

ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT
OF STATE**

FISCAL YEAR

2004 - 2005

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF STATE

Budget Pages..... C-16; C-25; C-33; D-315 to D-372;
G-4 to G-5.

Fiscal Summary (\$000)

	Expended FY 2003	Adjusted Appropriation FY 2004	Recommended FY 2005	Percent Change 2004-05
State Budgeted	\$1,120,415	\$1,130,763	\$1,164,520	3.0%
Federal Funds	23,895	33,361	35,152	5.4%
<u>Other</u>	<u>20,379</u>	<u>46,153</u>	<u>50,082</u>	<u>8.5%</u>
Grand Total	\$1,164,689	\$1,210,277	\$1,249,754	3.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change 2004-05
State	355	333	356	6.9%
Federal	206	208	232	11.5%
Other	102	113	117	3.5%
<u>Colleges & Univ's.*</u>	<u>20,147</u>	<u>20,147</u>	<u>20,147</u>	<u>0.0%</u>
Total Positions	20,810	20,801	20,852	0.2%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 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 Division of Archives and Records Management, 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 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 as in, but not of, the Department of State for administrative purposes.

Introduction (Cont'd)

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 State Library to the Department of State. Under State law, Thomas Edison State College administers the daily operations of the State Library system, which includes the Library for the Blind and Handicapped and the Law Library. Also, recent Executive actions transferred the Historic Trust from the Department of State to the Department of Community Affairs pursuant to Reorganization Plan No. 001-2002; and the Office of Faith-Based Initiatives from the Department of Community Affairs to the Department of State by Executive Order No. 31. The program provides grants which enable faith-based organizations to undertake a range of social service activities.

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 2005 budget recommendation for the Department of State, excluding Higher Educational Services, totals \$70.1 million, an increase of \$8.7 million (14.1 percent) above the FY 2004 adjusted appropriation of \$61.4 million. Included in the budget proposal is \$19.0 million for Direct State Services, a 2.8 percent or \$550,000 decrease; \$34.3 million for Grants-In-Aid, a 36.9 percent or \$9.2 million increase; and level funding of \$16.8 million for State Aid.
- **New Jersey State Council on the Arts:** The FY 2005 budget recommends \$25.6 million for the New Jersey State Council on the Arts, a \$6.7 million increase from the FY 2004 adjusted appropriation of \$18.9 million which is wholly allocated to grants for Cultural Projects (from \$16 million in FY 2004 to \$22.7 million in FY 2005).
- **Division of State Museum:** The FY 2005 budget recommends \$3.3 million to fund the Division of State Museum. The recommended appropriation continues the FY 2004 funding level and maintains a \$250,000 Direct-State-Services appropriation for operational expenses for the War Memorial. The FY 2005 budget also maintains an \$800,000 operational grant for the Trenton War Memorial to satisfy the State's contractual obligation to the Marriott Corporation in relation to the public/private partnership with the War Memorial.
- **Historical Resources:** Total State funding for Historical Resources, which includes funding for the New Jersey Historical Commission, is recommended to increase by \$1.3 million or 35.2 percent from the FY 2004 adjusted appropriation of \$3.8 million to \$5.1 million in FY 2005. This change results from a \$1.1 million increase in funding for New Jersey Historical Commission Agency Grants and a \$200,000 or 50 percent increase in funding for the Ellis Island Foundation.
- **Public Broadcasting Authority:** A Direct State Services appropriation of \$6.1 million is recommended for the New Jersey Public Broadcasting Authority, a \$1 million or 14 percent decrease from the FY 2004 adjusted appropriation of \$7.1 million. The decrease is due to the elimination of funding for equipment purchases at the New Jersey Network.

