

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1998 - 1999 BUDGET



DEPARTMENT OF THE TREASURY

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

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DEPARTMENT OF THE TREASURY

Budget Pages..... C-12 to C-13, C-20 to C-21, C-28 to C-29; D-289 to D-326; E-62 to E-66; F-17 to F-19; G-20 to G-21; H-11 to H-13; I-2, I-8, I-10 to I-12, I-20 to I-21; and J-7 to J-14

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$1,418,587	\$1,482,922	\$1,571,929	6.0%
Federal Funds	20,720	20,910	21,244	1.6%
<u>Other</u>	<u>958,961</u>	<u>959,704</u>	<u>974,775</u>	<u>1.6%</u>
Grand Total	\$2,398,268	\$2,463,536	\$2,567,948	4.2%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	4,190	4,161	4,289	3.1%
Federal	233	232	263	13.4%
<u>Other</u>	<u>1,988</u>	<u>1,979</u>	<u>2,000</u>	<u>1.1%</u>
Total Positions	6,411	6,372	6,552	2.8%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of the Treasury is the central management agency of State government. It has major responsibilities in guiding the direction of State operations through its planning, management and budget components; in securing the State's financial interests through the collection of taxes and other revenues and the investment of State assets; and in the distribution of significant amounts of State aid to individuals and local governments. In addition, the department provides statewide support services to other agencies in the form of computer services, employee benefit management, purchasing goods and services, maintaining and leasing facilities, operating a State vehicle fleet, and providing mail and printing services.

Introduction

The FY 1999 budget also reflects the "in but not of" status in the Department of the Treasury of the Board of Public Utilities and the Casino Control Commission.

As a result of the Higher Education Restructuring Act of 1994, the department is charged with administering student assistance programs and grants in aid to support independent and county colleges. Higher educational programs administered "in but not of" the Department of Treasury consist of State and federally funded student assistance grant, scholarship and loan programs administered by the Office of Student Assistance and the Higher Education Assistance Authority (HEAA). Funding for the county colleges and the State's 14 independent colleges and universities is included. Also allocated "in but not of" the department is the Educational Facilities Authority (EFA) which finances construction of higher educational facilities through the sale of bonds, notes and other obligations and the purchase of equipment through leasing agreements.

The Governor's FY 1999 budget recommends the reassignment of the Office of State Planning from the Department of the Treasury to the Department of Community Affairs and also a significant number of programs from other departments to the Department of the Treasury. The programs which are recommended to be reassigned to the Department of the Treasury are as follows:

From the Department of Commerce:

- Economic Research
- Economic Development
- Commission on Science and Technology
- N.J. Commerce and Economic Growth Commission
- Economic Development Authority
- New Jersey Redevelopment Authority

From the Department of Community Affairs:

- State Legal Services - Trial Services to Indigents and Special Programs

From the Department of Labor:

- Temporary Disability Insurance

From the Department of State:

- Office of Administrative Law - Adjudication of Administrative Appeals
- Commercial Recording
- Office of the Public Defender - Appellate Services to Indigents, Trial Services to Indigents and Special Programs, Mental Health Screening Services, Dispute Settlement, and Management and Administrative Services

Key Points

OVERVIEW

- ! The Governor has recommended \$2.568 billion in total resources which the Department of the Treasury will either use for its own operations or distribute to individuals, colleges or municipalities in FY 1999. These funds represent a 4.2 percent increase in resources from those available in FY 1998.

Key Points

- ! The Governor has recommended \$1.572 billion in State budgeted resources (General Fund, Property Tax Relief Fund and Casino funds) for the Department of the Treasury in FY 1999, an increase of 6.0 percent from the FY 1998 adjusted appropriations.
- ! The Governor has recommended \$21.2 million in Federal Funds, an increase of 1.6 percent from the FY 1998 adjusted appropriations. The majority of these funds are for Student Assistance Programs.
- ! The Governor has recommended \$974.8 million in Other Funds for FY 1999, an increase of 1.6 percent from FY 1998. Other Funds represent non-budgeted or off-budget revenues such as taxes collected at the State level and distributed to local governments, special revenue funds and revolving funds. Included in the recommended amounts are a proposed distribution of \$745 million in public utility franchise and gross receipts taxes, \$81.9 million in revolving funds for the Office of Telecommunications and Information Systems and \$56.0 million for the Distribution Center.

