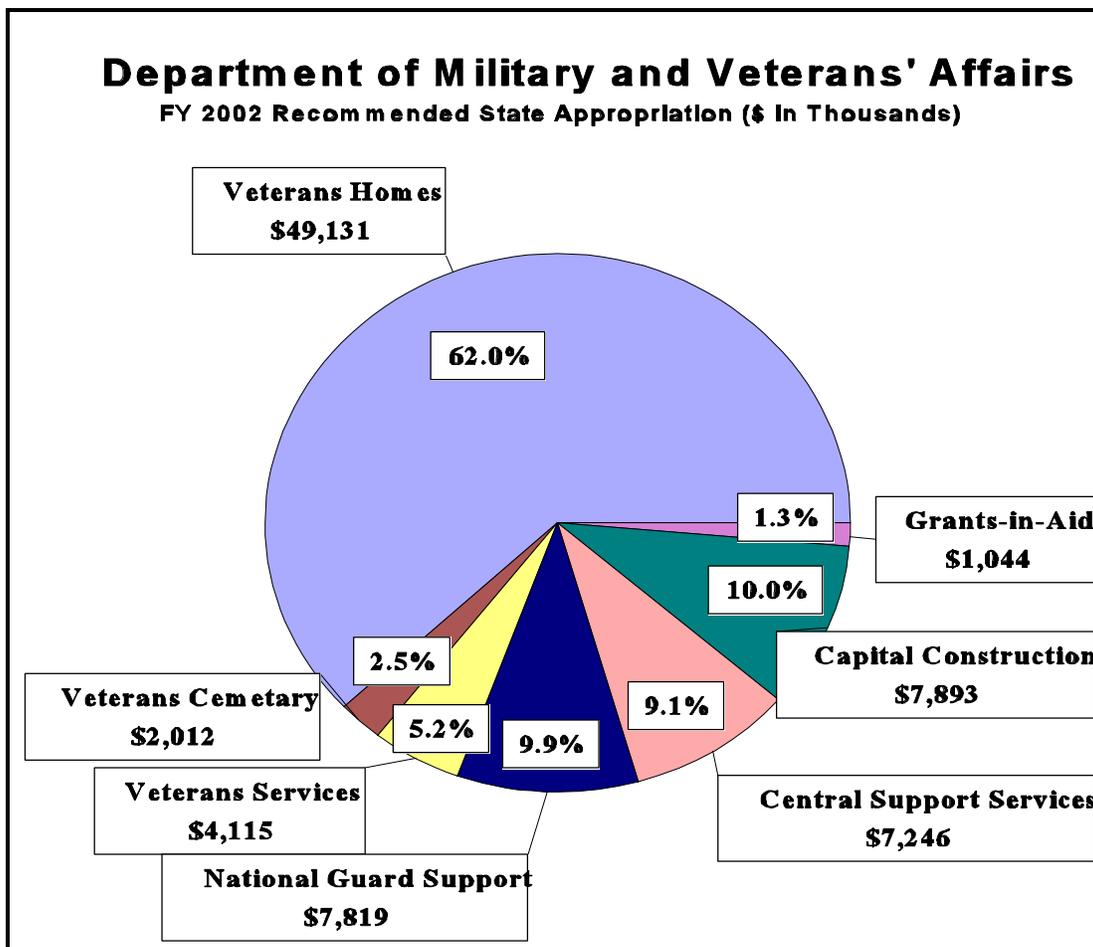
FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Military and Veterans' Affairs provides services and programs directed to New Jersey's estimated 750,000 veterans and their families while also directing New Jersey's National Guard units and their 10,000 service members. The department operates three nursing homes, maintains 33 active armories and a cemetery, and provides outreach and assistance to veterans. In its role as a State militia, the National Guard responds to emergencies within the State. The National Guard also remains on call to support missions in the interest of national defense.

Key Points

An appropriation of \$79.3 million in State funds is recommended for the Department of Military and Veterans' Affairs in FY 2002, a decrease of \$4.5 million, or 5.4 percent, from the FY 2001 adjusted appropriation of \$83.8 million. Direct state services funding — recommended at \$70.3 million — is \$2.1 million, or 3.1 percent, over the FY 2001 adjusted appropriation of \$68.2 million. The department's capital construction funding is recommended at \$7.9 million, a decrease of \$6.5 million, or 45 percent, below the FY 2001 adjusted appropriation of \$14.4 million. Federal and other funds are anticipated at \$62.5 million and \$1.5 million, respectively.



Key Points (Cont'd)

- ! An appropriation of \$1.1 million, an increase of \$256,000, is recommended for the State-matching share of the federally funded New Jersey National Guard Challenge Youth Program. This increase in State funding is attributable to a 5 percentage point rise in the State match, from 35 percent to 40 percent of total program costs. This 40 percent level is the maximum State match for the Challenge Youth program, with future funding increases driven solely by program costs. Challenge Youth is a 22-week residential program for at-risk youth 16 to 18 years of age that provides education, life skills, leadership and employment training.
- ! An appropriation of \$1.1 million, an increase of \$165,000, is recommended for the Joint Federal State Operations and Maintenance Contracts (State Share) accounts. This represents an 18.6 percent increase over the FY 2001 adjusted appropriation of \$887,000. This increase in funding represents the State's 25 percent match for an estimated \$495,000 in federal dollars for maintenance and repair projects throughout New Jersey National Guard facilities.
- ! A new appropriation totaling \$2.8 million is recommended for the department's "Information Technology Initiative," including \$1.9 million in direct state services and \$910,000 in capital construction. This recommended appropriation would fund the implementation of the department's "Information Technology Strategic Plan," which provides for hiring IT support staff, upgrading and replacing the department's technology infrastructure, facilitating department-wide access to the Internet, supporting a website manager, and replacing existing computer hardware and software. This initiative complies with the "State of New Jersey IT Strategic Plan" developed by the Office of Information Technology and with the U.S. Department of Defense National Guard Bureau e-government mandate.
- ! No specific funding is recommended for the "Veterans' Outreach and Assistance" account, which was funded at \$140,000 in FY 2002. However, budget language provides that 40 percent of the receipts in excess of the amount anticipated by the department that is derived from resident contributions and federal reimbursements be appropriated to the department, which is the same language that authorized the funding for this account in FY 2001.
- ! A new appropriation of \$45,000 is recommended for first year maintenance costs on the newly established Korean Veterans War Memorial, located along the boardwalk in Atlantic City. This memorial was dedicated in November 2000.
- ! Additional funding of \$46,000 is recommended to pay for contractual services of representing New Jersey before the federal government's Base Realignment and Closure Commission (BRAC), up 22 percent from the \$205,000 expended for this contract in FY 2001. This increase is required in the current service contract. BRAC makes recommendations on the economic and military viability of existing Department of Defense installations within New Jersey. This funding would allow New Jersey to develop a strategic plan and maintain proper representation before BRAC.
- ! Several grants-in-aid, provided as the result of legislative initiatives in FY 2001, are not recommended for funding in FY 2002. These include grants to the Family Service, Mount Holly - Veterans' Homeless Housing (\$25,000); Garden State Veterans Shelter (\$25,000); Women Veterans' Memorial Garden, Holmdel (\$50,000); and the Vietnam Veterans' Memorial Foundation, Inc. - Distance Learning Program (\$90,000).

