

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1999 - 2000 BUDGET



DEPARTMENT OF STATE

PREPARED BY
OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE
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NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF STATE

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

Fiscal Summary (\$000)

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

Personnel Summary - Positions By Funding Source

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

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

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

Introduction

The Department of State carries out a diverse mission of artistic, cultural and historical development and preservation. It oversees the operation of the State Museum, the State Council on the Arts and the New Jersey Historical Commission. The latter agencies provide grants and technical assistance for a variety of artistic and scholarly endeavors throughout the State. In FY 1999, the Department of State was reconfigured to better reflect its emphasis on cultural and historic programs. Accordingly, the Historic Trust previously budgeted in the Department of Environmental Protection, the Trenton Barracks and the War Memorial previously budgeted in the Department of Treasury, and the Public Broadcasting Authority previously budgeted in the former Department of Commerce and Economic Development, were transferred to the Department of State. The Public

Introduction (Cont'd)

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

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

Key Points

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

Key Points (Cont'd)

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

Higher Educational Services

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

Program Description and Overview

In FY 1999, the Department of State was reorganized to consolidate the State arts, cultural and historical programs and services in one executive department. This reorganization resulted in the following changes: (1) the transfer of the management of the Old Barracks and the War Memorial from the Department of Treasury to the Department of State; (2) the transfer of the powers, functions and duties of the New Jersey Historic Trust from the Department of Environmental Protection to the Department of State; (3) the transfer of the New Jersey Public Broadcasting Authority, designated as in, but not of, the Department of State from the Department of Commerce and Economic Development.

The purpose of the reorganization was to allow greater coordination of State cultural, heritage, and historical activities and programs. Accordingly, under the reorganization, the New Jersey Historical Commission, the Division of the State Museum, the New Jersey Council on the Arts, and the Division of Archives and Records Management remained within the Department of State.

In addition to the New Jersey Public Broadcasting Authority, the following agencies are located in, but not of, the Department of State for administrative purposes:

- ! The New Jersey Commission on Higher Education (CHE);
- ! The four year public State colleges and universities;
- ! The New Jersey State Library;

Below is a brief description of the major programs organized within the department.

Support of the Arts

The activities of the State Council on the Arts are focused on the distribution of State and federal matching grant funds to artists and organizations whose projects show professional merit and promise in support of the arts in the State. The major categories of matching grant funds that individuals and organizations may apply for are as follows: General Operating Support, General Program Support, Arts Education Special Initiatives, Block Grants, Special Project Support, Southern New Jersey Arts Initiative, Projects Serving Artists, and Community Arts Collaborations.

The council's FY 2000 recommended grant-in-aid appropriation of \$17.7 million represents an increase of \$3 million or 20 percent over the FY 1999 adjusted appropriation.

Federal funding of \$666,000 is anticipated for FY 2000. These funds will continue to provide support for outreach to local arts programs and a National Endowment for the Arts Partnership.

Museum Services

The State Museum performs, among other things, the traditional functions of collecting, exhibiting and interpreting in the areas of natural history, archaeology/ethnology and fine arts materials, scientific specimens with a New Jersey focus and specimens from other cultures and regions for comparative purposes. As a result of the reorganization, this program also includes Maintenance of the Old Barracks and the War Memorial Fund.

Program Description and Overview (Cont'd)

The recommended appropriation for the State Museum is \$4.8 million, the same funding level as in FY 1999. This amount includes State aid funding for the \$2.7 Operational Grant for the Newark Museum.

Development of Historical Resources

The New Jersey Historical Commission is responsible for the formulation and implementation of programs that advance public knowledge of the history of New Jersey. It sponsors public programs, research projects, publications and commemorative observances and grant-in-aid programs for scholars, teachers and local historical organizations. It offers information and assistance to public and private organizations and individuals in connection with State history. The commission directly administers the New Jersey Afro-American History Grant Program which seeks to promote the advancement of the public's knowledge of Afro-Americans in the State and the New Jersey History Grant Program.

The FY 2000 recommended appropriation for the commission and its programs is \$1.1 million and includes increased operational funding of \$105,000. However, the overall recommended appropriation is a decrease of approximately \$1.7 million below the FY 1999 adjusted appropriation of approximately \$2.8 million. The majority of the decrease is attributable to the recommended elimination of \$1.2 million for the New Jersey Historical Society's relocation expenses to its new headquarters. The balance of the decrease is due to various other legislative initiatives added to the FY 1999 budget that are not recommended for continuation.