GENERAL FUND-DIRECT STATE SERVICES

- ! The recommended General Fund appropriation for the Department of the Treasury is \$1.172 billion, an overall increase of 8.4 percent. The total appropriation includes increases in each component of the General Fund, including Direct State Services (1.3 percent), Grants-in-Aid (17.5 percent), State Aid (10.6 percent), Capital Construction (39.2 percent) and Debt Service (6.6 percent).
- ! The General Fund-Direct State Services appropriation recommended for FY 1999 for the Department of the Treasury is \$280.6 million, \$3.7 million or 1.3 percent more than the FY 1998 adjusted appropriation. Significant decreases in the Tax Administration Services Program (\$5.4 million or 6.8 percent) and the Administration of State Revenues Program (\$7.5 million or 32.9 percent) are offset by a significant increase in the Purchasing and Inventory Management Program (\$14.9 million or 298.5 percent). The Governor's budget historically has included language which has permitted the department to appropriate additional funds to a number of programs. In FY 1997, \$22.5 million in supplemental appropriations were authorized pursuant to similar language; in FY 1998, through February 13, 1998, \$26.6 million in supplemental appropriations have been authorized.
- ! The Governor's budget recommends the elimination of a \$37,000 Special Purpose appropriation for the Yankee Trader Institute. The Yankee Trader Institute was formed to coordinate trade development activities of states in the Northeast, the Commonwealth of Puerto Rico and the Province of Quebec.
- ! The Governor's budget recommends a new Special Purpose appropriation of \$150,000 for an Agricultural Exports Initiative within the International Trade program of the New Jersey Commerce and Economic Growth Commission to "insure that New Jersey's food products continue to gain prominence in the world marketplace."
- ! The Governor's proposed "One Stop Shopping for Businesses" initiative includes reassigning the Division of Commercial Recording from the Department of State and the Temporary Disability Insurance Program from the Department of Labor to the Department of the Treasury. Funding for these two programs in FY 1999 is recommended at approximately \$3.8 million, the same level as the FY 1998 adjusted appropriation. The [Budget in Brief](#)

Key Points

indicates that "by consolidating these programs into Treasury's Division of Revenue, the State will provide a one-stop arrangement for much of commercial businesses' interaction with State government." With the exception of personnel data, no evaluation data for these two programs is displayed in the Governor's FY 1999 budget.

- ! The Governor's FY 1999 budget reflects \$1.2 million in fee adjustments for the Office of Commercial Recording. The most significant increase proposed is for notaries public fees which would increase by \$750,000. According to information from the Office of Management and Budget (OMB), the last increase in these fees took place in 1987.
- ! The Governor's budget recommends \$73.8 million for Taxation Services and Administration (the Division of Taxation), a \$5.4 million or 6.8 percent reduction from the FY 1998 adjusted appropriation. The principal reason for the reduction is that no specific funding is recommended for certain collection activities that received supplemental appropriations in FY 1998 pursuant to budget language. However, as in past years, broad language is included in the FY 1999 budget recommendation to permit the appropriation of additional resources for the Division of Taxation without subsequent legislative involvement. Through February 13, 1998, the Division of Taxation has received \$13.7 million as a result of language-authorized supplemental appropriations.
- ! The Governor's budget recommends \$12.6 million for the Administration of State Lottery, a \$459,000 or 3.5 percent reduction. Broad language is continued in the FY 1999 budget to permit the appropriation of additional resources for lottery administration. Through April 30, 1998, the State Lottery has received an additional \$5.2 million for advertising and promotional activities pursuant to budget language.
- ! The Governor's budget recommends \$15.3 million for the Administration of State Revenues (the Division of Revenue), a \$7.5 million or 32.9 percent reduction from the FY 1998 adjusted appropriation. The principal reason for the reduction is that no specific funding is recommended for certain collection activities that received supplemental appropriations in FY 1998 pursuant to budget language. However, as in past years, broad language is included in the FY 1999 budget recommendation to permit the appropriation of additional resources for the Division of Revenue without subsequent legislative involvement. Through February 13, 1998, the Division of Revenue has received \$7.2 million as a result of language-authorized supplemental appropriations.
- ! The Governor's budget recommends \$5.3 million for the Management of State Investments program, a \$341,000 or 6.1 percent decrease. In FY 1998, this program received an additional \$1.4 million in supplemental appropriations, a portion of which was used to implement an executive search for a new division director.
- ! A new \$15 million appropriation for the Fleet Renewal Management Program is recommended in the Purchasing and Inventory Management Program. According to the Budget in Brief, \$14 million is recommended to purchase 1,200 new State vehicles and \$1 million is recommended for an integrated fleet management information system.
- ! The Governor's budget recommends \$24.7 million for the Division of Pensions and Benefits, a \$221,000, or 1 percent reduction. Language is included in the FY 1999 budget to permit the appropriation of additional resources from the investment earnings of the various pension and health benefits funds administered by the Division. Through February