Key Points (Cont'd)

- ! An increase of \$230,000 over the FY 2001 combined adjusted appropriation of \$13.9 million is recommended for the Menlo Park Veterans Memorial Home "Salary and Wages" and "Services Other Than Personnel" accounts. This additional funding would allow the department to hire contract nurses in order to schedule every other weekend off for regular staff members, as required by a recent court decision. Because the department does not anticipate filling weekend coverage with current staff, \$200,000 of the recommended increase is in the "Services Other Than Personnel" account to hire contract workers.
- ! An increase of \$287,000 is recommended in the Vineland Veterans Memorial Home "Services Other Than Personnel" account to fund contract costs associated with physical therapy and ambulatory services. This represents a 53 percent increase over the \$552,000 FY 2001 adjusted appropriation for the "Services Other Than Personnel" account.
- ! The recommended budget includes \$7.9 million in capital construction funds for the department, a decrease of \$6.5 million, or 45 percent, below the \$14.4 million FY 2001 adjusted appropriation. This decrease is largely attributable to a \$5.5 million reduction, from \$9.3 million to \$3.8 million, in funding for a replacement facility for the Vineland veterans' nursing home. The expected completion date for the new Vineland facility is the Fall of 2003. The other major capital funding reduction, approximately \$1 million, would occur in National Guard administration and support. This reduction in capital funds is due to the elimination of a \$2.4 million one time appropriation in FY 2001 to rehabilitate the department's headquarters building. That decrease would be partially offset by increases totaling \$1.9, including \$910,000 for the information technology initiative discussed above; \$456,000 for fire and life safety improvements statewide; and \$579,000 for renovations and improvements to various facilities.
- ! Total federal funding is anticipated to increase by 23.5 percent, from \$50.6 million in FY 2001 to \$62.5 million in FY 2002. A primary reason for this increase includes the anticipation of \$24.4 million for the first of three phases to design and construct a consolidated logistics and training facility at the Lakehurst Naval Engineering Station.

DEPARTMENT OF PERSONNEL

Budget Pages..... C-11, C-19; D-369 to D-374

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$32,828	\$29,735	\$29,735	0.0%
Federal Funds	170	0	0	—
<u>Other</u>	<u>0</u>	<u>3,703</u>	<u>3,753</u>	<u>1.4%</u>
Grand Total	\$32,998	\$33,438	\$33,488	0.2%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	413	424	432	1.9%
Federal	0	0	0	—
<u>Other</u>	<u>11</u>	<u>11</u>	<u>14</u>	<u>27.3%</u>
Total Positions	424	435	446	2.5%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Department of Personnel administers the personnel system for all of State government and provides personnel services to 20 of New Jersey's 21 counties, 192 municipalities, and approximately 100 other autonomous public entities (e.g., authorities). Major responsibilities of the Department of Personnel are: (1) to develop and administer a comprehensive personnel system based on merit; (2) to offer cost-effective training and staff development services; (3) to assist State and local government agencies in filling staff vacancies with qualified candidates; and (4) to administer the State's Equal Employment Opportunity and Affirmative Action programs.

Key Points

- ! The FY 2002 recommended budget for the department is \$29.7 million, the same amount as the FY 2001 adjusted appropriation.
- ! There are no major budgetary changes or policy initiatives in the Department of Personnel's recommended budget.
- ! \$750,000 is again recommended for the Sexual Harassment Training Program. This program was initiated in FY 2001 with a \$750,000 appropriation and is conducted through the Human Resource Development Institute (HRDI) to provide training for all State departments and agencies, including specialized training for State Affirmative Action Officers.
- ! In addition to the recommended appropriation, \$3.75 million in "off budget" revenues from fees and service charges will also be available to the department, \$50,000 more than anticipated in FY 2001. Of this amount, it is estimated that \$1.4 million will be generated by the Human Resource Development Institute (HRDI), a \$251,000 increase over the amount estimated for FY 2001. Together, examination fees and shared service reimbursements are expected to generate approximately \$201,000 or 7.9 percent less than in FY 2001. Budget language allows these "off budget" revenues (including the excess over estimated amounts) to be retained and spent by the department, subject to approval by the Director of Budget and Accounting.
- ! According to the FY 2002 recommended budget, it is estimated that the department will abolish 3,000 titles in FY 2001 and 3,000 titles in FY 2002. In FY 2000, the department abolished 224 titles.
- ! Equal Employment Opportunity/Affirmative Action appeals increased from 129 in FY 1999 to an estimated 232 in FY 2002. The backlog of these appeals increased from 157 in FY 1999 to an estimated 257 in FY 2002.

DEPARTMENT OF STATE

Budget Pages..... C-19, C-26 to C-27; D-375 to D-433

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,096,149	\$1,218,768	\$1,290,693	5.9%
Federal Funds	15,186	20,937	22,560	7.8%
<u>Other</u>	<u>16,199</u>	<u>13,570</u>	<u>14,017</u>	<u>3.3%</u>
Grand Total	\$1,127,534	\$1,253,275	\$1,327,270	5.9%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	340	354	385	8.8%
Federal	192	198	228	15.2%
Other	111	108	115	6.5%
<u>Colleges & Univ's. *</u>	<u>19,653</u>	<u>19,653</u>	<u>19,653</u>	<u>0.0%</u>
Total Positions	20,296	20,313	20,381	0.3%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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 New Jersey State Museum, the New Jersey 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 Broadcasting Authority is designated in, but not of, the Department of State for administrative purposes. Additionally, as a result of the abolishment of the Department

Introduction (Cont'd)

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

- ! The FY 2002 budget recommendation for the Department of State, excluding Higher Educational Services, totals \$92.1 million, an increase of approximately \$6.8 million or 8 percent over the FY 2001 adjusted appropriation of \$85.4 million. Included in the budget proposal is \$21.9 million for Direct State Services, a 10.3 percent or \$2.1 million increase; \$35.1 million for Grants-In-Aid, a 5.4 percent or \$2 million decrease resulting from legislative initiatives not recommended for continuation; \$21.2 million in State Aid, a 7 percent or \$1.4 million increase; and \$13.9 million in Capital Construction costs, a 62.4 percent or \$5.4 million increase.

THE OFFICE OF THE SECRETARY OF STATE

- ! In FY 2002, the Governor recommends a total State budget of \$17.4 million for the Office of the Secretary of State, a \$1.2 million increase over the FY 2001 adjusted appropriation of \$16.2 million. Included in the recommended State funding is an increase of \$285,000 for the administrative costs of the Cultural Trust, \$31,000 for administrative costs of the Office of Volunteerism and a \$1.4 million increase in capital funding for Specialized Document Imaging Services. Offsetting that increase is the elimination of one-time costs totaling \$532,000 for the implementation of the Integrated Archives and Records Management Data System and the expansion of the Records Storage Center.
- ! The FY 2002 budget includes a \$10 million Grant-in-Aid appropriation for the continued support of the Cultural Trust. The Trust, established pursuant to P.L. 2000, c.76, is a private/public partnership aimed at promoting the arts, history and the humanities by providing a dollar-for-dollar match of up to \$100 million in private sector funding. The Trust will appropriate \$10 million per year over a 10-year period to help finance capital projects, build endowments and contribute to the institutional and financial stability of non-profit cultural groups in New Jersey. This is the second year of funding under the program.

PUBLIC BROADCASTING AUTHORITY

- ! A Direct State Services appropriation of \$7.1 million is recommended for the operation of the New Jersey Public Broadcasting Authority, a \$1.1 million or 17.6 percent increase over the FY 2001 adjusted appropriation of \$6.1 million. The increase includes a \$750,000 appropriation to fully subsidize the New Jersey Public Broadcasting Authority's operating base and a \$60,000 appropriation to leverage federal funding. The remaining \$300,000

Key Points (Cont'd)

will assist in the establishment of a new production facility in Atlantic City.