Key Points (Cont'd)

- **State Library:** The FY 2005 recommended budget includes \$20.2 million in funding for the operations and major State aid programs of the State Library. This amount represents a continuation of the FY 2004 funding level, comprising a \$3.3 million Direct State Services appropriation and a \$16.8 million State Aid appropriation which includes \$2.1 million for debt service payments on bonds issued under the Public Library Project Fund. This fund provides grants to public libraries for construction, expansion and rehabilitation projects.
- **The Office of the Secretary of State:** In FY 2005, the Governor recommends a total Direct State Services budget of \$3.93 million for the Office of the Secretary of State, a \$50,000 decrease from the FY 2004 adjusted appropriation of \$3.98 million. The decrease is due to a \$100,000 reduction in administrative funding, offset by a \$50,000 appropriation for the 9-11 Memorial Commission.
- The FY 2005 recommended Grants-in-Aid appropriation for the Office of the Secretary of State is increased by \$1.2 million (48.8 percent) from the FY 2004 adjusted appropriation of \$2.5 million. The increase is the result of a \$1 million funding increase to the Office of Faith-Based Initiatives and a \$220,000 increase in funding for the New Jersey Cultural Trust.
- **Records Management:** A Direct State Services appropriation of \$2.1 is recommended for the Division of Archives and Records Management (DARM), a \$500,000 or 31.5 percent increase from the FY 2004 adjusted appropriation of \$1.6 million. The FY 2005 recommended budget also includes language which provides that up to \$3 million is appropriated to DARM to coordinate and implement an effective record storage system for the State and local governments, subject to the approval of the Director of the Division of Budget and Accounting. Combined, the total FY 2005 appropriation of \$5.1 million (a \$2.1 million Direct State Services appropriation and a \$3 million appropriation to coordinate and implement a record storage system), represents a \$3.5 million or 221 percent increase above the FY 2004 adjusted appropriation.
- Newly recommended budget language also provides for \$28 million in grants to counties and municipalities for public records management activities. Included in 'Other Funds', this grant program is supported by revenue from a \$5 increase in county recording fees that was approved in 2003(P.L.2003, c.117).

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 (subsequently transferred to the Department of Community Affairs pursuant to Reorganization Plan No.001-2002); (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 (PBA), 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 (HSAA);
- The four-year public colleges and universities; and
- 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 New Jersey State Council on the Arts focus 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 for which individuals and organizations may apply are as follows: General Operating Support, General Programming Support, Arts Education Special Initiatives, Local Arts Program Grants, Special Project Support, South Jersey Initiatives, Projects Serving Artists, and Community Arts Collaborations. Effective in FY 2005, 22.68 percent or a minimum of \$22.68 million of the revenue from the hotel occupancy fee imposed pursuant to P.L. 2003, c.114 is dedicated to the council's cultural projects.

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.

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

Program Description and Overview (Cont'd)

History Grant Program, which seeks to promote the advancement of the public's knowledge of African-Americans in the State, and the New Jersey History Grant Program. Effective in FY 2005, 3.84 percent or a minimum of \$3.84 million of the revenue from the hotel occupancy fee imposed pursuant to P.L. 2003, c.114 is dedicated to the commission for agency grants.

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.

The State Library

In FY 1997, the State Library was transferred to the reorganized Department of State. Pursuant to State law, Thomas Edison State College administers the daily operations of the State Library system, which 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 has also been provided to restore service lost due to emergencies. Technical assistance and funding for Statewide and regional cooperative library service are provided through the Library Network. Library Development Aid provides funding for increased access and services to the institutionalized, municipal libraries, the development of library collections and the maintenance of collections that have a historical or special interest.

Program Description and Overview (Cont'd)

Division of Archives and Records Management

The Division of Archives and Records Management (DARM) operates the State Archives and the State Records Storage Center. The division ensures the security, integrity, and efficiency of record-keeping by State and local public agencies; and performs the inventory, scheduling and destruction of State, county, and municipal records. Today, as records media and forms change, the division employs technology to reduce the cost of records creation, maintenance, storage, and to improve access to recorded information.

On July 1, 2003 the Governor signed into law P.L. 2003, c.117, which authorized the county clerks and registers of deed and mortgages to increase the fees charged for the filing of certain records and documents by \$5. The statute also established the New Jersey Public Records Preservation Account in the Department of Treasury, in which revenues generated from the fee increases are deposited. Funds in the New Jersey Public Records Preservation Account are dedicated for use by municipalities and counties (40 percent), and the State Division of Archives and Records Management (60 percent) for the management, storage and preservation of public records.