Public Broadcasting Services

The Public Broadcasting Authority (PBA) is primarily responsible for operating New Jersey Network (NJN), the State's only Statewide non-commercial educational television and radio network. The authority is empowered to apply for, receive, and hold authorizations for licenses from the Federal Communications Commission. It also has the responsibility for providing advisory assistance to other State agencies and local and regional groups regarding public broadcasting networks and communications techniques as well as planning and budgeting for those activities. The authority produces programs on location and through its Newark and Trenton studios. The authority produces the New Jersey Nightly News which provides coverage of news events throughout the State. As a public broadcasting affiliate, NJN also receives an annual grant from the Corporation for Public Broadcasting. In addition to State funding, NJN is supported by private donations from individuals, foundations, and corporations, raised on behalf of NJN by the Foundation for New Jersey Public Broadcasting, Inc. The foundation is a non-profit, educational, and charitable organization which is devoted to sponsoring activities and raising funds for the support and promotion of the authority and its purposes.

Direct State Services funding of \$4.3 million is recommended for FY 2000 and represents an increase of \$518,000 over the FY 1999 adjusted appropriation of approximately \$ 3.9 million. The recommended increase includes funding to cover a budget shortfall of \$268,000 and new funding of \$250,000 for a study of digital television. Capital funding of \$495,000 is recommended for preservation and repair projects. Federal funds of \$100,000 are anticipated from the National Telecommunications Information Agency. FY 2000 Non-State fund sources that supplement the State appropriation are estimated to remain at \$8.6 million.

Program Description and Overview (Cont'd)

Since FY 1990, the level of State funding for the authority has been declining due to budgetary constraints and efforts to encourage the PBA to achieve greater self-sufficiency. As a result, State funding for the authority has decreased 56 percent from a peak funding level of \$9.9 million in FY 1989 to \$4.3 million in the current fiscal year. However, NJN's off-budget revenues doubled from \$ 4.2 million in FY 1989 to \$8.5 million in FY 1999.

The State Library

In FY 1997 the Division of the State Library was transferred to the reorganized 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. The State Library purchases, prepares, houses and circulates books, periodicals and other library materials, and supplies information and consultative services to the three branches of State government and public, school, academic and special libraries through the following three divisions within the library:

State Government Information Services is the research library for the three branches of State government and provides information services through its collection of library materials and reference librarians and support staff;

The Library for the Blind and Handicapped (LBH) serves residents who are visually impaired, physically handicapped or dyslexic. In addition, the LBH maintains a radio station which broadcasts local news and programs of interest to LBH patrons;

The Library Development Bureau administers State aid and federal grant programs in addition to managing the Statewide library network. The Bureau provides technical assistance to local libraries on library technology, collection development, preservation of library materials, and library management. The bureau is currently working to implement the Libraries 2000 technology plan.

Financial assistance is provided to public libraries on a per capita basis and emergency and incentive aid is also provided to restore service lost due to emergencies. Technical assistance is provided through the Library Network law and provides funding for Statewide and regional cooperative library services. Library Development Aid provides funding for increased access and services to the institutionalized, municipal libraries, the development of library collections and to maintain collections that have a historical or special interest.

Direct State Services funding of \$3.1 million is recommended for the State Library's operational costs and represents continuation level funding. Capital funding of \$879,000 is recommended in FY 2000 and represents an increase of \$429,000 over to the FY 1999 adjusted appropriation of \$450,000 for the State Library's ongoing upgrade of its computerized research system for users and staff. New funding of \$329,000 is recommended for the Library for the Blind to make technological improvements to its aging computer system. Continuation level funding of \$14.1 million is recommended for Per Capita Library Aid, Library Development Aid and the Library Network.

Office of the Secretary of State

The Office of the Secretary of State is responsible for the daily management and operations of the department. It develops and coordinates programs that have Statewide and business impact. It administers the Martin Luther King, Jr. Commemorative Commission which coordinates events

Program Description and Overview (Cont'd)

with community groups and organizations throughout the State for the purpose of educating citizens of New Jersey on the life of the slain civil rights leader and the civil rights movement. It also administers the Many Faces One Family and the Personal Responsibility Programs which bring together business leaders and communities to promote tolerance and appreciation of the State's diversity.

The Bureau of Records Management performs the inventory, scheduling and destruction of State, county, and municipal records. Within the bureau is the forms management unit, the State's records storage center and the State's centralized microfilm unit. The Archives section provides for, among other things, the collection and retention of permanent State records as well as some permanent county and municipal records. It provides historical and genealogical reference information for the State and the nation.

Direct State Services funding for the Office of the Secretary of State is recommended to decrease by \$316,000 from \$3.1 million to \$2.4 million. The decrease is attributed to savings through planned attrition (\$140,000) and the consolidation of non-personnel costs for new programs (\$176,000).