- ! The New Jersey Public Broadcasting Authority will receive capital funding totaling \$11.2 million, a \$5.4 million increase over the \$5.7 million available in FY 2001. The funds will be used to address the capital needs (i.e. equipment purchases) stemming from the federal ruling mandating that all commercial and non-commercial television stations convert to digital format by 2006.

NEW JERSEY STATE COUNCIL ON THE ARTS

- ! In FY 2002, the budget recommends \$20.1 million for the New Jersey State Council on the Arts, a \$1.2 million or 5.3 percent decrease over the FY 2001 adjusted appropriation of \$21.9 million. The decrease is due to the elimination of FY 2001 legislative initiatives totaling \$1.2 million.
- ! Budget language guaranteeing 25% of the State appropriation for cultural projects for the eight southernmost counties has been eliminated.

HISTORICAL RESOURCES

- ! Total funding for Historical Resources, which includes funding for the New Jersey Historical Commission, is recommended to decrease by \$744,000 or 10 percent from the FY 2001 adjusted appropriation of \$6.9 million to \$6.1 million in FY 2002. The decrease is due to the elimination of various FY 2001 legislative initiatives totaling \$844,000 which is offset by a \$100,000 increase in operating aid.

DIVISION OF STATE MUSEUM

- ! The FY 2002 budget recommendation includes a \$7.1 million State appropriation for the Division of State Museum, a \$2.8 million or 28 percent decrease over the FY 2001 adjusted appropriation of \$9.9 million. The decrease is partially due to a \$2 million reduction in State aid to the Newark Museum which was a legislative initiative and the elimination of \$2.2 million in capital funding for renovations at Morven. Offsetting that amount is \$900,000 in new funding for the War Memorial Presenting Theater and approximately \$641,000 for other renovation projects.

DIVISION OF STATE LIBRARY

- ! The Governor's FY 2002 budget recommends State funding of \$21.7 million for the operational and State aid programs of the Division of State Library, an increase of \$3.4 million over the FY 2001 adjusted appropriation of \$18.3 million. Of that recommended increase, \$3.1 million is earmarked for debt service payments for the Public Library Project Fund which will provide grants to public libraries for construction, expansion and rehabilitation projects. Funding of \$1.3 million is recommended for the Virtual Library in FY 2002, a \$300,000 or 30 percent increase over the FY 2001 funding of \$1.0 million. The Virtual Library is an online library that provides free access to information resources to students at all levels, teachers, businesses and the public.

Key Points (Cont'd)

- ! New funding of \$400,000 is recommended for a State Library Architectural/Engineering Renovation Cost Study. The study would inventory the Library's collections and determine its growth rate and the impact of new technologies.

Higher Educational Services

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

DEPARTMENT OF TRANSPORTATION

Budget Pages..... C-11 to 12, C-19 to 20, C-26, C-28,
D-435 to 453, H-46

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$897,428	\$1,193,679	\$1,262,090	5.7%
Federal Funds	671,066	812,174	840,195	3.5%
<u>Other</u>	<u>906,742</u>	<u>920,294</u>	<u>1,019,926</u>	<u>10.8%</u>
Grand Total	\$2,475,236	\$2,926,147	\$3,122,211	6.7%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	3,883	4,208	4,332	2.9%
Federal	1,142	1,141	1,216	6.6%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	5,025	5,349	5,548	3.7%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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, mass transit facilities, and general aviation airports. DOT also administers a rail-freight assistance program and has developed expertise in the area of intermodal and marine transportation. Further, the department provides financial aid to counties and municipalities for local transportation purposes. To support these various activities, the department relies on annual State appropriations, proceeds from previously authorized general obligation bond acts, the Transportation Trust Fund, the Casino Revenue Fund, the Airport Safety Fund, mass transit passenger fares, and federal monies.

As an additional responsibility, the Division of Motor Vehicles was transferred from the Department of Law and Public Safety to the department in 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 366,000. In addition, NJT leases buses and bus-related equipment to private carriers at no cost, and administers a 24-hour half-fare subsidy program for senior citizens and disabled persons using public or private mass transit facilities. The corporation also assists counties with local county transit services for senior citizens and disabled 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, disabled riders.

Key Points

Transportation Trust Fund

- ! The budget message recommends a capital budget appropriation of \$709.5 million **to** the Transportation Trust Fund (TTF) for FY 2002, an amount which is \$90 million below the minimum of \$799.5 million established by the recent TTF reauthorization legislation, P.L.2000, c.73.
- ! The \$709.5 million recommended **to** the TTF for FY 2002 includes only constitutionally dedicated revenues provided by motor fuel taxes, the Petroleum Products Gross Receipts Tax, and the Sales and Use Tax, and contractual contributions provided by State toll road authorities. There is \$90 million in motor vehicle registration fees and diesel fuel revenues which is statutorily dedicated to the TTF but which is not recommended.
- ! The budget message recommends a capital construction program appropriation of \$1.0 billion **from** the TTF for FY 2002. This program amount exceeds by \$50 million the statutory maximum of \$950 million established in P.L.2000, c.73 for the TTF in FY 2002.
- ! The recommended capital budget appropriation **to** the TTF and the program appropriation **from** the TTF would translate into an anticipated need for the TTF to issue about \$735 million in new debt in FY 2002 to meet its estimated cash expenditures in that year.
- ! Although \$650 million is the maximum annual amount of debt statutorily permitted by P.L.2000, c.73 to be issued by the TTF in any fiscal year, the TTF is, however, permitted an exception and may issue a higher amount, if in previous fiscal years the TTF did not issue the maximum amount and has carried forward that authorized, but unissued balance. The TTF has approximately \$348 million in authorized, but unissued debt that has carried forward since FY 1996, when the TTF issued less than the annual maximum.
- ! Pursuant to P.L.2000, c.73, TTF support for salaries and overhead of the department and the New Jersey Transit Corporation (NJT) shall not exceed 13 percent of the annual TTF capital construction program. Under the TTF program limit of \$950 million established by this act for FY 2002, \$123.5 million would be permitted for salaries and overhead. The recommended \$1.0 billion TTF program could permit an additional \$6.5 million or a total of \$130 million for these purposes.

Key Points (Cont'd)

Highway Operations

- ! The budget message recommends that the Gateway Enhanced Maintenance Program receive about \$7.9 million in FY 2002, a \$3.3 million decrease below the \$11.2 million FY 2001 appropriation. The \$3.3 million decrease reflects certain expenditures for equipment in FY 2001 which do not have to be repeated in FY 2002.
- ! The budget message continues budget language which authorizes the appropriation of additional funds for snow removal. However, the proposed language would cap the additional amount for FY 2002 at \$3.0 million whereas the current language for FY 2001 caps the amount at \$1.5 million. The \$1.5 million for snow removal was appropriated in FY 2001 pursuant to Director's Letter 01-058.
- ! The Materials and Supplies account would increase from \$11.3 million in FY 2001 to \$11.9 million in FY 2002 to support the growth in electric energy costs attributable to additional highway lighting and traffic signals.
- ! The Clean Communities Fund (CCF) would no longer offset the cost of the department's litter pickup program. The CCF has been credited with the revenue derived from the tax on litter-generating products. However, this tax expired on December 31, 2000. Consequently, the General Fund would replace the \$1.0 million that is being provided by the CCF in FY 2001.
- ! The budget message recommends an appropriation of \$7.9 million for Transportation Systems Improvements. This new item is for salaries of departmental personnel working on the transportation capital program and is a shift of personnel costs, currently funded in the TTF. This is consistent with the Legislature's intent to limit the amount of TTF money that can be used for personnel salaries and overhead costs of the department and NJT.