Key Points

13, 1998, the Division of Pensions and Benefits has received \$1.6 million in supplemental appropriations authorized by language.

- ! The Governor's budget recommends \$4.6 million for Management and Administrative Services, a \$111,000 or 2.4 percent reduction. These amounts are net of reimbursements for public finance administrative costs and federal liaison positions funded from State-wide allocations. Budget language, however, permits the appropriation of up to \$640,000 from investment earnings for the administration of public finance activities.
- ! The Governor's budget recommends \$62.3 million for the Public Defender's Office. This represents a \$2.9 million, or 4.8 percent increase, from the FY 1998 adjusted appropriation. The Budget in Brief indicates that \$2.7 million of this increase was added to support an increase in the pool attorney rate and \$175,000 was added to cover Public Defender costs associated with the Judiciary's Intensive Supervision Program.

CAPITAL CONSTRUCTION

- ! The Governor's budget recommends \$7.5 million in FY 1999 for Capital Construction. This recommendation is \$2.1 million, or 39.2 percent larger than the FY 1998 adjusted appropriation. These funds would be available to the Office of Telecommunications and Information Systems (OTIS) to continue to upgrade and consolidate data centers; for disaster recovery; and for a new \$1 million radio communications network study.

DEBT SERVICE

- ! The Governor's budget for the department includes \$427.4 million for Debt Service on general obligation bonds. This represents a 6.6 percent increase from the FY 1998 adjusted appropriation.

GRANTS-IN-AID

- ! The Governor's budget recommends \$281.6 million in General Fund resources for Grants-in-Aid. This represents an increase of \$41.9 million, or 17.5 percent, from the FY 1998 adjusted appropriation. Of the total, approximately \$227.2 million is for grants administered by Higher Educational Services. These grants will be discussed in more detail at the end of this section.
- ! The Governor's budget recommends \$650,000 for Prosperity New Jersey, a \$100,000 decrease from the FY 1998 adjusted appropriation. This reduction is offset by a \$100,000 increase in Direct State Services for the Office of Marine Resources which, in prior years, received a \$100,000 grant from the Prosperity New Jersey program.
- ! The Governor's budget reflects a nearly eight-fold increase from \$631,000 in FY 1998 to \$5.0 million in FY 1999 for the New Jersey Commission on Science and Technology's Technology Transfer program. According to a news release issued by the Governor's Office, the Administration anticipates that these additional funds will "create approximately 300 new high-skilled, high-paying jobs and help foster the creation of some 35 companies."
- ! The Governor's budget recommends \$25 million for a new Urban Redevelopment program. According to the Budget in Brief, these funds will be used to purchase tax liens on

Key Points

abandoned, privately held properties.