The program class Secretary of State's Office was formerly funded from off-budget receipts derived from various commercial recording filing fees, a portion of which were placed in a revolving "Secretary of State Fund" and used to fund technological improvements to the Division of Commercial Recording's automated information system (AIS) pursuant to P.L. 1987, c. 435. That law required the termination of the fund upon the completion of technological upgrades to the computer system. The Division of Commercial Recording, the entity responsible for collecting the various filing fees, was transferred from the Department of State to the Department of Treasury through a reorganization of State government in FY 1999. Due to these changes and the completion of the AIS project, the Secretary of State Fund is recommended to be dissolved and the remaining balance of \$4.7 million in the fund is targeted to lapse to the General Fund at the end of FY 1999.

The Bureau of Records Management is funded from a combination of general fund appropriations, assessments to government agencies, and fees which are deposited into a revolving fund for the self-sustaining microfilm unit. The Direct State Services recommendation for the Records Storage Center is \$1.2 million compared to the FY 1999 adjusted appropriation of approximately \$1.5 million and represents a decrease of \$260,000 which is attributed to funding appropriated in FY 1999 for the Archives relocation costs.

The FY 2000 Recommended Budget

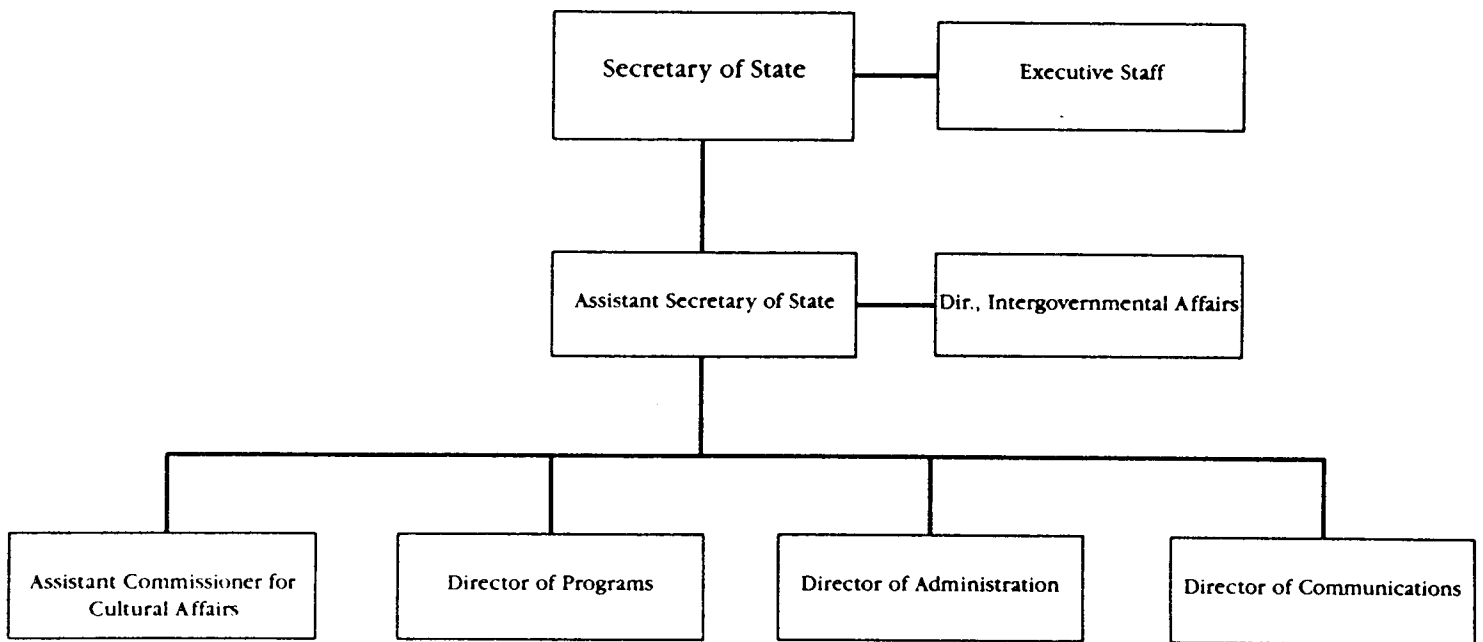
The Department of State's overall FY 2000 recommended appropriation is \$907.1 million compared to the FY 1999 adjusted appropriation of \$890.2 million, a net increase of approximately \$17 million or 2 percent. This amount includes funding from all sources for the State Council on the Arts, the State Museum, the State Library, the Historical Commission, the Office of the Secretary of State, the State's four year public colleges and universities, and the Commission on Higher Education and its programs. Although the above amount includes funding for higher education programs organized under the Department of State, a separate analysis of Higher Educational Services provides the funding data for all higher education programs.

Program Description and Overview (Cont'd)

The FY 2000 recommendation for the Department of State from State funds is approximately \$895.9 million and represents an increase of two percent compared to the FY 1999 adjusted appropriation of \$878.6 million. The majority of the net \$17.3 million increase is attributed to increased or new funding of \$26.5 million for the colleges and universities; \$500,000 for the Commission on Higher Education; \$3.0 million for the State Council on the Arts; and \$518,000 for the Public Broadcasting Authority. These increases are offset by decreases of: \$10.5 million in Capital funding for the colleges and universities; \$2.3 million for various grants and \$576,000 for the Office of the Secretary of State for operational efficiencies.