Motor Vehicle Services

- ! The appropriation for the Vehicle Inspection Program, which is responsible for the State's enhanced motor vehicle inspection program, would decrease to \$27.3 million from its FY 2001 adjusted appropriation amount of \$36.9 million. However, the decrease assumes a FY 2001 supplemental appropriation, which has not yet occurred, of \$10 million for program expenses that are ineligible for federal reimbursement.
- ! The Vehicle Inspection Program is also anticipated to be supported with an estimated \$50 million in federal funds in FY 2002. However, the cost sharing agreement that the department entered into with the federal government in December, 1999 for this program is for three years. Consequently, if federal participation decreases in FY 2003 and is eliminated in FY 2004, demands may be placed on the General Fund to replace these federal funds.
- ! Funds to reimburse private inspection facilities for enhanced inspections of motor vehicles are not recommended for FY 2002. \$3.0 million was appropriated for FY 2001 as part of a settlement agreement between the department and the Gasoline Retailers Association concerning the inspection of private motor vehicles. The reimbursement program ended September 30, 2000.

Key Points (Cont'd)

- ! The appropriation for the Ten-Year Digitized Driver License Program would decrease to \$900,000 from the FY 2001 amount of \$3.6 million. Although scheduled to begin implementation by January 1, 2001, the amount for FY 2002 provides for final program startup costs. Further, new budget language would permit such sums as needed to be appropriated to continue the current photo license program, including the charging of fees, until the Ten-Year Digitized Driver License Program is implemented.
- ! The appropriation for the Graduated Driver License Program would decrease to \$1.7 million from the \$9.3 million FY 2001 adjusted appropriation. Although the FY 2001 amount assumes a supplemental appropriation of \$6.9 million, this has not yet occurred. The adjusted amount for FY 2001 would support modifications to the computer mainframe, a public information program and guidebook, and test procedures. The amount for FY 2002 would continue technology improvements to further enhance program effectiveness.
- ! The budget message recommends an appropriation of \$5.5 million to modernize motor vehicle agencies. Of this amount, \$4.8 million is a capital budget item and \$700,000 is a direct state services budget item. These monies would be used to: (1) develop and implement a new information system; and (2) install a customer queuing system to reduce the time the public must wait to complete vehicle-related transactions. This is a new initiative and is based on the findings contained in the "Organizational Study and Analysis, Motor Vehicle Services, Final Report" dated July, 1999 that was conducted by KPMG LLP.
- ! The capital budget also recommends \$2.7 million for improvements at various motor vehicle facilities for roof replacements, heating and ventilation improvements, and related preservation investments, and for the construction of a new office at the Delanco inspection station in Burlington County.
- ! The Services Other Than Personal account would increase from \$13.5 million in FY 2001 to \$14.2 million in FY 2002 to provide nine additional technical support staff in the Office of Information Technology (OIT) to service the increased needs of Motor Vehicle Services (MVS) resulting from new programs such as the Graduated Driver License Program and the Ten-Year Digitized Driver License Program. The amount would also support salary increases for the existing OIT staff that provides current services to MVS.

Security Responsibility

- ! The budget message recommends a \$500,000 appropriation to conduct a feasibility study for an insurance verification system. In addition, budget language would permit such additional sums as needed to be appropriated to implement the system. The establishment of an electronic data base concerning real-time information on private passenger automobile insurance is required by section 7 of P.L.1998, c.22 (C.17:33B-41).
- ! Although additional budget language directs that the amount appropriated for the Security Responsibility program classification is to be reimbursed from receipts received from associations and companies writing motor vehicle liability insurance within the State, the costs for the insurance verification system will be supported by the General Fund. The Department of the Treasury and the Department of Insurance have determined that these system costs are not reimbursable by the vehicle insurance industry.

Key Points (Cont'd)

Aviation

- ! An amount of \$2.5 million was appropriated in FY 2001 pursuant to P.L.2000, c.165 for the purchase of development rights associated with any privately owned and any county or municipally owned unrestricted public use airport. Although this Grant-in-Aid program is not recommended in FY 2002, the department may allocate TTF or federal monies for this purpose, if needed.

Administration and Support Services

- ! The Services Other Than Personal account would increase from \$4.8 million in FY 2001 to \$5.1 million in FY 2002 for Office of Information Technology salary increases and technical services provided to the department.

New Jersey Transit Corporation

- ! The total recommended budget for the corporation is \$1.170 billion, an overall increase of \$111 million. To achieve that total amount, the corporation would receive a State grant-in-aid amount of \$280 million, an increase of \$71 million. Other revenue sources, e.g. passenger fares, the Casino Revenue Fund, and various federal and TTF resources, would contribute an estimated \$489 million, \$25 million, and \$376 million, respectively, for a combined increase of \$40 million.
- ! The corporation increase provides for: (1) additional bus and rail service on existing routes to reduce overcrowding; (2) new bus and rail routes; (3) more frequent cleaning and maintenance programs; (4) meeting mandated federal and State safety programs; (5) support for a portion of the personnel salary costs formerly financed by the TTF; (6) updating communications capability by opening a new rail operations center; and (7) contractual labor expenses.
- ! New budget language would permit the appropriation of an amount not to exceed \$4.0 million to adjust service levels in response to overcrowding on bus and rail lines.

DEPARTMENT OF THE TREASURY

Budget Pages..... C-12; C-20; C-26; C-27; D-455 to
D-502; E-11 to E-14; and G-5 to G-11

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,677,166	\$2,194,597	\$2,553,290	16.3%
Federal Funds	3,088	3,751	4,076	8.7%
<u>Other</u>	<u>994,255</u>	<u>999,295</u>	<u>1,019,394</u>	<u>2.0%</u>
Grand Total	\$2,674,509	\$3,197,643	\$3,576,760	11.9%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	4,528	4,657	4,835	3.8%
Federal	15	21	21	0.0%
<u>Other</u>	<u>1,714</u>	<u>1,729</u>	<u>1,861</u>	<u>7.6%</u>
Total Positions	6,257	6,407	6,717	4.8%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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.

Introduction (Cont'd.)

The FY 2002 budget includes a number of agencies considered "in but not of" the Department of the Treasury. 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 the **N.J. Commerce and Economic Growth Commission**, the **N.J. Commission on Science and Technology**, the **N.J. Economic Development Authority**, the **Office of Administrative Law**, the **Office of the Public Defender** and the **Office of Legal Services**.

In order to be consistent with the data as it is displayed in the Governor's budget, the funding and position data in the Department of the Treasury for Higher Educational Services, the N.J. Commerce and Economic Growth Commission, the Economic Planning and Development Statewide program and the N.J. Commission on Science and Technology are included in the above tables as well as in the overview section below. 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 \$3.6 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 2002. These funds represent an 11.9 percent increase in resources over those available in FY 2001.
- ! The Governor has recommended \$2.6 billion in State budgeted resources (General Fund, Property Tax Relief Fund and Casino funds) for the Department of the Treasury in FY 2002, an increase of 16.3 percent over the FY 2001 adjusted appropriation.
- ! The Governor has recommended continuation funding of \$4.0 million in Federal Funds for FY 2002, an 8.7 percent increase over FY 2001. These funds are for programs administered by the Board of Public Utilities, the Office of the Public Defender, and Legal Services of New Jersey.
- ! The Governor has recommended \$1.0 billion in Other Funds for FY 2002, an increase of 2.0 percent over FY 2001. 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 proposed distributions of \$755 million in energy tax receipts and \$110.2 million in revolving funds for the Office of Information Technology (OIT).
- ! The recommended General Fund appropriation for the Department of the Treasury is \$1.4 billion, an overall increase of 6.7 percent. The Governor's budget includes increases in

Key Points (Cont'd)

three categories of General Fund appropriations: Grants-in-Aid (\$57.5 million or 29.7 percent), State Aid (\$27.4 million or 8.1 percent), and Debt Service (\$14.8 million or 3.6 percent), while decreases are recommended for Direct State Services (\$4.7 million or 1.2 percent) and Capital Construction (\$4.2 million or 37.8 percent).