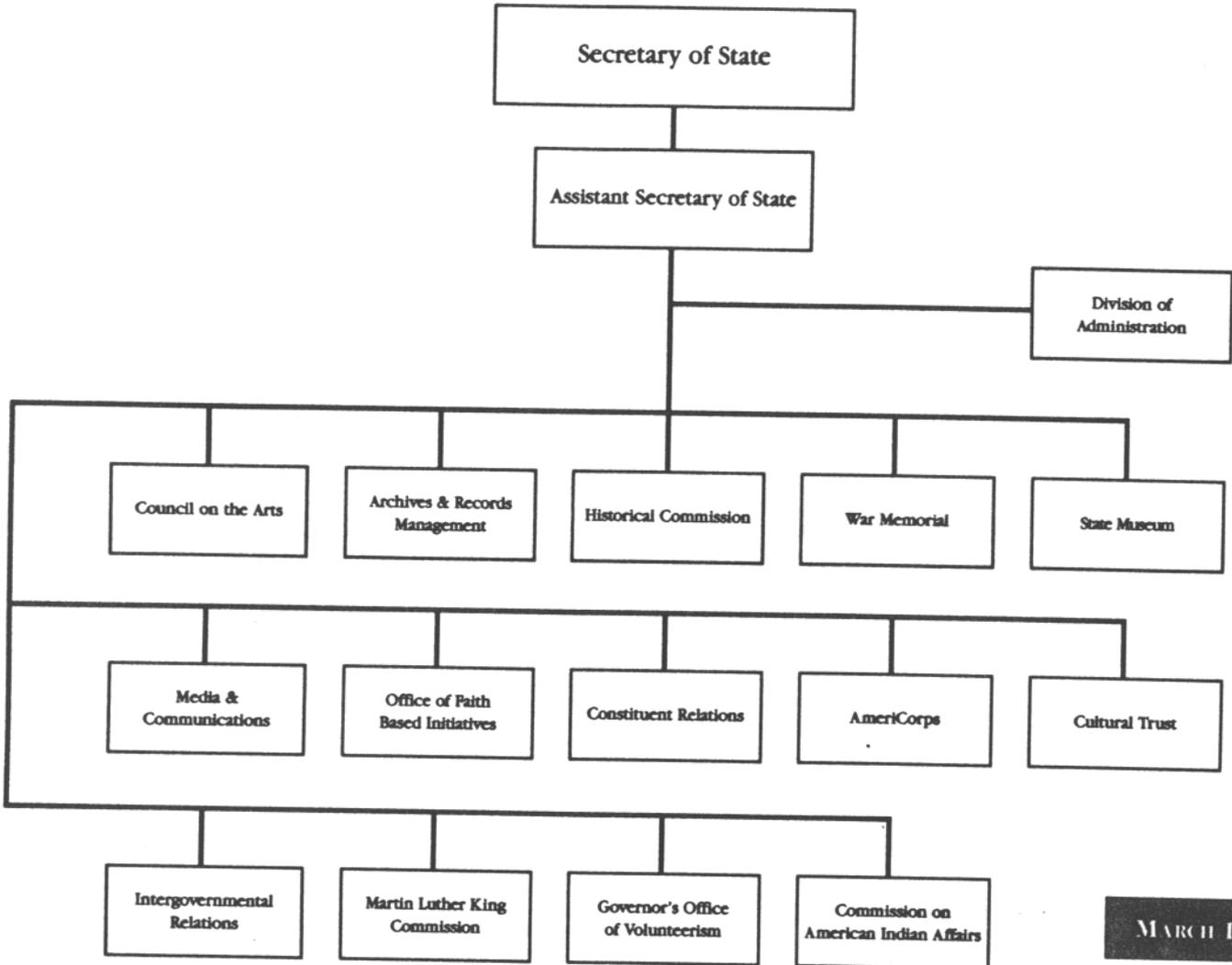
Office of the Secretary of State

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 of New Jersey on the life of the slain civil rights leader and the civil rights movement. It also administers the Personal Responsibility Program which was established to advance youth focused programs and initiatives and promote personal responsibility. The program serves as a conduit in State government to bring people, organizations, and services together to address the needs and concerns of New Jersey's young people. In addition, it serves as an information clearinghouse on youth policy and programs, and fosters the creation of new initiatives to combat youth violence and encourage leadership.

The New Jersey Cultural 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 matching funds are used to help finance capital projects, build endowments and contribute to the institutional and financial stability of non-profit cultural groups in New Jersey. The trust is also funded with .72 percent or a minimum of \$720,000 of the revenues derived from the hotel occupancy fee established pursuant to P.L. 2003, c. 114.