- ! The Governor's budget recommends \$1.8 million in grants for the Public Defender's State Legal Services Office which provides grants to 15 county legal services offices. This represents a \$700,000, or 28 percent, decrease from the FY 1998 adjusted appropriation.
- ! The Governor's budget recommends \$323.6 million in FY 1998 for Homestead Rebates which are paid from the Property Tax Relief Fund. This represents a minimal reduction of \$1.4 million which reflects actual spending patterns for this program. Eligibility criteria and rebate amounts will remain the same as in FY 1998.

STATE AID

- ! The Governor's budget reflects a FY 1998 distribution of \$745 million from the Energy Tax Receipts Property Tax Relief Fund pursuant to P.L. 1997, c.167. This law replaced the previous method of taxing public utilities and created a new distribution of funds to municipalities which is no longer tied to actual utility tax collections.
- ! The Governor's budget eliminates the \$4.3 million which was appropriated in FY 1998 for the New Jersey Firemen's Home and the New Jersey Firemen's Association. As a result of P.L. 1997, c.41, the collection of taxes received from foreign fire insurance companies and payments to the New Jersey Firemen's Home are now the responsibility of the New Jersey Firemen's Association.
- ! The Governor's budget recommends the elimination of the \$103,000 Palisades Interstate Park Payment in Lieu of Taxes (PILOT) Aid. This was a legislative initiative in the FY 1998 Appropriations Act.
- ! The Governor's budget recommends the elimination of the \$675,000 Pinelands Area Municipality Aid. This was a legislative initiative in the FY 1998 Appropriations Act.
- ! The Governor's budget recommends \$3.1 million for Debt Service on Pension Obligation Bonds. This represents a \$9 million, or 74 percent decrease from the FY 1998 adjusted appropriation.
- ! The Governor's budget recommends a new appropriation of \$11.1 million for Police and Firemen's Retirement System (PFRS), Health Benefits. This appropriation reflects provisions of P.L. 1997, c. 330. This law provides State-paid post-retirement medical benefits for certain PFRS retirees.
- ! The Governor's budget recommends a total of \$53.6 million in State aid payments from the Property Tax Relief Fund and the Casino Revenue Fund to reimburse municipalities for senior and disabled citizens' and veterans' property tax exemptions. This represents a \$518,000 or 1.0 percent decrease from the FY 1998 adjusted appropriation. Eligibility criteria and exemption amounts will remain the same as in FY 1998.

REVOLVING AND OTHER FUNDS

- ! The Governor's budget recommends language which appropriates resources from the

Key Points

Capital City Redevelopment Loan and Grant Fund for "expenses, programs and strategies which will enhance the vitality of the capital district as a place to live, visit, work, and conduct business." The Governor's budget recommends \$420,000, an increase of \$70,000 or 20 percent, for the administrative expenses of this program.

- ! The Governor's budget recommends \$81.9 million for the Office of Telecommunications and Information Systems (OTIS). This represents a \$301,000 decrease from the FY 1998 adjusted appropriation. However, the Governor's budget recommends two other appropriations which may directly benefit OTIS in FY 1999. The first is a \$7.5 million Capital Construction appropriation for OTIS projects. The second is a \$33.9 million Special Purpose appropriation for Year 2000 Data Processing Initiative in the Interdepartmental Accounts.
- ! The Governor's budget recommends continuation funding of \$17.3 million for the State Central Motor Pool. An additional \$14 million is recommended as a Direct State Services appropriation to purchase 1,200 vehicles for State use.
- ! The Governor's budget recommends \$56 million for the Distribution Center. This represents an increase of \$10 million or 22 percent from the FY 1998 adjusted appropriation. Of the \$56 million recommended, the State Purchase Fund accounts for approximately \$52 million, including the total \$10 million increase. Budget documents indicate that this increase primarily is due to the addition of the new South Woods Correctional Facility as a new Distribution Center customer.
- ! The Governor's budget recommends \$1.3 million for the Capitol Post Office. The Capitol Post Office is a revolving fund which appears in the Budget only as a language appropriation.

PERSONNEL ISSUES

- ! The position data displayed in the Governor's budget indicates that the FY 1999 budget would fund a total of 6,552 positions in FY 1999. The actual payroll count as of mid October 1997 (FY 1998) is 6,372.