- ! Although the Governor's budget has recommended a slight decrease in funding for General Fund-Direct State Services from the current year appropriation of \$394 million to \$389 million in FY2002, the Governor's budget historically has included language which permits the department to appropriate additional funds to a number of programs.

ECONOMIC REGULATION

- ! The Governor's budget recommends \$27.8 million from all funds for the Economic Regulation program, an \$825,000 or 3.1 percent increase over the FY 2001 adjusted appropriation. This program class includes the Board of Public Utilities (BPU) and the Ratepayer Advocacy Program, both of which are funded by assessments levied on various utilities conducting business within the State.
- ! Of the recommended increase, \$500,000 in State funds are allocated for an "Energy Research Consortium." According to the BPU, the consortium will "facilitate collaboration on R&D and the development of expertise and resources to solve and anticipate complex problems related to energy" and "seize opportunities being brought by ... technology development and deregulation in the electric and natural gas industries." In addition to State funding, the Consortium anticipates instituting a membership fee to leverage revenues from federal and private sources.

GOVERNMENTAL REVIEW AND OVERSIGHT

- ! The Governor's budget provides \$27.5 million from all sources for the Governmental Review and Oversight program, a net decrease of \$683,000 or 2.4 percent. Recommended increases are offset by the elimination of a \$1.0 million FY 2001 supplemental appropriation for Performance and Operational Audits and Independent Audits. Funding for this purpose is contained in recommended FY 2002 budget language.

FINANCIAL ADMINISTRATION

- ! The amount recommended in FY 2002 for Taxation Services and Administration (Division of Taxation) from State funds is \$93.2 million, \$2.5 million (2.6 percent) less than the FY 2001 adjusted appropriation. This decrease largely reflects a \$3.0 million reduction for collection services contracts, offset by other increases. For a number of years the recommended budget for the Division of Taxation generally has been less than its adjusted appropriation since the division is authorized, through budget language, to seek supplemental funding for certain ongoing activities as needed. The Division of Taxation has received \$3.2 million in supplemental appropriations authorized by language in FY2001.
- ! A sum of \$43 million from all funds is recommended for the Administration of State Revenues (Division of Revenue), a net reduction of \$14.7 million (25.4 percent) from the

Key Points (Cont'd)

FY 2001 adjusted appropriation. This reduction largely reflects the elimination of \$8.0 million in State funds for collections activities as well as \$7.2 million in State funds for technology-related costs, offset by a shift of funding of \$328,000 from the Division of Taxation to the Division of Revenue for the printing and distribution of employer quarterly packets and a \$100,000 increase for additional positions in the Office of Revenue and Economic Analysis.

- ! With respect to the elimination of \$8.0 million in funding for collections (referenced above), the department has indicated that it will assess collection needs for both the Division of Taxation and the Division of Revenue to determine whether collection contracts are cost effective. As in past years, broad language is included in the FY 2002 Budget Recommendation to permit the appropriation of additional resources for the Division of Revenue without subsequent legislative involvement. The Budget indicates that the Division of Revenue has received \$17.3 million as a result of language-authorized supplemental appropriations in FY2001.

GENERAL GOVERNMENT SERVICES

- ! Recommended budget language would appropriate up to \$12 million from the General Fund for a re-engineering study of the pension and health benefits computer systems, contingent upon the reimbursement of these funds from pension fund resources. The department estimates that the total cost of this multi-year project will be in the range of \$50 million to \$60 million.
- ! A General Fund appropriation of \$775,000 is recommended for the administrative costs of the Garden State Preservation Trust (GSPT), the same level as the FY 2001 adjusted appropriation. Established pursuant to P.L. 1999, c. 152, the Trust oversees New Jersey's progress toward achieving the goal of preserving open space and farmland and providing preservation funding to the Office of Green Acres in the Department of Environmental Protection (DEP), the State Agriculture Development Committee (SADC) and the New Jersey Historic Trust in the Department of State. As in the current year, an additional \$98 million is appropriated for open space preservation in the Interdepartmental accounts (budget page D-515). These funds are available for acquisition and preservation projects through the GSPT.
- ! The Governor's budget recommends \$6.9 million for the Special Purpose Fleet Renewal Management Program in the Purchasing and Inventory Management Program, a \$2.9 million decrease from the FY2001 adjusted appropriation. According to the department, this appropriation will provide for remaining payments on existing vehicles while eliminating FY 2001 funding for new fleet passenger sedans and vans.
- ! The recommended appropriation of \$14.2 million for the Property Management and Construction - Property Management Services program represents an increase of \$3.3 million (30 percent) over the current adjusted appropriation. The additional funds will shift \$3.5 million for support of administrative positions in the Office of Construction Services to the General Fund, consistent with the reorganization of Property Management and Construction. This amount will be offset by the elimination of \$250,000 for Land Use Regulation Specialists. Funding for this program is shifted off-budget through proposed FY 2002 budget language.

Key Points (Cont'd)

- ! Special Purpose appropriations totaling \$800,000 are recommended for Gubernatorial transition costs. According to the OMB, the amounts provided are the same as appropriated in FY1993, adjusted for inflation.

OFFICE OF ADMINISTRATIVE LAW

- ! The Governor's budget recommends funding of \$8.2 million in State and other funds for the Adjudication of Administrative Appeals program (Office of Administrative Law), an increase of \$613,000 (8.1 percent). This increase is recommended to enable the OAL to reduce its current backlog of cases and process cases more expeditiously to meet federal or State mandated time frames by supporting eight additional FTE's, including four judgeships. Funding for the OAL includes a direct State appropriation of \$4.9 million and \$3.2 million in other funds, primarily from judicial hearing receipts.

STATE SUBSIDIES AND FINANCIAL AID: GRANTS-IN-AID

- ! The Governor's budget recommends a total of \$1.0 billion in Grants-In-Aid from General Fund (\$70 million) and Property Tax Relief Fund resources (\$961.1 million) for Direct Tax Relief and Homestead Rebate programs. These amounts represent a 41.8 percent increase over the FY 2001 adjusted appropriation of \$727.4 million. Details of these programs follow.
- ! The Governor's budget recommends \$343.1 million, an increase of \$8 million over the FY 2001 adjusted appropriation, for distributions to seniors, disabled and low-income homeowners and tenants under the Homestead Property Tax Rebate Program (P.L. 1990, c.61). According to the Budget in Brief, in FY 2002 this program will provide an estimated 1.3 million eligible homeowners with rebate checks averaging \$468 while some 125,000 eligible renters will receive checks averaging \$463. Moreover, pursuant to the New Jersey SAVER and Homestead Rebate Act (P.L. 1999, c.63), approximately 650,000 non senior/non disabled renters with incomes of \$100,000 or less will receive rebates averaging \$60 in FY 2002.
- ! In FY 2002, continuation funding of \$10.6 million from the Property Tax Relief Fund is recommended for the Senior and Disabled Citizens Property Tax Freeze program pursuant to P.L. 1997, c. 348. This appropriation represents approximately one half of the cost originally estimated for this program, since the number of applications from eligible residents has been less than anticipated. The program was introduced in calendar year 2000 to reimburse certain low income senior and disabled residents for increases in property taxes paid on their homes. The income eligibility amounts are adjusted annually based on the maximum cost of living increase for the federal social security program.
- ! A \$70 million appropriation is recommended for the New Jersey Earned Income Tax Credit (EITC), an increase of \$35 million over the current adjusted funding level. This appropriation represents the second year of a four year phase-in of the program which provides a tax credit for low and moderate income working families based on the federal earned income tax credit program. The FY 2002 appropriation increases the value of the EITC from 10 to 15 percent of the federal credit. When fully implemented in FY2004, the credit will provide 20 percent of the federal credit to an estimated 237,000 families, or a maximum of between \$363 and \$599 per family as determined by family size and income.

