

# ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2001 - 2002 BUDGET



## DEPARTMENT OF STATE

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MAY 2001

## NEW JERSEY STATE LEGISLATURE

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# 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 &amp; 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.

## Background Paper

- ! The Public Broadcasting Authority-DTV Update p.22

## 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.

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 Higher Education Student Assistance Authority (HESAA);
- ! The four-year public colleges and universities;
- ! The New Jersey State Library;

Below is a brief description of the major programs 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, Local Arts Program Grants, Special Project Support, South Jersey Initiatives, Projects Serving Artists, and Community Arts Collaborations.

The council's FY 2002 recommended grant-in-aid appropriation of \$20 million represents a decrease of \$1.2 million or 5.5 percent below the FY 2001 adjusted appropriation of \$21.2 million. The decrease is due to the elimination of FY 2001 legislative initiatives.

Federal funding of \$743,000 is anticipated for FY 2002. 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.

The recommended appropriation for the State Museum is \$7.1 million, a 28.3 percent or \$2.8 million decrease below the FY 2001 adjusted appropriation of \$9.9 million. The decrease is partially due to a \$ 2.0 million reduction in State aid to the Newark Museum and the elimination of \$2.2 million in capital funding for renovations at Morven. Offsetting that amount is \$900,000

## Program Description and Overview (Cont'd)

in new funding for the War Memorial Presenting Theater and \$641,000 for renovation projects.

### 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. The commission sponsors public programs, research projects, publications and commemorative observances and grant-in-aid programs for scholars, teachers and local historical organizations. It also offers information and assistance in connection with State history to public and private organizations and individuals. 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 2002 recommended appropriation for the commission is \$6.1 million. From the perspective of the budget display, the overall recommended appropriation is a decrease of \$744,000 from the FY 2001 adjusted appropriation of \$6.9 million. The majority of the decrease is attributable to the recommended elimination of various FY 2001 legislative initiatives totaling \$844,000. That amount is offset by a \$100,000 increase in operating aid.

### 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 \$7.2 million is recommended for FY 2002 and represents an increase of \$1.1 million 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 will assist in the establishment of a new production facility in Atlantic City.

Capital funds of \$11.2 million, a \$5.4 million increase over the FY 2001 appropriation of \$5.7 million, are recommended for NJN to convert to High Definition Television as mandated by federal law. Federal funds of \$1.3 million are also available.

NJN's estimated revenues from other sources have nearly doubled from \$ 4.2 million in FY 1989 to an estimated \$8.5 million in FY 2002 as a result of NJN becoming less dependent on State support. Other fund sources include funds for the State Council of the Arts, general underwriting and donor restricted funds and funds from rentals.

## Program Description and Overview (Cont'd)

### 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; and

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.

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 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 \$3.2 million is recommended for the State Library's operational costs and represents level funding. The recommended State aid funding for the State Library is \$18.5 million, \$3.3 million more than FY 2001. New funding of \$3.1 million is recommended for debt service payments for \$45 million in bonds that will be issued under the Public Library Project Fund. The fund was established by P.L. 1999, c.184 to provide grants for the construction, expansion and rehabilitation of facilities for library purposes. Also, an additional \$300,000 is recommended for Virtual Library Aid for a FY 2002 total of \$1.3 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.

Capital funding of \$800,000 is recommended in FY 2002 and represents an increase of \$400,000 over the FY 2001 adjusted appropriation of \$400,000. The capital funds would be used to conduct a State Library Architectural/Engineering Renovation Cost Study to inventory the library's collection and determine its growth rate and the impact of new technologies.

### 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 with community groups and organizations throughout the State for the purpose of educating citizens

## Program Description and Overview (Cont'd)

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 increase by \$316,000 from \$4.0 million to \$4.3 million. The increase is attributable to increased expenditures for administrative costs of the Office of Volunteerism and of the Cultural Trust.

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.

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.

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 \$1.7 million compared to the FY 2001 adjusted appropriation of approximately \$2.0 million and represents a decrease of \$250,000 which is partially attributable to the elimination of funding for the Integrated Archives and Records Management Initiative. The budget recommends \$1.4 million in capital funding to purchase Specialized Document Imaging equipment for the State Archives.