TREASURY - HIGHER EDUCATIONAL SERVICES

- ! State funds totaling \$141.7 million are recommended for the Tuition Aid Grant Program, an increase of \$4 million over FY 1998. The increased funding will support an additional 1,100 students and provide for an increase in the award amounts of up to five percent. Expenditures for the program are estimated at \$142.9 million in FY 1999, an increase of \$10.3 million over estimated FY 1998 expenditures. Total spending includes federal funds from the State Student Incentive Grant Fund program.
- ! An increase of \$220,000 is recommended for Part-time TAG-for EOF students to fund an additional 234 students due to the expansion of the program to six additional institutions that do not currently participate in the program.

Key Points

- ! Formula funding for Aid to Independent Colleges is recommended at the FY 1998 level of \$20.2 million.
- ! Funding for the Institute of Medical Research is recommended to decrease by \$263,000 from \$1.0 million to \$787,000.
- ! Debt service funding of \$7.0 million is recommended for the Higher Educational Technology Bond program and represents an increase of \$6.2 million for the first full year of debt service payments on the bonds.
- ! Funding for the Marine Sciences Consortium is recommended to decrease by \$126,000 from \$376,000 to \$250,000.
- ! Legislative initiatives added in FY 1998 totaling \$935,000 are not recommended for continuation in FY 1999.
- ! Increased funding of \$4.2 million from \$1.8 million to \$6 million, is recommended for the Outstanding Scholars Recruitment Program to fund a second cohort of students.
- ! Funding for the 19 county colleges is recommended to increase by \$19.7 million, from \$140.1 million to \$159.8 million. Of the recommended increase, \$12.0 million is recommended for the operational costs of the county colleges and includes performance based incentive funding, \$6.0 million will fund the State's matching share on the additional debt service payments on chapter 12 construction bonds to cover an increase in the bond ceiling for facilities construction and renovation at the county colleges pursuant to P.L. 1997, c.360, and the remaining \$1.7 million will fund the State's share of increases associated with health benefits and pension fund contributions.
- ! Federal funding for the administration of student financial aid programs is recommended to increase by \$311,000 from \$14.5 million to \$14.8 million. Included in this amount is funding of \$655,000 for the State Student Incentive Grant program which supplements funding for Tuition Aid Grant awards.
- ! Other funds which support the operational costs of the New Jersey College Loans to Assist State Students (NJCLASS) program are estimated to increase by \$404,000 from approximately \$1.3 million to approximately \$1.7 million due to a growth in loan application volume and repayments.

BACKGROUND PAPERS

- ! Energy Receipts Tax Distributions pg. 71
- ! Year 2000 Data Processing Initiative pg. 73

Program Description and Overview

The Department of the Treasury is the central management agency of State government. It has major responsibilities in guiding the direction of State operations through its planning, management and budget components; in securing the State's financial interests through the collection of taxes and other revenues and the investment of State assets; and in the distribution of significant amounts of State aid to individuals and local governments.

In addition to the above responsibilities, the Governor has proposed that certain legal, economic development and business reporting functions be transferred to the Department of the Treasury from other State departments.

Administrative Units

The core programs in the Department of the Treasury prior to the reorganization recommended in the Governor's FY 1999 budget are as follows:

- ! Treasurer's Office
- ! Office of Management and Budget
- ! General Services Administration
- ! Division of Pensions and Benefits
- ! Division of Taxation
- ! Division of Revenue
- ! Division of Investments
- ! Division of State Lottery
- ! Office of Telecommunications and Information Systems (OTIS)

In addition, the Casino Control Commission, the Board of Public Utilities and the Office of Student Assistance (OSA) have been allocated "in but not of" the Department of the Treasury for organizational and budgetary purposes.