Organization Chart

NEW JERSEY DEPARTMENT OF STATE ORGANIZATIONAL CHART



MARCH 10, 2004

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2003	Adj. Approp. FY 2004	Recom. FY 2005	Percent Change	
				2003-05	2004-05
General Fund					
Direct State Services	\$24,202	\$23,247	\$22,697	(6.2)%	(2.4)%
Grants-In-Aid	1,079,202	1,090,689	1,124,996	4.2%	3.1%
State Aid	15,589	16,827	16,827	7.9%	0.0%
Capital Construction	1,422	0	0	(100.0)%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,120,415	\$1,130,763	\$1,164,520	3.9%	3.0%
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	\$1,120,415	\$1,130,763	\$1,164,520	3.9%	3.0%
Federal Funds	\$23,895	\$33,361	\$35,152	47.1%	5.4%
Other Funds	\$20,379	\$46,153	\$50,082	145.8%	8.5%
Grand Total	\$1,164,689	\$1,210,277	\$1,249,754	7.3%	3.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change	
				2003-05	2004-05
State	355	333	356	0.3%	6.9%
Federal	206	208	232	12.6%	11.5%
All Other	102	113	117	14.7%	3.5%
College and Universities*	20,147	20,147	20,147	0.0%	0.0%
Total Positions	20,810	20,801	20,852	0.2%	0.2%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 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	46.1%	45.1%	40.0%	---	---
Commission on Higher Education	45.0%	63.0%	56.0%	---	---
Higher Ed. Student Assist. Authority	31.0%	30.6%	32.4%	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
					D-364 to
Support of the Arts	\$18,930	\$25,610	\$6,680	35.3%	D-366

The New Jersey State Council on the Arts provides financial grants to arts organizations and artists in New Jersey whose projects show professional merit and promise. The Governor's FY 2005 budget recommendation of \$25.6 million represents a 35.3 percent or \$6.7 million increase above the FY 2004 adjusted appropriation of \$18.9 million. This increase occurs entirely in the council's Cultural Projects Grants-in-Aid account, and is attributable to the statutory dedication of hotel occupancy fee revenue, which increases in FY 2005 to 22.68 percent or a minimum of \$22.68 million of the total anticipated from that source.

					D-364 to
Development of Historical Resources	\$3,802	\$5,142	\$1,340	35.2%	D-366

Total State funding for Historical Resources, which includes funding for the New Jersey Historical Commission, is recommended to increase by \$1.3 million or 35.2 percent over the FY 2004 adjusted appropriation of \$3.8 million to \$5.1 million in FY 2005. The increase is due to a \$1.1 million increase in funding for New Jersey Historical Commission Agency Grants and a \$200,000 increase to fund the rehabilitation of Ellis Island. The increase in Agency Grants is attributable to the statutory dedication of hotel occupancy fee revenue, which in FY 2005 grows to 3.84 percent or a minimum \$3.48 million of the total anticipated from that source.

					D-364 to
New Jersey Public Broadcasting Authority	\$7,146	\$6,146	(\$1,000)	(14.0)%	D-366

The FY 2005 budget recommends a \$6.1 million Direct State Services appropriation for the New Jersey Public Broadcasting Authority, a \$1 million decrease from the FY 2004 adjusted appropriation of \$7.1 million. The reduction represents the elimination of a \$1 million FY 2004 appropriation to New Jersey Network (NJN) for equipment purchases. The amount was added to the FY 2004 appropriations act by the Legislature.

Office of the Secretary of State**Direct State Services:**

9-11 Memorial Commission	\$0	\$50	\$50	—	D-370
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2003</u>	<u>Recomm.</u> <u>FY 2004</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Grants- in-Aid:					
Office of Faith Based Initiatives	\$2,000	\$3,000	\$1,000	50.0%	D-371
Cultural Trust	\$500	\$720	\$220	44.0%	D-371

The budget provides additional funding to the Office of Faith Based Initiatives to expand its current grant programs, according to the Budget in Brief. There are currently 26 organizations funded through this office. The Cultural Trust funding increase results from statutory dedication of hotel occupancy fee revenue, which grows to .72 percent or a minimum \$720,000 of the total anticipated from that source.