### The FY 2002 Recommended Budget

The Department of State's total FY 2001 recommended appropriation from all funds is \$1.33 billion compared to the FY 2001 adjusted appropriation of \$1.25 billion, a net increase of 5.9 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

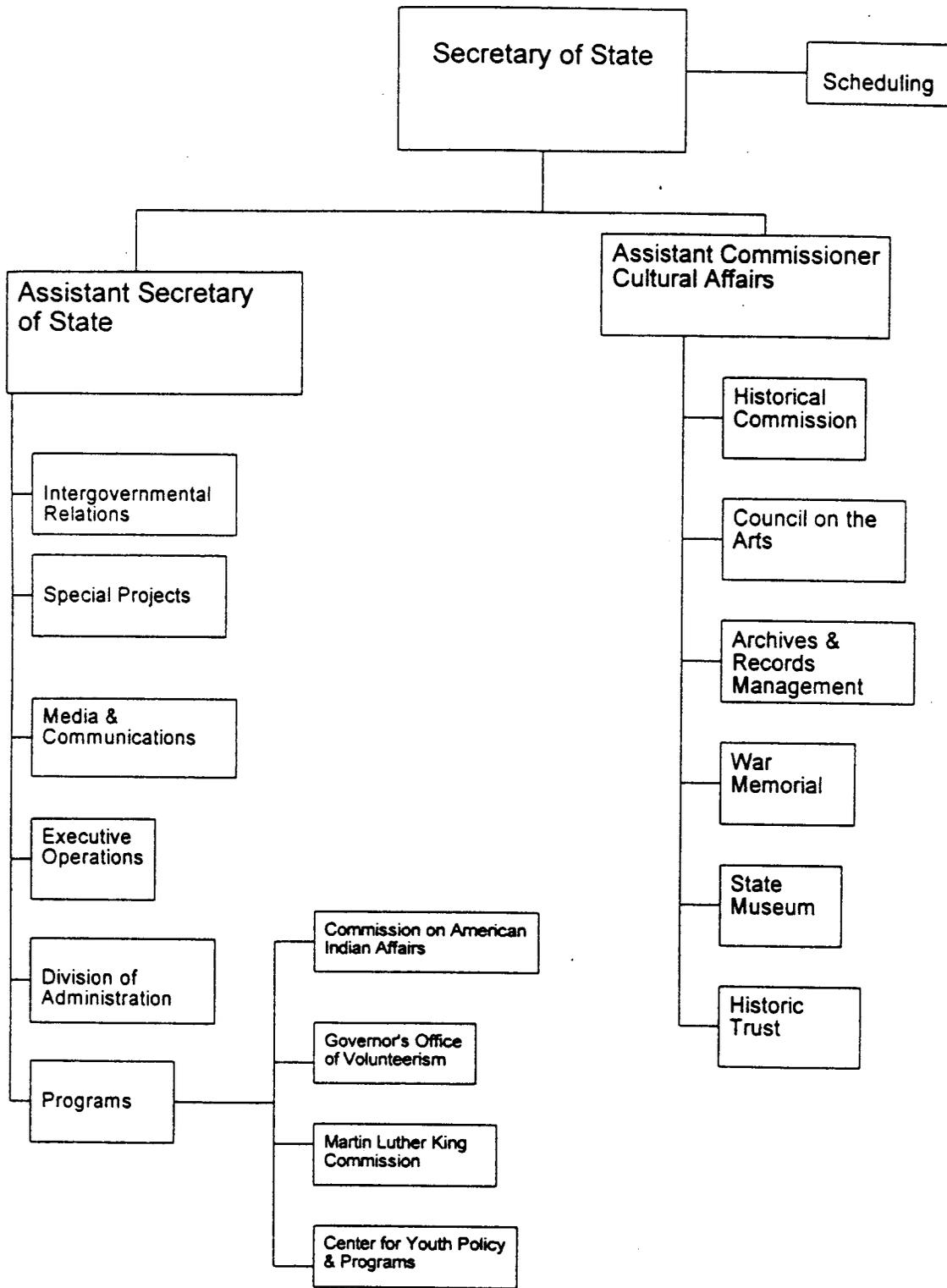
## Program Description and Overview (Cont'd)

funding data for all higher education programs.

The FY 2002 recommendation for the Department of State from State funds is approximately \$1.3 billion and represents an increase of 5.9 percent compared to the FY 2001 adjusted appropriation of \$1.2 billion. The majority of the net \$71.9 million increase is attributable to increased or new funding of: \$19.2 million for the colleges and universities; \$34.4 million for the Commission on Higher Education; \$11.5 million for the Higher Education Student Assistance Authority; \$6.5 million for the Public Broadcasting Authority; \$1.2 million for the Office of the Secretary of State; and \$3.8 million for the State Library. These increases are offset by decreases of: \$2.8 million for the Council on the Arts; \$1.2 million for the Museum Services; and \$744,000 for the Development of Historical Resources.