The Governor's FY 1999 budget recommends the reassignment of certain programs. Some of these reassignments already have been accomplished through executive reorganization plans; other reassignments require Legislation. The Office of State Planning has been reassigned from the Department of the Treasury to the Department of Community Affairs. The following programs have been reassigned to the Department of the Treasury from other departments: the Commission on Science and Technology, the New Jersey Motion Picture Development Commission, and the New Jersey Economic Development Authority (from the Department of Commerce and Economic Development); the Office of State Legal Services (from the Department of Community Affairs); Temporary Disability Insurance (from the Department of Labor); and the Offices of Administrative Law, Commercial Recording and the Public Defender (from the Department of State).

The following describes the units within the department in terms of their duties and responsibilities and provides an overview of the resources available to each unit.

The **Treasurer's Office** provides fiscal, personnel, and other services related to the overall management of the department. The Treasurer's Office develops and exercises general policy and administrative control over operations and often has been the locus of projects and programs of special interest to the Governor. Such projects and programs have included the Camden aquarium,

Program Description and Overview

the arts center in Newark and the Productivity and Efficiency Program which was initiated in FY 1995. When the Office of Financial Management was dissolved in FY 1992, the Treasurer's Office assumed responsibility for public finance activities associated with debt issuance and management. In addition, the Treasurer's Office has responsibility for the Federal Liaison Office and Public Contracts Affirmative Action Office.

In FY 1999, the Governor has recommended an appropriation of \$4.6 million for the Treasurer's Office, a \$111,000 or 2.4 percent decrease. This does not include \$640,000 in funding for public finance administrative costs whose funding is authorized by budget language.

The **Office of Management and Budget (OMB)** plans, prepares and administers the State budget. It manages and monitors the day-to-day operation of the State's financial systems, including the publication of the State's annual financial statements and processing payments to vendors. It provides planning, review and oversight for federal policies which relate to State interests and for capital construction projects. In addition, it provides organizational, technical and productivity analyses and evaluates all requests for data processing and telecommunications services and equipment in State government in conjunction with the Office of Telecommunications and Information Systems (OTIS).

The Governor's FY 1999 budget recommends for OMB an appropriation of \$13.0 million, a \$139,000 reduction from the FY 1998 adjusted appropriation. The \$13.0 million recommended does not include funding for State-wide computer-related costs which will be funded out of the indirect cost recovery account, a dedicated account for the deposit of indirect cost recovery receipts from the federal government and other non-State sources. The Governor's recommended budget indicates that 225 positions are funded in FY 1999.

The **General Services Administration (GSA)** helps State agencies meet their needs by purchasing and maintaining assets and by providing products, services and facilities. GSA includes the Purchasing and Inventory Management program and the Property Management and Construction - Property Management Services program as well as other programs which manage real estate, rental properties, insurance, employee housing, the State Post Office, and Central Motor Pool.

Many of GSA's programs operate as revolving funds which receive significant amounts, if not all, of their revenue from direct charges to user agencies. For many other GSA programs, language in the appropriations act often permits these programs to draw on resources from either revolving fund or special revenue resources. In some cases, but not all, the amount of non-General Fund resources available to a program is capped at a certain level.

The Governor's budget recommends a Direct State Services appropriation for GSA (excluding the Division of Pensions and Benefits) of \$28.4 million in FY 1999 which is more than twice the FY 1998 adjusted appropriation of \$13.6 million. This increase reflects a new \$15 million Special Purpose appropriation for the Fleet Renewal Management Program in the Purchasing and Inventory Management Program which will be used to purchase new State vehicles and develop an integrated fleet management information system.

The **Division of Pensions and Benefits** manages State and public employee benefit

Program Description and Overview

programs, determining eligibility, certifying membership and rates, accounting for individual and system contributor records, and administering loans. The largest of these programs is the State Health Benefits Program. It also administers all but a few of the public retirement systems for State and local employees in New Jersey. The Division was actively involved in the administration of the general early retirement programs which were enacted in FY 1992 and FY 1994 and the special program for police and firefighters in FY 1994.