Organization Chart

Department of State Organizational Overview



Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1998	Adj. Approp. FY 1999	Recom. FY 2000	Percent Change	
				1998-00	1999-00
General Fund					
Direct State Services	\$15,683	\$16,335	\$16,332	4.1%	0.0%
Grants - In - Aid	797,609	832,807	860,579	7.9%	3.3%
State Aid	15,112	16,812	16,812	11.2%	0.0%
Capital Construction	7,532	12,646	2,128	-71.7%	-83.2%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$835,936	\$878,600	\$895,851	7.2%	2.0%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$835,936	\$878,600	\$895,851	7.2%	2.0%
Federal Funds	\$788	\$988	\$1,081	37.2%	9.4%
Other Funds	\$10,267	\$10,602	\$10,169	-1.0%	-4.1%
Grand Total	\$846,991	\$890,190	\$907,101	7.1%	1.9%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change	
				1998-00	1999-00
State	301	280	328	9.0%	17.1%
Federal	38	38	38	0.0%	0.0%
All Other	83	81	82	-1.2%	1.2%
Colleges and Universities*	19,628	19,628	19,628	0.0%	0.0%
Total Positions	20,050	20,027	20,076	0.1%	0.2%

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

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

AFFIRMATIVE ACTION DATA

Total Minority Percent					
Office of the Secretary of State	31.4%	31.4%	31.4%	----	----
Commission On Higher Education	29.0%	27.0%	27.0%	----	----

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1999</u>	<u>Recomm.</u> <u>FY 2000</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Support of the Arts	\$15,629	\$18,104	\$2,475	15.8%	D-316 to D-317

State funding for the arts is recommended to increase by a net amount of approximately \$2.5 million and includes increased funding of \$3.0 million for Cultural Projects grants. This increase is offset by a recommended decrease of \$525,000 for arts grant funding added by the Legislature in FY 1999 that is not recommended for continuation in FY 2000, as follows:

- \$100,000 for the Neptune Performing Arts Center
- \$25,000 for the South Jersey Performing Arts Center
- \$100,000 for the Waterloo Foundation for the Arts
- \$300,000 for the New Jersey State Opera.

Development of Historical Resources	\$2,788	\$1,113	(\$1,675)	(60.1)%	D-316 to D-317
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The recommended decrease for Historical Resources which includes funding for the New Jersey Historical Commission is recommended to decrease by approximately \$1.7 million from \$2.8 million to \$1.1 million. The decrease is mainly attributable to the elimination of legislative initiatives added to the budget in FY 1999 which included:

- \$1.2 million for the final costs associated with the relocation of the New Jersey Historical Society;
- \$90,000 for the American Labor Museum--Botto House;
- \$100,000 for the Humanities Council ;
- \$100,000 for the Encyclopedia of New Jersey, Rutgers University Press;
- \$200,000 for the Hunterdon County Cultural and Heritage Commission;
- \$40,000 for the Hardwick Historical Society.
- \$50,000 for Irish immigrant workers - Delaware and Raritan Canal Study

These decreases are offset by the recommendation of an additional \$105,000 for the regular operating costs of the commission.

New Jersey Public Broadcasting Authority	\$3,861	\$4,379	\$518	13.4%	D-316
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Direct State Services funding for the Public Broadcasting Authority is recommended to increase by \$518,000 from \$3.9 million to \$4.4 million. The increase is mainly attributable to additional operational aid of \$268,000 and \$250,000 to fund the study of Digital Television (DTV). The federal government has mandated that public television stations begin DTV transmission by May 1, 2003.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Office of the Secretary of State	\$4,634	\$4,058	(\$576)	(12.4)%	D-321

Direct State Services funding for the Statewide program, Office of the Secretary of State is recommended to decrease by \$576,000 from \$4.6 million to \$4.0 million. The decrease is attributed to savings through planned attrition (\$140,000), the consolidation of non-personnel costs for new programs (\$176,000), and non-recurring costs of \$260,000 for the relocation of the archives. The recommendation also includes funding for the Many Faces One Family Program and the Personal Responsibility Program which are funded at a total of \$500,000. According to OMB, these two programs were previously supported through the Governor's Contingency Fund.

Capital Construction

State Council on the Arts	\$0	\$55	\$55	—	E-18
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Funding of \$55,000 is recommended for the State Council on the Arts to purchase visual arts display equipment for its relocation to the new Department of State and Archives Building upon its completion.