Key Points (Cont'd)

- The Governor's budget recommends \$607.4 million for the New Jersey School Assessment Valuation Exemption Relief (NJ SAVER) program, an increase of \$207.7 million over the FY 2001 appropriation of \$336.7 million. NJ SAVER was enacted pursuant to P.L. 1999, c. 63 to provide an estimated 1.9 million homeowners with direct relief equal to a portion of the school taxes paid on the assessed value of eligible primary residences. Originally intended to be phased-in over a five year period, the recommended FY 2002 increase represents the third year of the phase-in (\$120.7 million) plus an additional \$150 million to accelerate the program by one year. According to the Budget in Brief, the estimated average payment in FY 2002 will be \$480, up from \$240 in FY 2001.

STATE SUBSIDIES AND FINANCIAL AID: STATE AID

- The Governor's budget recommends a total of \$292.9 million in State Aid from the General Fund (\$189.7 million) and Property Tax Relief Fund (\$103.2 million) resources. This represents a 1.3 percent increase over the FY 2001 adjusted appropriation. Details of these programs follow.
- Funding for the County Boards of Taxation is recommended to increase from \$1.0 million in FY 2001 to \$1.3 million in FY2002 (35 percent). Counties are reimbursed by the State for costs, which were increased in CY 2000, associated with county tax board members.
- The South Jersey Port Corporation is recommended to receive total of \$6.4 million in FY 2002 for a Debt Service Reserve Fund (\$4.4 million) and for a Property Tax Reserve Fund (\$2.0 million). The latter is reduced by \$4.0 million from the FY 2001 adjusted appropriation which provided for a retroactive payment-in-lieu-of-taxes (PILOT) to the City of Camden. The continuing PILOT payment will be \$2.0 million.
- A total of \$182.0 million is recommended for the School Construction and Renovation Fund, an increase of \$52.1 million (40.1 percent) over the FY 2001 adjusted appropriation. This increase reflects scheduled funding growth as provided under the Educational Facilities Construction and Financing Act, P.L. 2000, c.72. According to the Budget in Brief, this \$182.0 million includes \$65 million from the tobacco settlement, \$50 million from dedicated cigarette tax revenues, \$62 million from State lottery proceeds and \$5 million from the fund for free public schools. An additional \$60.7 million will be available from balances in the prior year.
- The Governor's budget continues funding for Solid Waste Management - County Environmental Investment Debt Service Aid; however the display of this appropriation has been transferred to the Interdepartmental accounts. These funds, which are recommended to be increased from \$33 million in FY 2001 to \$54 million in FY 2002, assist counties in meeting debt service requirements for solid waste investments (primarily stranded costs of incineration construction).
- The Business Personal Property Tax Depreciation program has been reallocated to the Department of Community Affairs for FY 2002, and placed within the Consolidated Municipal Property Tax Relief (CMPTR) program. These funds will be distributed to certain municipalities to replace property tax revenues lost due to a change in the way Verizon (formerly Bell Atlantic) calculates its property values. However, the budget recommendation would reduce the funding level for the program from \$33.9 million to \$13.1 million and restrict the availability of the replacement revenues to certain municipalities. See footnote language, page D-60. (Revised 4/3/01)

Key Points (Cont'd)

- ! The Governor's budget recommends a total of \$28.3 million in State aid payments from the Property Tax Relief Fund to reimburse municipalities for senior and disabled citizens' property tax exemptions. This represents a \$3.3 million (10 percent) decrease from the total FY 2001 adjusted appropriation of \$31.6 million.
- ! The Governor's budget recommends \$53 million in State aid payments from the Property Tax Relief Fund to reimburse municipalities for veteran's property tax exemptions. The recommended appropriation reflects an increase of \$18 million (50 percent) over the FY 2001 adjusted appropriation and provides for a \$50 increase in the current deduction from \$100 to \$150. As approved by the voters in November 1999, the veterans' property tax deduction will continue to grow by \$50 annually until 2004, at which point the total annual will equal \$250.
- ! The Governor's budget recommends \$11.4 million from the Property Tax Relief Fund for Debt Service on Pension Obligation Bonds attributable to the Consolidated Police and Firemen's Retirement program. This represents a \$4.8 million, or 74.1 percent increase from the FY 20001 adjusted appropriation. 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 \$10.5 million from the Property Tax Relief Fund for Police and Firemen's Retirement System (PFRS), Health Benefits, a \$4.7 million increase over the FY 2001 adjusted appropriation. 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 does not appropriate any funds for the Police and Firemen's Retirement System (N.J.S.A. 43:16A) to pay the local cost of benefits provided to State and local plan members under Chapters 247 and 511. According to the department, the normal contribution of \$64.6 million is to be funded from excess valuation assets from FY 2001.
- ! The Governor's budget reflects a FY 2002 distribution of \$755 million, an increase of \$5 million over FY 2001, from Energy Tax Receipts pursuant to P.L. 1997, c.167. This act 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 property or other tax collections.

MANAGEMENT AND ADMINISTRATION

- ! The \$19.2 million recommended for Management and Administrative Services (Treasurer's Office) reflects an increase of \$9.4 million. This increase is largely attributable to a \$9.0 million appropriation for vendor costs associated with the Integrated Financial and Administrative Suite Project (IFAAS). According to the Request for Proposal for this project, the State wants to implement an integrated suite of software, based on state-of-the-art systems, to replace its major central applications, including: Planning and Budgeting, Financial Processing, Human Resources and Payroll, Purchasing and Contract Management, and Availability and Access to Information. The recommended funding represents a portion of first-year costs for this multi-year project. Total project costs have not yet been determined.

Key Points (Cont'd)

PROTECTION OF CITIZENS' RIGHTS

- ! The Governor's budget recommends funding of \$77.4 million for the Office of the Public Defender, and increase of \$1.9 million (2.5 percent) over the FY 2001 adjusted appropriation. The proposed increase is for costs associated with P.L.1999, c.53 which requires the Public Defender to represent children and indigent parents in termination of parental rights proceedings. This enactment conformed State law to the provisions of the federal Adoption and Safe Families Act of 1997 which was intended to speed the adoption of children placed in foster care.

- ! A continuation appropriation of \$12 million in State Grants-In-Aid and \$1.2 million in federal funds is recommended for Legal Services of New Jersey. These grants are distributed through the Treasurer's Office, not through the Office of the Public Defender. Legal Services is a private, not-for-profit agency which provides legal assistance and representation to low-income individuals in civil matters. In addition to its public sources of funding, Legal Services also relies on support from Interest on Lawyers' Trust Accounts (IOLTA) and private donations.