# Organization Chart

## DEPARTMENT OF STATE



## Fiscal and Personnel Summary

### AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002	Percent Change	
				2000-02	2001-02
<b>General Fund</b>					
Direct State Services	\$21,742	\$24,485	\$26,556	22.1%	8.5%
Grants-In-Aid	1,052,929	1,155,363	1,218,461	15.7%	5.5%
State Aid	16,812	19,812	21,196	26.1%	7.0%
Capital Construction	4,666	19,108	24,480	424.6%	28.1%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$1,096,149</b>	<b>\$1,218,768</b>	<b>\$1,290,693</b>	<b>17.7%</b>	<b>5.9%</b>
<b>Property Tax Relief Fund</b>					
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%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$1,096,149</b>	<b>\$1,218,768</b>	<b>\$1,290,693</b>	<b>17.7%</b>	<b>5.9%</b>
<b>Federal Funds</b>	<b>\$15,186</b>	<b>\$20,937</b>	<b>\$22,560</b>	<b>48.6%</b>	<b>7.8%</b>
<b>Other Funds</b>	<b>\$16,199</b>	<b>\$13,570</b>	<b>\$14,017</b>	<b>(13.5)%</b>	<b>3.3%</b>
<b>Grand Total</b>	<b>\$1,127,534</b>	<b>\$1,253,275</b>	<b>\$1,327,270</b>	<b>17.7%</b>	<b>5.9%</b>

### PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change	
				2000-02	2001-02
State	340	354	385	13.2%	8.8%
Federal	192	198	228	18.8%	15.2%
All Other	111	108	115	3.6%	6.5%
Colleges and Universities*	19,653	19,653	19,653	0.0%	0.0%
<b>Total Positions</b>	<b>20,296</b>	<b>20,313</b>	<b>20,381</b>	<b>0.4%</b>	<b>0.3%</b>

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.

### AFFIRMATIVE ACTION DATA

Total Minority Percent					
Office of the Secretary of State	31.4%	31.4%	36.1%	----	----
Commission on Higher Education	36.0%	36.0%	36.0%	----	----
Higher Ed. Student Assist. Authority	28.6%	27.5%	27.2%	----	----

## Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
					D-422 to D-427
Support of the Arts	\$21,855	\$20,695	(\$1,160)	(5.3)%	

State funding for the Support of the Arts is recommended to decrease by \$1.2 million due to the elimination of FY 2001 legislative initiatives totaling \$1.2 million.

!	\$50,000	Access to Art, Inc.
!	\$50,000	New Jersey Repertory Company, Long Branch
!	\$50,000	Surflight Theater, Ship Bottom Borough-Transition Funding
!	\$110,000	Count Basie Theatre, Red Bank
!	\$150,000	Public Art Foundation Inc. - Grounds for Sculpture
!	\$750,000	South Jersey Performing Arts Center

					D-422 to D-427
Development of Historical Resources	\$6,874	\$6,130	(\$744)	(10.8)%	

The Governor proposes a \$744,000 decrease in State funding for the Development of Historical Resources. There is a \$100,000 increase in operating aid which is offset by an \$844,000 reduction as a result of the elimination of the following items that were added by the Legislature in FY 2001.

!	\$20,000	Poricy Park Nature Center and Historic Farm, Middletown-Historic Restoration
!	\$25,000	Atlantic Highlands Historical Society-Strauss Mansion Restoration
!	\$25,000	Bordentown Historical Society-Meeting House Restoration
!	\$49,000	Boonton Historical Society and Museum-Doctor John Taylor House Repairs
!	\$75,000	Alice Paul Centennial Foundation, Inc.- Paulsdale
!	\$75,000	Island Heights Borough - Wanamaker Hall Historic Restoration
!	\$100,000	Monmouth Historical Association-Taylor-Butler House Capital Improvements
!	\$100,000	Newark Old Settlers' Monument Restoration
!	\$100,000	Encyclopedia of New Jersey, Rutgers University Press
!	\$125,000	Wheaton Village Exposition Center
!	\$150,000	Humanities Council