Public Broadcasting Authority	\$446	\$495	\$49	11.0%	E-18
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Funding of \$495,000 is recommended for the Public Broadcasting Authority for preservation and repair projects. This includes additional funding of \$235,000 to complete repairs to three broadcast towers and to repair access roads. Offsetting the above increases is the elimination of \$186,000 in funding for the electrical, HVAC and plumbing systems at the authority.

State Library	\$450	\$879	\$429	95.3%	E-19
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The FY 2000 recommended funding levels for the State Library and the Library for the Blind (LBH) were inadvertently transposed. The correct amount recommended for the State Library for its Computerized Research System for Users and Staff is \$550,000. The total cost to complete the computerized research system is estimated at approximately \$3 million over seven years. The amount recommended for the LBH is \$329,000 for telecommunications improvements to its computer system and the purchase of equipment.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1999</u>	<u>Recomm.</u> <u>FY 2000</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Office of the Secretary of State	\$0	\$699	\$699	—	E-19

Funding of \$197,000 is recommended for renovations to existing vaults that hold the State's historical records and documents at the State Records Storage Center and \$502,000 for equipment for the new archives center.

Federal Funds

Museum Services	\$197	\$315	\$118	59.9%	D-317
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Federal funding for Museum Services is expected to provide for increased funding for the Delaware Water Gap National Recreation Area and a grant of \$113,000 from the Institute for Museum Services for general operating support.

Language Provisions

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2000 Budget Recommendations

p. B-133

Funds derived from the sale of collections and museum materials, which have been approved by the Secretary of State, are appropriated to and shall be used for the benefit of the State Museum.

This language has been deleted in its entirety.

Explanation

According to the Office of Management and Budget (OMB), this language is not recommended because the State Museum has the statutory authority, N.J.S.A. 18A:73-6, to use the funds for the benefit of the State Museum. As part of the effort by OMB to streamline the budget presentation, budget language that is considered redundant or duplicates existing statutory authority is recommended to be eliminated from the budget.

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p. B-133

There are appropriated out of revenues derived from the rental and operation of the War Memorial, such sums as may be necessary to operate and maintain this facility.

This language has been deleted in its entirety.

Explanation

According to the Office of Management and Budget (OMB), this language is not recommended because the State War Memorial has the statutory authority, N.J.S.A. 52:18A-215, to assess and collect fees for the maintenance of the facility. As part of the effort by OMB to streamline the budget presentation, budget language that is considered redundant or duplicates existing statutory authority is recommended to be eliminated from the budget.

Language Provisions (Cont'd)

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p. B-134

p. D-322

The Director of the Division of Budget and Accounting shall transfer from departmental accounts and credit to the Records Management program classification a sum up to \$303,000 for cost recoveries in the Division of Records.

The Director of the Division of Budget and Accounting shall transfer from departmental accounts and credit to the Records Management program classification a sum up to \$330,000 for cost recoveries in the Division of Records.

Explanation

The Division of Records Management assesses and collects fees from municipalities, counties, Executive State departments, and the Judiciary for storing records that legally have to be maintained for a period of time. The fees collected are used to support a portion of the operational costs of the Records Storage Center. The recommended increase is to cover salary increases for the staff at the storage center.



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p. C-33

p. D-318

The State Council on the Arts may require of recipient groups, and in the case of those receiving over \$100,000 shall require, that those groups must demonstrate a Statewide benefit as a result of the grants.

The State Council on the Arts may require of recipient groups, and in the case of those receiving over \$200,000 shall require, that those groups must demonstrate a Statewide benefit as a result of the grants.

Explanation

The recommended language allows the State Council on the Arts to increase the cap on block grant funding provided to county arts organizations by an additional \$100,000 before county arts organizations are required to demonstrate the funds provide a Statewide benefit. According to the State Council on the Arts, the above language was established 15 years ago prior to the growth of county arts organizations when the operational levels of these agencies were lower than they are today. During this period, the number of county arts organizations that receive block grants has increased as well as the amount of block grants awarded to those agencies.



Language Provisions (Cont'd)

1999 Appropriations Handbook

p. C-34

Of the amount hereinabove for cultural projects, an amount not to exceed \$75,000 may be used for administrative purposes, subject to the approval of the Director of the Division of Budget and Accounting.

p. C-34

Of the amount hereinabove for cultural projects, an amount not to exceed \$125,000 may be used for the assessment and oversight of cultural projects, including administrative costs attendant to this function, in compliance with all pertinent state and federal laws and regulations, including the Single Audit Act, subject to the approval of the Director of the Division of Budget and Accounting.

2000 Budget Recommendations

p. D-318

Of the amount appropriated for Cultural Projects, Grants-In-Aid, an amount not to exceed \$75,000 may be used for administrative purposes, subject to the approval of the Director of the Division of Budget and Accounting.

p. D-318

Of the amount hereinabove for Cultural Projects, Grants-In-Aid, an amount not to exceed \$125,000 may be used for the assessment and oversight of cultural projects, including administrative costs attendant to this function, in compliance with all pertinent state and federal laws and regulations, including the Single Audit Act, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The two language provisions above have been shifted from the Grants-In-Aid section to the Direct State Services section because the funds for grant administration are spent in the Direct State Services portion of the budget.