Records Management	\$1,586	\$2,086	\$500	31.5%	D-370 to D-371
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The FY 2005 budget recommendation provides an increase of \$500,000 for the Division of Archives and Records Management equipment upgrades. Also, newly recommended budget language would provide an additional \$3 million to the division to coordinate and implement an effective record storage system for the State and local governments. This funding would be derived from the NJ Public Records Preservation Account, created by P.L. 2003, c.117 and funded by a \$5 increase in certain county recording fees (these resources are reflected in All Other Funds, p. D-371).

Language Provisions

2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

p. D-367

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

The FY 2005 recommended budget language designates a portion of the grant appropriation for New Jersey Historical Commission Research Grants or Agency Grants for administrative costs associated with the grant process. The language reinstates language which appeared in prior year budgets but was not included in the FY 2004 budget although \$2.7 million was appropriated for agency grants in FY 2004. The grants provide funds to historical organizations, museums, libraries and other similar organizations with collections or programming related to New Jersey's History.

2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

p. D-367

Notwithstanding the provision of any other law to the contrary, of the amount appropriated for Cultural Projects, \$1,500,000 shall be awarded to the Battleship New Jersey Museum, provided; further, however that of that amount, the first \$500,000 shall be paid to the Economic Development Authority on behalf of the Battleship New Jersey Museum, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

According to the Office of Management and Budget, \$1 million of the \$1.5 million will fund the general operating expenses of the Battleship New Jersey Museum in FY 2005; and \$500,000 will be used to repay the Economic Development Authority (EDA) for a short term loan made by EDA to the museum, which was used to offset the museum's operating expenses.

Language Provisions (Cont'd)

2004 Appropriations Handbook2005 Budget Recommendations

No comparable language.

p. D-372

In addition to the amount appropriated hereinabove for the Records Management program, such sums as are necessary, not to exceed \$3,000,000, are appropriated to coordinate and implement an effective record storage system for the State and local governments, subject to the Director of the Division of Budget and Accounting.

Explanation

Under P.L. 2003, c.117, fees charged by county clerks and registers of deed and mortgages for the filing of certain records and documents were increased by \$5, with the revenues paid to the State and directed to the NJ Public Records Preservation Account. The statute also provides that a portion of these revenues is to be allocated to the Division of Archives and Records Management for the management, storage and preservation of public records of the State and local governments. This language authorizes \$3 million for this purpose.

2004 Appropriations Handbook2005 Budget Recommendations

p. B-157

An amount not to exceed \$550,000 from the unexpended balances in the Office of the Secretary of State as of June 30, 2003 is appropriated for the Governor's Study Commission on Discrimination in State Employment Contracting, subject to the approval of the Director of the Division of Budget and Accounting.

p. D-372

An amount not to exceed \$325,000 from the unexpended balances in the Office of the Secretary of State as of June 30, 2004 is appropriated for the Governor's Study Commission on Discrimination in State Employment Contracting, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language was first added by the Legislature in FY 2002 to re-appropriate \$2 million to fund the cost of a study that examined discrimination in State Employment Contracting. The FY 2004 budget recommended the reappropriation of \$550,000 from the original \$2 million appropriation; and in the proposed budget the Governor is recommending that the remaining \$325,000 from the original \$2 million in funding be reappropriated to the Office of the Secretary of State.

Language Provisions (Cont'd)

2004 Appropriations Handbook

p. B-157

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 \$397,000 for cost recoveries in the Division of Records.

2005 Budget Recommendations

p. D-372

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 \$409,000 for cost recoveries in the Division of Records.

Explanation

The Division of Archives and 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 \$12,000 increase would cover salary increases for the staff at the storage center.

2004 Appropriations Handbook

p. B-158

The unexpended balance as of June 30, 2003 in the Division of Records Management, Integrated Archives and Records Management Data System account, is appropriated for the same purpose, subject to the approval of the Director of the Division of Budget and Accounting.

2005 Budget Recommendations

No comparable language.

Explanation

According to the Office of Management and Budget, this language is not included in the FY 2005 recommended budget since the department does not anticipate any carry-forward balances at the end of FY 2004. The FY 2004 amount funds contractual expenses associated with the division's Integrated Archives and Records Management Data System.