The entire budget of the Division of Pensions and Benefits is charged back to the various pension funds and employee benefit programs. Since FY 1995, the Division's budget has been augmented by additional funds appropriated through language. Utilizing the authority of language in the FY 1998 Appropriations Act, an additional \$1.6 million has been appropriated. Language in the Governor's FY 1999 budget would permit additional funds to be appropriated in FY 1999. The Governor's budget recommends \$24.7 million for the operation of the Division in FY 1999, \$221,000 less than the FY 1998 adjusted appropriation. The recommended appropriation includes funding for 344 positions.

The **Division of Taxation (Taxation Services and Administration)** administers the tax laws of the State, audits tax returns and taxpaying entities, performs office and field audits, prepares tax refunds, investigates tax matters having civil or criminal potential, determines certain state aid distributions and provides other tax-related services.

The \$73.8 million recommended for the Division of Taxation's budget represents a \$5.4 million or 6.8 percent decrease from the FY 1998 adjusted appropriation. The Division's budget eliminates funding for contract discovery services, saving approximately \$4.4 million. The budget for Division salaries is recommended to increase by \$500,000. Since the budget continues to recommend language which provides broad authority to appropriate additional resources for the Division as necessary, the savings taken to construct a \$73.8 million budget for the Division may not be realized in FY 1999. To date in FY 1998, \$13.7 million has been appropriated pursuant to language.

In FY 1992, the Division of Taxation was given broad authority through language in the appropriations act to offset administrative costs against revenue collections. The FY 1999 budget includes seven such language provisions. These provisions permit the Division, with the approval of the Director of the Division of Budget and Accounting (OMB), to do the following: to use receipts from the sale of confiscated equipment, materials and supplies under the "Cigarette Tax Act"; to appropriate receipts from the Solid Waste Services Tax Fund and the Resource Recovery Investment Tax Fund; to appropriate additional sums to acquire equipment to modernize tax processing equipment; to appropriate funds to offset administrative costs of the New Jersey Urban Enterprise Zone Act and the Tourism Improvement and Development District Act; to appropriate revenues from escheated property; and to appropriate additional sums for the costs associated with enhanced compliance programs. This authority has provided the Division of Taxation with resources beyond those available through a direct appropriation.

Since the late 1980's with the first Tax Amnesty program, the Division has focused more resources on programs to improve compliance among New Jersey taxpayers. Section 34 of P.L. 1991, c.185 created the Interagency Cost Recovery Task Force, otherwise known as the Cheater Beater program. Language provided broad authority to the Division of Taxation in the Department of the Treasury, the Division of Law in the Department of Law and Public Safety and "any other unit of State government to fund the costs of auditors, attorneys, and other staff and other costs" from

Program Description and Overview

"delinquent tax judgments, delinquent student loans, administrative fines and penalties, unclaimed property, escheats, overpayments of state entitlements and any other debts owing to the State or its agencies." Since FY 1992 the number of auditors has grown from 256 to 400 in FY 1998. During the same period, the number of collectors has grown from 167 to 285 in FY 1998. The Division estimates that it will employ approximately 390 auditors and 280 collectors in FY 1999. In addition, the Division has continued to utilize the services of PAYCO to collect back taxes due the State although it has not requested a specific appropriation for its services.

The new **Division of Revenue** within the Department of the Treasury was created pursuant to Executive Reorganization Plan 97-001 to provide one central location for revenue management and collections. The FY 1999 budget reflects the creation of this program and the appropriation of \$590,000 in FY 1997 and \$22.9 million in FY 1998 in operating funds which were largely reallocated from the Division of Taxation. In FY 1999 the Governor has recommended an appropriation of \$15.3 million, a \$7.5 million or 32.9 percent decrease from the FY 1998 adjusted appropriation. The Division's budget eliminates funding for contract telecollectors, saving approximately \$7.2 million. The budget also reduces the appropriation for salaries by \$419,000, although the recommended budget is expected to fund 292 positions, 7 positions more than actual payroll counts in FY 1998. The budget includes language which permits the appropriation of additional funds as needed in FY 1999. In FY 1998, \$10.7 million has been appropriated to the Division pursuant to language.