War Memorial Presenting Theatre	\$0	\$900	\$900	—	D-424
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The Governor proposes \$900,000 for the implementation of a subscription concert series at the War Memorial. This initiative will allow the War Memorial to generate increased revenues, thereby expediting its self-sufficiency. According to the Budget-in-Brief, attendance at War Memorial events is projected to increase by 50,000 persons from 175,000 in 2001 to 225,000 persons in 2002 and may be higher with the creation of the War Memorial Presenting Theatre.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Operational Grant for Newark Museum</b>	\$4,700	\$2,700	(\$2,000)	(42.6)%	D-426

In FY 2001, the Legislature added \$2 million in State aid to the Newark Museum's budget for a Science Education Initiative. The Governor does not recommend continuation of that added appropriation in FY 2002.

<b>Museum Services-Capital Funding</b>	\$2,255	\$641	(\$1,614)	(71.6)%	D-426
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In FY 2001, \$2.3 million was appropriated to the Division of Museum Services to assist in the restoration effort at Morven, formerly the Governor's mansion, which is now designated as a museum. The Governor does not recommend continuation of the appropriation in FY 2002. The budget recommends funding of \$641,000 for the State Museum to complete the following projects: \$492,000 to upgrade the storage system that will, in effect, double storage capacity and \$149,000 to replace the auditorium seating, lighting and curtains.

<b>New Jersey Public Broadcasting Authority</b>	\$6,084	\$7,154	\$1,070	17.6%	D-423
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The budget recommends a \$7.2 million direct services appropriation for the New Jersey Public Broadcasting Authority, a \$1.1 million 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 will assist in the establishment of a new production facility in Atlantic City.

<b>Digital Transmission</b>	\$5,721	\$11,155	\$5,434	95.0%	D-426
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The budget recommendation also includes an \$11.2 million capital appropriation for the New Jersey Public Broadcasting Authority for costs associated with the Digital Television mandate to convert from analog to digital transmission. The mandate requires that all commercial and non-commercial television stations begin transmission in digital format in 2003. During the seven to ten year transition period, all television stations must broadcast in the present analog format and in high resolution, wide-screen, multi-channel digital format. This recommendation provides continued support in assisting NJN in their effort to meet the federal requirement.

<b>Public Library Project Fund</b>	\$0	\$3,084	\$3,084	—	D-429
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The Governor proposes a \$3.1 million appropriation to fund the debt service for \$45 million in bonds that will be issued to finance the Public Library Project Fund. The fund was established by P.L. 1999, c.184 to provide grants for the construction, expansion and rehabilitation of facilities for library purposes.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Virtual Library Aid	\$1,000	\$1,300	\$300	30.0%	D-429

The budget recommendation for the State Library also includes a proposed \$300,000 increase for Virtual Library Aid for the acquisition of academic database licenses. The Virtual Library is an online library that provides free access to information resources.

<b>State Library Architecture/Engineering Renovation Cost Study</b>	<b>\$0</b>	<b>\$400</b>	<b>\$400</b>	<b>—</b>	<b>D-430</b>
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New funding of \$400,000 is recommended for a State Library Architectural/Engineering Renovation Cost Study to inventory the library's collections to determine its growth rate and the impact of new technologies.

<b>Cultural Trust- Administration</b>	<b>\$250</b>	<b>\$535</b>	<b>\$285</b>	<b>114.0%</b>	<b>D-432</b>
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The budget recommendation includes a \$285,000 increase for additional administrative support to develop, implement and distribute grants. The Trust, established pursuant to P.L. 2000, c.76, is a public/private 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.

<b>Office of Volunteerism</b>	<b>\$233</b>	<b>\$264</b>	<b>\$31</b>	<b>13.3%</b>	<b>D-432</b>
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The FY 2002 budget recommends a \$31,000 increase in State funding to cover the administrative costs associated with the Office of Volunteerism. The Office of Volunteerism was established to support the growth and development of volunteerism throughout the State.

<b>State Archives- Equipment</b>	<b>\$0</b>	<b>\$1,384</b>	<b>\$1,384</b>	<b>—</b>	<b>D-432</b>
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The budget recommends \$1.4 million in capital funding for Specialized Document Imaging Services which will expand the department's Centralized Micrographics Program to provide specialized imaging services to State, county and local agencies.