Language Provisions (Cont'd)

2004 Appropriations Handbook2005 Budget Recommendations

p. D-372

No comparable language.

The amount appropriated hereinabove for the Records Management program is payable from receipts deposited in the NJ Public Records Preservation account.

Explanation

This language provides that the \$2.1 million recommended appropriation for the Records Management program will be derived from the New Jersey Public Records Preservation Account, established under P.L. 2003, c.117 in the Department of the Treasury. The statute, among other things, increased the fees charged by county clerks and registers of deed and mortgages for the filing of certain records and documents by \$5, with the revenues paid to the State and directed to this account. The statute provides that 60 percent of revenues in the account is to be allocated to the Division of Archives and Records Management for the management, storage and preservation of public records and 40 percent for grants to counties and municipalities for records management.

2004 Appropriations Handbook2005 Budget Recommendations

p. D-372

No comparable language.

The unexpended balance of the Amistad Commission as of June 30, 2004 is appropriated for the same purpose.

Explanation

The Amistad Commission, established pursuant to P.L. 2002, c.75, strives to educate the citizens and students of New Jersey about the historical events associated with the African slave trade, slavery in America, the vestiges of slavery in this country and the contributions of African-Americans in overcoming these obstacles to contribute to the development of this country. The recommended budget language reappropriates the unexpended FY 2004 amount to fund the commission's FY 2005 expenses.

Language Provisions (Cont'd)2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

p. D-372

Notwithstanding the provision of any other law to the contrary, receipts deposited, not to exceed 40%, in the Department of the Treasury, the New Jersey Public Records Preservation account shall be appropriated and allocated as grants to counties and municipalities for the management, storage, and preservation of public records, based on guidelines promulgated by the Division of Archives and Records Management and approved by the State Treasurer.

Explanation

Under P.L. 2003, c.117, fees charged by county clerks and registers of deed and mortgages for the filing of certain records and documents were increased by \$5. The statute also established the New Jersey Public Records Preservation Account in the Department of Treasury in which revenues generated from the fee increases are deposited. The recommended budget language would appropriate up to 40 percent of the fund's revenues, as required under the statute, for grants to counties and municipalities for the management, storage and preservation of public record based on guidelines established by DARM.



Discussion Points

1. The New Jersey Cultural Trust was created to build a permanent, stable, and additional source of funding to support private, non-profit arts, history and humanities organizations. According to the "New Jersey Cultural Trust Act", P.L. 2000, c.76, over a ten-year period beginning in FY 2001, \$100 million in State funds is to be committed to match private contributions to qualified organizations to supplement funding for the arts, historical groups and the humanities. Subject to appropriation, certified donations valued at \$100,000 and above, made to the endowment of qualified organizations, entitles the organization to receive 20 percent of the State funds it leverages. In FY 2002 and FY 2003 certified donations to the trust leveraged all available State funds (\$12 million and \$10 million respectively). According to the New Jersey Cultural Trust 2002 Annual Report, \$2.4 million and \$2.0 million (20 percent of the State funds leveraged by donations over \$100,000) was paid to cultural organizations in FY 2002 and FY 2003 respectively. The total FY 2004 State appropriation to the trust is \$500,000 (5 percent of the amount required under the "New Jersey Cultural Trust Act"), and is generated by the hotel and motel occupancy fee, created pursuant to P.L. 2003, c. 114. The total FY 2005 recommended appropriation of \$720,000 (7 percent of the amount required under the "New Jersey Cultural Trust Act"), will be funded with revenue from the hotel and motel occupancy fee as required under P.L. 2003, c.114.

- **Question:** Please provide an update on the New Jersey Cultural Trust Fund, including a list of qualified organizations, certified private donations and organizations qualified to receive 20 percent of leveraged State funds. What private donation amounts were certified in the most recent round of gifts to qualified organizations? Since private donations have leveraged the total State appropriation in FY 2002 (\$12 million) and FY 2003 (\$10 million), and the FY 2004 appropriation (\$500,000) and FY 2005 recommendation (\$720,000), generated from the hotel and motel occupancy fee, are far below what is required to satisfy the State match under the "New Jersey Cultural Trust Act", how has this affected private donations to qualified organizations? Going forward, how will the lack of funding to provide a State match affect cultural organizations' ability to secure private donations?