CAPITAL CONSTRUCTION

- ! The Governor's budget recommends \$6.9 million in FY 2002 for Capital Construction purposes. These funds are available to the Office of Information Technology (OIT) for new and continuing projects. New projects include Garden State Network Infrastructure (\$3.8 million); Automated Document Factory (\$1.2 million); Video Bridging System (\$700,000); and Automated Cartridge System Upgrade (\$800,000).

DEBT SERVICE

- ! The Governor's budget for the department includes \$423.3 million for Debt Service on general obligation bonds. This represents a \$14.8 million, or 3.5 percent, increase over the FY 2001 adjusted appropriation.

REVOLVING AND OTHER FUNDS

- ! The Governor's budget recommends \$110.2 million for the Office of Information Technology (OIT). This represents an \$8.4 million (8.3 percent) increase over the FY 2001 adjusted appropriation. Of this amount, \$1.4 million is provided for contractual salary increases and related services. In addition, the budget recommends a \$6.8 million Capital Construction appropriation in the Department of the Treasury for OIT projects.

- ! The Budget Recommendation includes the following appropriations from other revolving funds in the Department of the Treasury: \$1.4 million for the Office of Public Communication; \$18.6 million for the State Central Motor Pool; \$2.3 million for the Print Shop; \$56.4 million for the Distribution Center; \$6.7 million for the Division of Property Management and Construction and \$1.6 million for the Capitol Post Office which appears in the budget as a language appropriation.

Key Points (Cont'd)

PERSONNEL

- ! The position data displayed in the Governor's budget indicates that the FY 2001 budget would fund a total of 6,717 positions.

The Higher Educational Services portion of the Department of the Treasury (pages D-460 to D-463) 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-464 to D-471) are contained in a separate booklet: "New Jersey Commerce and Economic Growth Commission and Related Economic Development Programs."

INTERDEPARTMENTAL ACCOUNTS

Budget Pages..... C-13, D-509 to D-524

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,677,498	\$1,848,687	\$2,077,276	12.4%
Federal Funds	0	0	0	—
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Grand Total	\$1,677,498	\$1,848,687	\$2,077,276	12.4%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	0	0	0	—
Federal	0	0	0	—
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	0	0	0	—

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

Introduction

The Interdepartmental Accounts budget consists of those funds not appropriated to any single State department, but which instead are administered centrally (by the Department of the Treasury) on behalf of all State government agencies and some quasi-governmental entities, e.g., independent authorities. The Interdepartmental Accounts are categorized into the following budget areas: (1) Property Rentals; (2) Insurance and Other Services; (3) Employee Benefits (includes funding for employee pensions and health benefits); (4) Other Interdepartmental Accounts; (5) Salary Increases and Other Benefits; (6) Utilities and Other Services; (7) Capital Projects - Statewide; and (8) Aid to Independent Authorities.

Key Points

- ! The FY 2002 recommended budget totals \$2.077 billion, an increase of \$229 million (12.4 percent) over the FY 2001 adjusted appropriation of \$1.849 billion. The Interdepartmental Accounts are the third largest discrete budget area, behind the Departments of Education and Human Services.

State and College Employee Benefits: Recommended at \$1.265 billion, an increase of \$49.5 million (4.1 percent)

- ! In FY 2002, the State's share of employer pension contributions for all of the State-administered retirement systems is again entirely offset by excess valuation assets in those systems. As a result, there are no appropriations required for normal or accrued liability costs.
- ! Pension costs remaining in the budget include (1) post-retirement medical benefits; (2) the Alternate Benefits program (a privately administered defined contribution plan for higher education employees); (3) specially legislated pension benefits; and (4) debt service on State contract bonds issued pursuant to the Pension Bond Financing Act of 1997.
- ! The appropriation for debt service on outstanding pension bonds is \$30.1 million less than the actual amount of principal and interest due and payable in FY 2002. The difference will be made up by reappropriating unspent balances from FY 2001. The balances are available because the Treasury entered into a "swaption" agreement earlier this year that provided a \$30.1 million up-front payment from a third party for the right to exercise a future interest rate swap option under defined terms. That \$30.1 million was used to pay a portion of FY 2001's debt service obligations, freeing up an equal amount of State dollars to be reappropriated in FY 2002.
- ! Overall health benefits for active employees increase by a net \$46 million, or 7.2 percent in FY 2002. The prescription drug component increases by \$17.9 million (12.4 percent) while premiums and reimbursements for medical and dental benefits increase by \$28.1 million (6.0 percent).
- ! Employer payroll taxes for social security increase by \$31.5 million (8.2 percent) as a result of increases in the FICA wage base, employee salary increases and estimated changes in the size of the State workforce.
- ! The overall employee benefits budget is less than the sum of its parts because of a \$52 million offset (deduction), representing a fringe benefit reimbursement to the Interdepartmental Accounts from federal Medicaid funds received by the University of Medicine and Dentistry for eligible employee fringe benefits. This offset was also claimed in FY 2001.

Salary Adjustments: Recommended salary increases total \$120.3 million for State employees; \$29.5 million for higher education employees

- ! Employee increments, cost of living adjustments and bonuses for eligible employees total \$104.3 million, consistent with negotiated agreements. The recommended salary budget also includes \$14.2 million in salary increases for State managers and officers, \$8.7 million in deferred salary payments, an attrition offset (deduction) of \$13.9 million and \$7 million in unused accumulated sick leave payments to eligible employees at retirement.

Key Points (Cont'd)

- ! The Governor's budget also calls for a \$27 million supplemental appropriation in the current budget year (FY 2001) for retroactive payments to unionized State Police and Corrections officers on account of delayed collective bargaining settlements.

Statewide Capital Projects: Recommended at \$224.6 million, a decrease of \$2.1 million (0.9 percent)

- ! The two biggest components of capital construction within the Interdepartmental Accounts are the \$98 million annual appropriation to the Garden State Preservation Trust Fund Account, which is required by the State Constitution, and \$74.1 million for debt service payments on outstanding bonds issued by the New Jersey Building Authority.
- ! New or additional funding is included for several projects, including Alternate Fuel Stations (\$2.5 million); repairs to the State House Annex and other State facilities in Trenton (\$9.4 million); and space and feasibility studies (\$1 million).
- ! The recommended appropriations for Fuel Distribution Systems/Underground Storage Tank Replacement and for Hazardous Materials Removal are reduced by a total of \$6.7 million in FY 2002; however, both accounts have sizeable carry-forward balances from prior and current year appropriations.
- ! A net increase of \$2.5 million for Information Technology is included in this account. New funding of \$6.0 million is provided for network infrastructure and security, while one-time funding of \$3.5 million in FY 2001 for an on-line State portal is discontinued.

Aid to Independent Authorities: Recommended at \$147.1 million, an increase of \$54.4 million (58.6 percent)

- ! The bulk of the net spending increase in this area is due to a new \$54 million line item for *Solid Waste Management - County Environmental Investment Debt Service Aid, EDA*. This represents the Administration's estimate of first year debt service payments on an assumed \$750 million State contract bond issue by the New Jersey Economic Development Authority. The purpose of the bond issue would be to refinance the outstanding solid waste "stranded" debt of counties and county authorities. The appropriation is partially offset by an anticipated revenue (budget p. C-13) of \$31 million, representing negotiated county contributions toward the refinanced debt structure. The net cost to the State of \$23 million replaces and is comparable to the current and former \$20 million annual appropriations for county solid waste subsidies, which have been discontinued in the Department of Treasury's FY 2002 budget recommendation. Note that this debt refinancing proposal is contingent on the enactment of enabling legislation.
- ! A new line item entitled *Liberty Science Center - EDA* is recommended at \$7.7 million. This is for debt service on EDA bonds that will be issued for the expansion of the Liberty Science Center in Jersey City. According to State officials, the project will cost \$70-\$85 million and the cost will be shared with privately raised funds. The budget document includes an anticipated revenue (page C-13) of \$3.9 million, which would appear to represent the private sector share of the State's estimated debt service costs on this project.