Language Provisions (Cont'd)

1999 Appropriations Handbook

p. C-34

Notwithstanding the provision of any other law to the contrary, of the amount appropriated hereinabove for Cultural Projects 25 % shall be awarded to cultural projects within the eight southernmost counties (Cape May, Salem, Cumberland, Gloucester, Camden, Ocean, Atlantic and Burlington), provided however, that the total amount available for the granting of awards for cultural projects in the remaining counties shall not be reduced from the total amount available during fiscal 1997 for cultural projects in those remaining counties. The value of project grants awarded within each county shall total not less than \$50,000.

2000 Budget Recommendations

p. D-318

Of the amount hereinabove for Cultural Projects, the value of project grants awarded within each county shall total not less than \$50,000.

Explanation

This language was added to the budget in FY 1998 when the Legislature increased funding for Cultural Project grants by \$3 million and designated the increase for projects in the eight southernmost counties of the State. The language also capped the minimum grant that a local arts program could receive at \$50,000. The recommended language change would remove the direction that a specific sum be awarded to projects in a designated area of the State. The minimum grant remains unchanged.



1999 Appropriations Handbook

p. C.34

The amount appropriated hereinabove for the Hunterdon County Cultural and Heritage Commission shall be for a 50/50 matching grant with the matching funds provided by Hunterdon County, which may include in-kind contributions from the county.

2000 Budget Recommendations

This language has been deleted in its entirety.

Language Provisions (Cont'd)

Explanation

Funding of \$200,000 was added by the Legislature for this purpose in FY 1999. No funding is recommended for this purpose in FY 2000. Therefore continuation of this language is not recommended.

1999 Appropriations Handbook

No comparable language.

2000 Budget Recommendations

p. D-320

Of the amount hereinabove for Library Services, \$57,000 shall be transferred to the State Capitol Joint Management Commission to pay for security services at the State Library.

Explanation

The Office of Management and Budget has assessed various State agencies for the cost of providing security services as part of their regular operating budget. This language requires the State Library to transfer the designated amount for security services from its operational budget to the State Capitol Joint Management Commission.

1999 Appropriations Handbook

No comparable language.

2000 Budget Recommendations

p. D-322

Of the amount hereinabove for the Office of the Secretary of State, \$36,000 shall be transferred to the State Capitol Joint Management Commission to pay for security services at the War Memorial.

Language Provisions (Cont'd)

Explanation

The Office of Management and Budget has assessed various State agencies for the cost of providing security services as part of their regular operating budget. This language requires the Office of the Secretary of State to transfer the designated amount for security services from its operational budget to the State Capitol Joint Management Commission for security at the War Memorial. The War Memorial was transferred from the Department of Treasury to the Department of State in FY 1999 through a reorganization of State government.



Discussion Points

1. The Library for the Blind and Handicapped (LBH) requested FY 1999 one-time funding of \$479,000 to make technological improvements to its aging computer system including funding to address the Y2K problem. No funds were recommended for this purpose. As a result, the LBH requested the transfer of \$150,000 from the \$450,000 appropriated for the Computerized Research System for Users and Staff project to begin improvements, and the request was approved. In addition, the LBH received Higher Education Technology Infrastructure Bond funds of \$160,000 to purchase hardware for the Y2K upgrade to its computer system. Therefore, in FY 1999, the LBH received a total of \$310,000 from bond funds and transfers to begin its technological upgrades. For FY 2000, funding of \$329,000 is recommended for this purpose. If approved, a total of \$639,000 will be available for this project.

! Question: What accounts for the increased costs associated with this project?

2. In FY 1999, the first installment of \$450,000 was appropriated to the State Library for a Computerized Research System for Users and Staff. The total cost to complete this project is estimated at approximately \$3.0 million over seven years according to documentation by the Commission on Capital Budgeting and Planning. For FY 2000, funding of \$550,000 is recommended as continuation funding.

! Question: Please discuss the progress to date of the planned improvements.

3. The evaluation data displayed for the State Library on page D-319 indicate that from FY 1997 to FY 1999, the number of computer searches performed rose from 2,605 to 18,000. For FY 2000, the number of computer searches is estimated to increase by an additional 1,000 to 19,000.

! Question: What types of searches are performed and what is the reason for the dramatic increase in the number of computer searches?

4. According to the Budget In Brief, page 89, the new Department of State and Archives Building is anticipated to be ready for occupation in mid-1999. Funding of \$260,000 was provided in FY 1999 for relocation costs and \$557,000 is recommended in FY 2000 for equipment and display cases.