<b>Records Storage Center- Expansion</b>	<b>\$232</b>	<b>\$0</b>	<b>(\$232)</b>	<b>(100.0)%</b>	<b>D-432</b>
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The FY 2001 adjusted appropriation of \$232,000 for the Records Storage Center-Expansion represents a one-time appropriation associated with engineering costs for the planned expansion project at the Records Storage Center.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2000</u>	<u>Recomm.</u> <u>FY 2001</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
FEDERAL FUNDS					
Museum Services	\$358	\$315	(\$43)	(12.0)%	D-427

Federal funding for Museum Services is expected to decrease by 12 percent in FY 2002. The reduction is due to decreased funding for the Delaware Water Gap National Recreation Area.

## Language Provisions

### 2001 Appropriations Handbook

**B-180**

The amount hereinabove for the Historic Trust Program is appropriated for all administrative costs and expenses, subject to the approval of the Director of the Division of Budget and Accounting.

### 2002 Budget Recommendations

**D-427**

The amount hereinabove for the New Jersey Historic Trust Program is appropriated for all administrative costs and expenses pursuant to NJ Cultural Trust Act P.L. 2000, c.76; Garden State Preservation Trust Act P.L. 1999, c.152; Revolving Loan Fund Act P.L. 1991, c.41; Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992, P.L. 1992, c.88; Green Acres Farmland and Historic Preservation, and Blue Acres Bond Act of 1995, P.L. 1995, c.204, subject to the approval of the Director of the Division of Budget and Accounting.

### Explanation

This language is modified to identify the specific bond acts under the Historic Trust Program for which administrative costs would be paid. The Historic Trust Program, through the Historic Preservation Fund, provides for the administration, planning and organization of historic preservation projects.

### 2001 Appropriations Handbook

**B-180**

In addition to the amount appropriated hereinabove for the NJN Radio Audience Growth initiative, additional sums not to exceed \$60,000 are appropriated subject to confirmation that NJN has received a federal matching grant for the construction of a radio broadcast tower in Toms River, subject to the approval of the Director of the Division of Budget and Accounting.

### 2002 Budget Recommendations

No comparable language.

### Explanation

In FY 2001, the Legislature appropriated \$80,000 for the Radio Audience Growth initiative which is designed to expand New Jersey Network's (NJN) listening audience. The budget language was added to enable NJN to secure a federal match from the U.S. Department of Commerce. In FY 2002, NJN's operating budget was increased by \$60,000 to hire a grants writer in order to maximize the receipt of federal and other grant funds.

## Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

B-180

There are appropriated from the Emergency Services Fund such sums as may be necessary to reimburse the New Jersey Public Broadcast Authority for the cost of its emergency broadcasts, pursuant to section 4 of P.L. 1989, c.133 (C.52:14E-8.1), subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

Section 4 of P.L. 1989,c.133 establishes a procedure for payments from the Emergency Services Fund to the New Jersey Public Broadcasting Authority for the cost of its emergency broadcasts if such costs exceed the Authority's operating budget. According to the Office of Management and Budget, as the statute provides for reimbursement, it is not necessary to include this provision in budget language.

2001 Appropriations Handbook2002 Budget Recommendations

D-427

No comparable language.

Notwithstanding the provisions of section 4 of P.L. 1999, c.131 (C:18A:73-22.4), from the amount appropriated for New Jersey Historical Commission Research and Agency Grants, an amount not to exceed \$200,000 is appropriated for administrative costs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language provides up to \$200,000 for the administrative expenses associated with the review of proposals, oversight of grants and other necessary activities under the New Jersey Historical Commission Research and Agency Grants Program. These grants were established to provide funds to historical organization, museums, libraries and other similar organizations with collections or programming related to New Jersey's history.

## Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

## B-181

Notwithstanding the provisions of any other law to the contrary, of the amount appropriated 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 year 1997 for cultural projects in those remaining counties. The value of project grants awarded within each county shall not total less than \$50,000.

No comparable language.

Explanation

This budget language was added by the Legislature in FY 99 and again in FY 2000 and FY 2001 to ensure that the southernmost counties would receive at least 25 percent of the appropriation for Cultural Projects. The budget language is not recommended in FY 2002.

2001 Appropriations Handbook2002 Budget Recommendations

## B-181

There is appropriated an amount not to exceed \$5,721,000 for costs associated with the implementation of the Digital Television Mandate subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

In FY 2001, this budget language provided the New Jersey Public Broadcasting Authority with additional funds to convert from analog to digital transmission enabling the authority to comply with the federal Digital Television mandate. To date, \$4.7 million of the \$5.7 million has been appropriated. In FY 2002, the Governor has recommended \$11.2 million for NJN's capital budget for this purpose, a \$5.4 million increase.