Key Points (Cont'd)

- ! \$10 million in new funding is provided for an *Urban Area Industrial Reuse Incentive Fund*, to be administered by the EDA. According to the Budget in Brief, this will be "a grant program for urban areas to reuse existing buildings primarily for high tech business."
- ! Debt service support for the New Jersey Sports and Exposition Authority remains level at \$48.1 million; however, the State operating subsidy for the authority would increase from \$11 million to \$12 million. Budget language allowing additional funds to be appropriated to the Sports Authority for debt service is included again in FY 2002.
- ! \$2.5 million is recommended to support the operation of the Camden Aquarium (*Camden Aquarium Management Agreement*). This appears in the budget document as a \$1 million increase over the FY 2001 adjusted appropriation. However, the budget display does not reflect an additional \$900,000 that was transferred to the Aquarium earlier this year. With that transfer factored in, the FY 2002 request is only slightly larger than the support level in FY 2001.
- ! A new \$550,000 line item for a *War Memorial Management Agreement* would be paid to the Marriott Corporation "for the operation of the War Memorial" in Trenton, according to budget materials.
- ! Three one-time appropriations made in FY 2001 are discontinued in the budget recommendation. Totaling \$20 million, these include funds for State venture capital participation (\$10 million), a new technology center (\$6 million) and a commercialization center (\$4 million). According to OMB, these funds are in the process of being transferred to the Economic Development Authority. Currently, private matching funds are being raised and sites and contractors for the two facilities are being selected.

Property Rentals: Recommended at \$175.6 million, a net increase of \$15.7 million (9.8 percent)

- ! The recommended budget includes an additional \$4.5 million for lease acquisition and consolidation costs for State facilities and an increase of \$11.2 million for *Other Debt Service Leases and Tax Payments*. Included in the latter increase are approximately \$6 million for debt service on bonds to be issued for a new facility to house civilly committed sex offenders, \$4 million for debt service on certificates of participation to finance the installation of sprinklers at certain Human Services facilities, and \$1 million as the final lease payment on the OTIS HUB facility in West Trenton.

Utilities and Other Services: Recommended at \$26.8 million, a net increase of \$2.9 million (12.3 percent)

- ! According to the budget document, the increase in utilities funding is required due to "contractual, inflationary and usage increases for utilities, trash removal and janitorial services." OMB advises that increased fuel prices, as well as an offset for electric utility deregulation, have been factored into the budget recommendation.

Insurance and Other Services: Recommended at \$52.9 million, a net decrease of \$4.6 million (7.9 percent)

- ! The FY 2002 decrease is based on not repeating supplemental appropriations expected to be needed this year for the Workers' Compensation Fund and the Tort Claims Liability Fund. However, supplementals have been required for workers' compensation in every recent year.

Key Points (Cont'd)

- ! The budget display does not accurately reflect the appropriations activity for the Tort Claims Fund in the current year (FY 2001). The original FY 2001 appropriation for tort claims payments was \$11 million, and the adjusted display level of \$13 million reflects an anticipated \$2 million supplemental appropriation. However, in January, a supplemental appropriation of \$25 million was enacted by OMB Directory Letter pursuant to budget language authorization. According to information provided by the Treasurer's office, balanced against the \$36 million appropriated thus far, there is an estimated potential need for \$40.5 million to settle claims against the Division of State Police and other State entities. The adjudication of some of these settlements may extend into FY 2002.

Other Interdepartmental Accounts: Recommended at \$34.9 million, a net decrease of \$1.4 million (3.9 percent)

- ! An additional \$1.5 million for Geographic Information Systems is recommended in FY 2002 so that the State can share the costs of developing parcel base maps with local governments.
- ! A \$3 million net decrease in information technology (IT) funding is recommended. While one-time funding of \$9.5 million in FY 2001 for equipment and on-line State portal costs is discontinued, the budget recommends new funding of \$6.5 million for data sharing, training, contingency plans and licensing agreements in FY 2002. The total amount budgeted for IT in the Interdepartmental Accounts, including capital projects, is \$31.7 million.

THE JUDICIARY

Budget Pages..... C-13, C-20, C-26, D-525 to D-533

Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$416,265	\$452,912	\$452,912	0.0%
Federal Funds	57,029	59,419	58,536	(1.5)%
<u>Other</u>	<u>21,021</u>	<u>21,764</u>	<u>21,799</u>	<u>0.2%</u>
Grand Total	\$494,315	\$534,095	\$533,247	(0.2)%

Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	7,559	7,579	7,855	3.6%
Federal	1,318	1,318	1,363	3.4%
<u>Other</u>	<u>177</u>	<u>184</u>	<u>196</u>	<u>6.5%</u>
Total Positions	9,054	9,081	9,414	3.7%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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 2002 State funding for the Judiciary is \$453 million, the same level as the Judiciary's FY 2001 adjusted appropriation.
- ! A new appropriation of \$4.256 million is recommended for the expansion of the Drug Court program to two additional vicinages. According to the AOC, however, the appropriation would provide sufficient funding to replace federal funding in two vicinages which expired in FY 2001. Recommended language provides for the transfer of up to \$2.68 million of this amount to the Department of Corrections for treatment costs. Drug Courts provide for intensive, court supervised substance abuse treatment for carefully screened non-violent, addicted offenders as an alternative to incarceration.
- ! Offsetting the recommendation of \$4.256 for two drug courts is reduced funding of \$4.256 million for other programs within the Judiciary that includes the elimination of one-time costs in the Division of Information Services (\$3.3 million) and the discontinuation of the Youth Violence Initiative (\$1.0 million).
- ! Recommended FY 2002 budget language would permit the Judiciary to transfer unexpended salary balances totaling up to \$15 million to the Additions, Improvements and Equipment account within the Division of Information Services to provide funding for a proposed information technology upgrade. The Judiciary estimates the cost of the program to be about \$32 million.
- ! The Family Courts and Probation Services program classes are recommended to receive a total of \$58.4 million in federal funds in FY 2002, \$316,000 less than the amount received in FY 2002. The major portion of federal funds are for the Title IV-D Child Support and Paternity Program. Funding for the Title IV-D program is distributed among the 15 vicinages according to the number of child support cases each vicinage handles.
- ! The FY 2002 recommendation of \$295,000 in Other Funds for the Family Courts represents a \$213,000 increase in collections for the Parents Education Fund and reflects a full-year of program operation. The program is designed to assist and advise divorced or separating parents on issues concerning divorce, separation and custody and to provide the parties with a better understanding of the legal process, costs and financial responsibilities both parties are likely to face during the divorce process. The program is funded through a \$25 fee imposed upon program participants.
- ! The Judiciary has historically received authorization to carry forward unexpended balances into the following fiscal year. FY 2002 recommended budget language would permit the reappropriation of up to \$2 million in unexpended balances from FY 2001 subject to the approval of the Director of the Division of Budget and Accounting.

OFFICE OF LEGISLATIVE SERVICES

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

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

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

Individuals wishing information and committee schedules on the FY 2002 budget are encouraged to contact:

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

(609) 292-8030

Fax (609) 777-2442