2. The New Jersey Historical Commission is responsible for the formulation and implementation of programs that advance public knowledge of New Jersey's historical heritage. In FY 2004, the Commission received \$2.7 million from revenues generated by the hotel and motel occupancy fee established pursuant to P.L. 2003, c.114. The FY 2004 appropriation supports agency grants to historical organizations, museums, libraries and other similar organizations with collections or programming related to New Jersey's history. The FY 2005 recommended budget includes \$3.8 million for agency grants.

- **Question:** Please provide a listing, by grantee, grant amount and county of all awards distributed in FY 2004 and a brief description of the purpose for which the grant was used.

3. At the beginning of FY 2004 the Governor signed P.L. 2003, c.117 into law. The statute authorizes the county clerks and registers of deed and mortgages to increase the fees charged for the filing of certain records and documents by \$5. The statute also established the New Jersey Public Records Preservation Account in the Department of Treasury, in which revenues generated from the fee increases are deposited. Funds in the account may only be used by municipalities, counties, and the State Division of Archives and Records Management (DARM) for the storage and preservation of public records. Of the total, 40 percent is allocated for grants to counties and municipalities. The statute permitted, but did not mandate, DARM to promulgate rules and regulations to carry out the provisions of the act.

Discussion Points (Cont'd)

Preliminary estimates indicated that the \$5 fee increases would generate approximately \$15 million in FY 2004, with DARM receiving \$9 million and the counties, municipalities and local governments receiving \$6 million in grants. However, the FY 2005 recommended budget includes information showing a revised FY 2004 estimate of \$70.2 million, of which, \$28.2 million (40 percent) is allocated to DARM. For FY 2005, a total of \$70 million is projected from this revenue. Up to 40 percent, or \$28 million, would be made available for grants to counties and municipalities, for the management, storage and preservation of public records, based on guidelines promulgated by DARM and approved by the State Treasurer (language, p. D-372). The FY 2005 recommendation also includes language which provides that up to \$3 million will be appropriated to DARM to coordinate and implement an effective record storage system for the State and local governments, subject to the Director of the Division of Budget and Accounting (p. D-372).

- **Question:** Please provide information on the system, process and timetable for the distribution of grants to counties, local governments and municipalities for FY 2004 and FY 2005. Has DARM promulgated any rules and regulations governing this process as authorized by statute? How will grantees and amounts to be awarded be determined? What is the justification for requiring the approval of the State Treasurer before DARM guidelines become effective? Please provide information on how the FY 2005 allocation of \$3,000,000 to DARM for the management, storage and preservation of public records will be used.

4. 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. In addition, the FY 2004 Appropriations Act includes budget language which ensures that the eight southernmost counties will receive at least 25 percent of the amount appropriated for cultural projects.

- **Question:** How are grants allocated among the eligible categories? Please provide a listing, by grantee, grant amount and county of all awards distributed in the eight southernmost counties.

5. In April 2000, Governor Whitman signed an executive order creating a study commission to investigate and report on the nature and scope of any past or present discrimination in State employment and contracting and provide recommendations to improve contracting opportunities within the State. The study commission included 13 public members, 8 members of the Governor's cabinet and appropriate divisions and agencies, and the chair of the Legislature's Black and Latino Caucus. In November 2000, the Joint Budget Oversight Committee approved a \$2 million transfer to cover the costs associated with the study, of which \$1.5 million was earmarked for consultant fees. In April 2003, the Department of State reported that it had paid a consultant \$117,000, subsequently terminated the contract and was in litigation because the consultant claimed to be owed \$132,423 in damages. Additionally, the department re-bid the study after it was determined that it would be more efficient to have a study consisting of three separate and distinct analyses: procurement, construction and employment. The department also stated that the procurement portion of the study would be completed within 9 months and the construction portion within 6 months. In FY 2005, the Governor is recommending budget language (page D-372) that re-appropriates \$325,000 of the original appropriation.

Discussion Points (Cont'd)

- *Question:* Please provide an update on the Governor's Study Commission on Discrimination in State Employment and Contracting, including an accounting of all money spent to date (including consultant fees) from the original \$2 million appropriation, and information on the status of the procurement and construction portions of the study. What is the expected cost and completion date of the employment portion of the study?

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Individuals wishing information and committee schedules on the FY 2005 budget are encouraged to contact:

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