## Language Provisions (Cont'd)

### 2001 Appropriations Handbook

#### B-182

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 \$342,000 for cost recoveries in the Division of Records.

### 2002 Budget Recommendations

#### D-433

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 \$360,000 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 would cover salary increases for the staff at the storage center.



## Discussion Points

1. 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, Local Arts Program Grants, Special Project Support, South Jersey Initiatives, Projects Serving Artists and Community Arts Collaborations.

**!** *Question:* Please provide a listing, by grantee and county, of all awards distributed in FY 2001. Please provide a very brief description of the purpose for which the grant will be used.

2. The Newark Museum, the largest in New Jersey, houses 80 galleries of art and science, a mini-zoo, planetarium, gift shops, cafe, auditorium, sculpture garden, schoolhouse and the Ballantine House, a restored 1885 mansion. In FY 2001, the Legislature added \$2 million in State aid to the museum's budget for a Science Education Initiative.

**!** *Question:* Please explain the purpose of the Science Education Initiative. For what purposes was the \$2 million appropriation used?

3. In FY 2001, the Division of Museum Services received \$2.3 million to assist in the restoration effort at Morven, formerly the Governor's mansion, which is now designated as a museum. Morven will house temporary exhibits, host conferences and serve as a research center for New Jersey's cultural history. Once the renovations are completed, Morven is expected to be a major attraction for tourists as well as State residents. The Commission on Capital Budgeting and Planning recommended \$2.5 million for the final phase of the project. However, the request is not included as a budget recommendation. The purpose of the funding was to complete the restoration of the carriage house, pool house and the two acres of grounds at the north end of the facility.

*Question:* Are funds other than a State appropriation available to accomplish some portion, or all of this phase of the restoration project? What would be the projected completion date of this final phase of the restoration if funding were made available in FY 2002? How will that affect the ongoing work at Morven? What is the projected completion date of the Morven renovations?

4. In FY 2001, the budget included provisions ensuring that the eight southernmost counties (Cape May, Salem, Cumberland, Gloucester, Camden, Ocean, Atlantic and Burlington) would be guaranteed 25 percent of the amount appropriated for Cultural Projects. Also, the value of the grants awarded within each county would not total less than \$50,000. However, the FY 2002 budget recommendation does not continue this language.

**!** *Question:* Given the elimination of this provision, on what basis will awards be allocated to the southernmost counties?

5. The Cultural Trust was established in FY 2001, pursuant to P.L. 2000, c. 76, to provide a permanent source of funding for New Jersey's cultural community. Over a ten-year period, \$100 million in State funds will be committed to match, dollar-for-dollar, private contributions to help build endowments and finance capital needs, as well as to supplement funding for the arts, historical groups and the humanities. In addition to a recommended appropriation of \$10 million to support the program in FY 2002, the budget also proposes a \$285,000 increase to support the operational costs of the program.

## Discussion Points (Cont'd)

! *Question:* When will the first grants be awarded? What is the total amount of private contributions secured to date? Please discuss the need for additional administrative funds as the recommendation is an increase of 114 percent from \$250,000 in FY 2001 to \$535,000 in FY 2002?

6. The Public Library Project Fund, established pursuant to P.L. 1999, c.184, provides grants to municipal and county public libraries for construction, expansion, rehabilitation and acquisition projects. The law authorizes the Educational Facilities Authority (EFA) to issue bonds in an amount not to exceed \$45 million to fund grants for library projects. The Public Library Construction Advisory Board would award grants to eligible libraries based on competitive criteria. According to the State Library, the proposed regulations have been completed and applications are due out in the late spring or early summer.

! *Question:* What is the expected date for the sale of bonds by the EFA for this purpose?

## Background Paper: The Public Broadcasting Authority--DTV Update

In 1996, the Federal Communications Commission mandated that all television broadcasters convert their existing analog transmission facilities to digital. All public television stations must begin digital broadcasting by May 1, 2003. Unlike the 50-year old analog transmission currently used, a digital system captures images and sound and transmits them using the digital code used in computers. Digital television(DTV) makes it possible to air four, six or more standard-definition (SDTV) program streams at the same time, and/or various data and audio channels through multicasting. Technologies such as computers, movies and telephones are already being transmitted digitally.