! Question: Please discuss the current status and the time lines for the move to the new State Archives Facility.

5. New funding of \$250,000 is recommended for the Public Broadcasting Authority to study Digital Television. Digital broadcasting is mandated by the Federal Communications Commission for all commercial and non-commercial stations. New Jersey Network (NJN) must file for a DTV license by May 1, 2000 and must begin transmission by May 1, 2003. No federal funds are anticipated in the recommended budget for the conversion to this new technology. According to an article in Current Online, the cost to public television stations to convert to the new technology could range from a minimum of \$2.0 million up to \$6.0 million depending upon the type of stations.

Discussion Points (Cont'd)

- ! *Question:* What steps has NJN taken to prepare to convert to this new technology? Has the authority developed any preliminary cost estimates to convert to DTV? Given this federal mandate, how much funding can reasonably be expected from the FCC or other Federal agencies or non-governmental sources to assist public television stations in meeting the costs for this new technology in future budget years?

Background Paper: State Library - *Libraries 2000*

Budget Pages.... D-318 to D - 320

In July 1996 (FY 1997), the New Jersey State Library developed a technology plan - - *Libraries 2000*. The plan outlined the framework for the State Library to provide access to emerging technologies to the public library system and the residents of the State. The plan set time lines for the implementation of the goals over a three year period with full implementation projected for 1998. This implementation schedule has not been realized, however, due to a lack of available funding.

In FY 1999, the Commission on Capital Budgeting and Planning approved funding for the purchase and upgrade of the State Library's computer system. This project, which is anticipated to cost approximately \$3.0 million over a seven year period, is a central component of the State Library's technology plan- *Libraries 2000*. In FY 1999, the Legislature appropriated pay-as-you-go capital funding of \$450,000 for the first installment of the State Library's Computerized Research System for Users and Staff to begin the purchase and upgrade of its computer system. These funds allowed the State Library to serve as a hub, one of the 15 planned networks of telecommunications centers that were established throughout the State. For FY 2000, the Governor has recommended the second installment of \$550,000 for the State Library to continue its technological upgrades.

The *Libraries 2000* technology plan outlined the following goals:

- Goal 1: All libraries are linked electronically.
- Goal 2: All libraries have the equipment to implement *Libraries 2000*.
- Goal 3: All libraries have Internet, World Wide Web Access.
- Goal 4: All libraries have access to online bibliographic database and an interlibrary loan system.
- Goal 5: All libraries have access to full text periodical articles and information in electronic formats.
- Goal 6: All library staff have the expertise and skills to implement *Libraries 2000*.
- Goal 7: All citizens of New Jersey are aware of the role of libraries in providing access to information.
- Goal 8: All citizens have access to traditional library services, according to their needs.
- Goal 9: Sufficient funding is available to implement *Libraries 2000*.

In FY 1998, the "Higher Education Technology Infrastructure Fund Act" (P.L. 1997, c. 238) was approved. This act authorized the Educational Facilities Authority to issue bonds in the amount of \$55 million, the majority of which was dedicated to developing technology infrastructure within and among the State's public and independent higher education institutions to provide access to information, educational opportunities, and workforce training. Of that amount, a minimum of \$5 million was dedicated for non-matching public library grants or for Statewide technology initiatives through the State Library.

According to the State Library, the technology grants have helped to accelerate the implementation of the State Library's technology plan. In FY 1999, the State Library allocated the first round of technology infrastructure grants to public libraries and county and municipal libraries and their branches. A total of \$2,175,540 in grants is projected to be allocated to 247 libraries by the end of FY 1999. To date a total of \$1,944,110 has been allocated. The funds from the Higher Education Technology Infrastructure Fund were used to equip public libraries with state-of-the-art computers, operating software, and other equipment to support access to electronic information resources; replace out-of-date and inadequate computer equipment; and expand the number of computers available for patron access to the Internet.

Background Paper: State Library - *Libraries 2000* (Cont'd)

The criteria for public library grants required the libraries to meet all of the 1996 per capita State aid requirements; and have at least one computer with a pentium processor which is dedicated to patron direct access to the Internet or purchase and install a computer with a pentium processor during the grant period. The maximum grant awarded to a library was \$6,000. A total of \$1,233,532 was awarded to 209 libraries.

The criteria for the county and municipal libraries with branches required the branch libraries to have at least one full-time equivalent employee (FTE) and be open for service a minimum of 35 hours per week including one evening and some Saturday hours. The maximum grant awarded for a main library was \$6,000 and \$2,000 for each eligible branch library. A total of \$415,063 has been awarded to 38 libraries that met this criteria. An additional second round of grants totaling \$231,430 will be allocated during FY 1999 for this purpose. Under the plan, the majority of the county libraries are designated as hubs, networks of telecommunications centers that were established throughout the State to allow access to the Internet at a reasonable cost for smaller libraries. To date, 15 hubs have been established throughout the State. The New Jersey State Library is the hub for the Mercer County area.

The second round of grants for the public libraries will be issued between FY 1999 and FY 2000. In this round, public libraries will receive technology grants to purchase broader types of technological equipment. The grants will be based on the proportion of the population served by the library. The State Library anticipates allocating the remaining balance of \$2,824,460 during this period.

In addition to State appropriations, the State Library received federal funds of \$700,000 in FY 1999 which were used to set up the other 14 library telecommunication hubs established throughout the State. Furthermore, through an agreement reached between Bell Atlantic and the Board of Public Utilities, a program known as "Access New Jersey" was established whereby Bell Atlantic will provide technological equipment and services to the State's public libraries and schools. The equipment and services provided by the program is valued at \$25 million. The value of equipment and services designated for the State Library through this program is \$3.5 million.

The committee may wish to further explore the other components of the *Libraries 2000* technology plan, the accomplishments made to date as the State Library continues to set up the framework for an integrated library system through the implementation of technological improvements, and the expectation of the State Library in regard to full implementation of the plan which as indicated previously had originally been scheduled for 1998.

Background Paper: The Public Broadcasting Authority-Digital Television (DTV)

Budget Pages.... D-316 to D-317

Television is about to change from analog to digital broadcasting. The federal government has mandated that public television stations begin DTV transmission by May 1, 2003. Currently, the majority of household television sets are based on an analog transmission system that is 50 years old. Examples of analog technology include vinyl recordings, most cellular phones, and motion picture films. In a digital system, images and sound are captured and transmitted using the digital code found in computers as zeroes and ones. Many types of communications such as computers, photographs and telephones are currently using digital transmission.

In 1996, the Federal Communications Commission (FCC) established digital television(DTV) transmission standards for commercial and noncommercial stations. New Jersey Network (NJN) must file for a DTV license by May 1, 2000, and like all other public television stations, must convert to DTV programming by May 1, 2003.

For FY 2000, the Governor has recommended funding of \$250,000 for the Public Broadcasting Authority to fund a study of Digital Television (DTV).

The three key features of digital television are:

- **High Definition Television (HDTV).** Digital television will allow commercial and noncommercial television stations to broadcast programs in higher resolution or clarity than is currently possible with the analog transmission system. Television viewers will be able to receive high quality, crystal clear pictures which will be displayed in a wide screen format. Due to the digital technology, viewers will have the benefit of CD-quality, "surround sound."
- **Multi-casting in Standard Definition Television (SDTV).** When programs are not being broadcast in high definition, digital television will allow each station to transmit four or more programs simultaneously.
- **Data Transmission.** Digital technology provides the capability to use leftover bandwidth to transmit over the air video, text or data directly to computers, fax machines or the television itself.

According to [Current Online](#), the Corporation for Public Broadcasting estimates the cost to convert to digital television nationally, at approximately \$2.0 billion. In October 1998, President Clinton's FY 1999 budget earmarked \$475 million over five years in DTV transition aid. Funding of \$15 million was allocated in FFY 1999 to the Corporation for Public Broadcasting for the conversion to digital transmission but there must be enactment of an authorization bill before the money can be paid out. Public broadcast leaders have agreed on a basic split of the \$15 million and any future federal aid that may become available for the transition to digital television as follows: an amount for transition of public radio, which amount is yet to be determined but is expected to be considerably less expensive than the amount required for the transition of TV, will be allocated first; 80 percent of the remaining balance will be distributed to public television stations in equal matching grants, per transmitter; 20 percent will go into a special grant fund at the Corporation for Public Broadcasting, which will consider the needs of individual stations.

Background Paper: The Public Broadcasting Authority-Digital Television (DTV) (Cont'd)

According to Current Online, public stations face DTV costs that could range from \$2 million for a station that does little more than transmit national programs to \$6 million for stations that produce their own programs. The actual amount of federal funding the State will receive to convert to digital television is unknown.

Manufacturers are creating a converter box that will allow the public to receive programs broadcast on DTV channels on their analog TV sets. Until members of the public purchase the new DTV sets, however, they will not be able to experience HDTV, interactive TV, or wide screen display. According to a New York Times article published on March 8, 1999, no more than 20,000 of the HDTV sets, which cost between \$3,000 and \$12,000 have been sold since the new televisions came on the market last August and of the number of sets sold so far, most lack the hardware for interactive service and the digital tuner needed to pick up the programming.

The transition period to DTV is currently scheduled to end December 31, 2006. In addition, Congress authorized the continuation of analog service beyond the year 2006 deadline if DTV is implemented more slowly than expected. Broadcasters will be required to broadcast on both analog and digital bands until 2006 or until 85 percent of U.S. households have access to digital signals.

OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2000 budget are encouraged to contact:

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