Below is a status update provided by the New Jersey Network (NJN) regarding its effort to comply with the Digital Television mandate.

### Awarded a Public Broadcasting Services (PBS) Matching Grant for Signal and Tower Study

In FY 1999, NJN was one of 12 PBS stations nationwide to win a matching grant from PBS for a DTV Implementation Study. PBS provided the network with a consultant to implement an action plan and prepare a detailed engineering report to implement a DTV transmission facility at NJN. The study included:

- ! Assessment of station facilities and general requirements for DTV;
- ! Coverage requirements for DTV;
- ! Conducting a stress and structural analysis of the towers to locate suitable locations for a DTV antenna or alternative approaches that will permit NJN to implement a DTV transmission facility;
- ! Analysis of operating costs of DTV facility;
- ! Timetable for construction of DTV facility; and
- ! Capital costs for implementation of DTV.

### Hosted DTV Express

In FY 1999, NJN was selected to be one of 40 sites nationwide to host the HARRIS/PBS DTV Express, a traveling demonstration that featured a working digital television station model with the most advanced broadcasting equipment. NJN partnered with the Sarnoff Corporation in Princeton and invited several hundred New Jersey leaders from business, education, technology, broadcasting and government to tour the exhibit and attend seminars to learn more about DTV's opportunities.

### NJN Launches New Jersey's First Digital Signal

Through a public-private partnership with the Sarnoff Corporation and seven other technology companies, NJN was among the first ten PBS stations nationwide to launch a digital broadcast signal and commence broadcast of high definition television in October 1999. Partial funding for the launch was received from the National Institute of Standards and Technology (NIST). The consortium also worked on a \$60 million High Definition Television Broadcast Technology Project which is considered to be the largest multi-company project of its kind in the nation.

### NJN Tests Broadcast Data

In FY 1999, NJN was one of three PBS stations nationwide to test broadcast data. NJN broadcast data-enhanced educational content for the PBS Special "Wonders of the African Worlds with Henry Louis Gates Jr." It was the first data broadcast demonstration that met with the standards established

## Background Paper: The Public Broadcasting Authority--DTV Update (Cont'd)

by the national Advanced Television Standards Committee.

In April of 2000, NJN also joined in a partnership with WaveXpress, a new technology company created to provide e-commerce and datacasting services to digital TV broadcasters, and is serving as a site to prove the capability of WaveXpress' datacasting system for delivering information, entertainment and e-commerce over DTV broadcasts.

### NJN Wins Competitive Federal Grant

NJN leveraged \$250,000 of its FY 2000 State appropriation as a match for a highly competitive federal grant totaling \$608,000 that the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA) awarded NJN. NJN was one of seven public television stations nationwide to receive NTIA funding for initiation of its digital television broadcasts. That funding enabled NJN to install a high-power digital transmitter and antenna on digital Channel 43 at the Lawrenceville, New Jersey transmitter site. With this upgrade, NJN is able to extend its digital coverage from the Trenton area to a 35-mile radius covering areas from New Brunswick to Camden.

### Digital Advances in FY 2001

- ! NJN joined WETA<sup>1</sup>, SpectraRep<sup>TM2</sup>, WaveXpress and Streampipe.com<sup>3</sup> in a datacasting demonstration of how standard definition television (SDTV) and high definition television (HDTV) can be broadcast with text, video and audio. The event was datacast via a satellite feed to NJN's Trenton studio on February 22, 2001.
- ! NJN was one of seven PBS stations nationwide to participate in interactive television trials of PBS enhanced programming.

The FY 2002 budget recommends \$11.2 million in capital funding for the New Jersey Public Broadcasting Authority (which is primarily responsible for operating NJN) to address the capital needs (i.e. equipment purchases) stemming from the federal ruling mandating that all commercial and non-commercial television stations to complete conversion to digital format by 2006. In addition, federal funding of \$1.2 million is expected for the same purpose.

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<sup>1</sup> WETA is a PBS station, serving Virginia, Maryland and the District of Columbia, that provides education, cultural and public affairs programming and related services.

<sup>2</sup> Streampipe.com provides SpectraRep, an affiliate of BIA Financial Network, Inc. (an 18-year old strategic consulting firm advising the communications, media and Internet industries), design datacasting solutions based on a customer's needs utilizing DTV and satellite.

<sup>3</sup> Streampipe.com provides services to enable organizations to broadcast live events to a global audience using the Internet.

## 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.

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

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