The **Division of Investments (Management of State Investments)** invests over \$70 billion in State funds (including the various State pension funds, the State Disability Benefits Fund, the General Investment Fund, and the State of New Jersey Cash Management Fund), controls the principal proceeds and interest receipts, and provides investment services to other State agencies, public authorities and local governments. It publishes detailed monthly reports of operations and presents an annual report to the Governor and Legislature.

The Governor has recommended a Direct State Services appropriation for the Division of Investments of \$5.3 million which is \$341,000 less than the FY 1998 adjusted appropriation and is expected to support 70 positions in FY 1999. Language is recommended to permit the appropriation of additional resources in FY 1999 for expenses from the investment earnings of the various pension and health benefits funds administered by the Division. In FY 1998, \$1.4 million has been appropriated to the Division pursuant to language.

The **Division of the State Lottery** sponsors lottery games, raising State revenue through the sale of lottery tickets. By law, a minimum of 30 percent of gross lottery revenues is dedicated to State Aid for education and institutions. In FY 1999, the State Lottery is expected to transfer \$680 million to the General Fund for these purposes. The State Lottery Fund Schedule on page K-40 of the Governor's FY 1999 budget shows the programs which are in part supported by these funds. Included are institutions and programs in the Departments of Agriculture, Corrections, Education, Human Services, Law and Public Safety, Military and Veterans' Affairs and Higher Educational Services.

The Division's operations first came on budget in FY 1987. Since that time, the Division has been given broad authority to augment its appropriations through language. The FY 1999 budget includes four such language provisions. These provisions permit the Division to do the

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following: to use whatever sums are necessary in order to pay commissions, prizes, and expenses for developing games; to use State Lottery Fund receipts in excess of anticipated contributions to education and state institutions for administrative costs (in FY 1999, this language would permit the Division to use amounts in excess of the \$680 million anticipated as budgeted revenues in FY 1999); to appropriate out of receipts from telecommunications fees any sums necessary for telecommunications costs; and to earn and use revenues from the sale of advertising. In FY 1998, an additional \$5.2 million has been appropriated to the Division through language authority.

The \$12.6 million recommended for the Division is net of debt service payments for the Lottery Network Payment Agreement. These payments are now made directly from the State Lottery Fund, in effect taking these payments off-budget. In FY 1999, the Governor's recommended budget would reduce the Lottery's operating budget by \$459,000, of which \$440,000 is in funds for advertising. Information provided in the Executive FY 1991 budget states that in FY 1988 net sales of \$1.17 billion were generated by 4,247 agents and 769 drawings. This corresponds to information in the Governor's FY 1999 budget which projects net sales of \$1.7 billion generated by 6,600 agents and 1,000 drawings.

The **Office of Telecommunications and Information Systems (OTIS)** was established within the Department of the Treasury pursuant to Executive Order No. 84, dated October 17, 1984, to effect the consolidation and coordination of the information processing activities of the Executive Branch. OTIS has operational responsibility for the State data centers and for developing and maintaining an integrated communications network. It is also responsible for evaluating all requests for data processing and telecommunications services and equipment in State government. This evaluation process includes system analysis and design activities, consulting services and general management and planning for data processing and telecommunications systems in the State. OTIS operates as a revolving fund, supported by charges against user agencies. Its recommended budget in FY 1999 is \$81.9 million, \$301,000 less than FY 1998.

The Governor's budget recommends two appropriations which will benefit OTIS in FY 1999. The first is a \$7.5 million Capital Construction appropriation for OTIS projects, which include data center upgrades and consolidation, disaster recovery and preservation projects. The second is a \$33.9 million Special Purpose appropriation for Year 2000 Data Processing Initiative in the Interdepartmental Accounts. Some portion of this \$33.9 million will be allocated to OTIS.

The **Casino Control Commission** is funded from receipts of the Casino Control Fund which receives fees primarily from the issuance and renewal of casino licenses and work permits. The Commission is responsible for the regulation of legalized casino gaming in New Jersey and for the collection of all license fees and taxes imposed by the New Jersey Casino Control Act. The Commission regulates the operation of 12 casino hotel complexes and licenses all employees and ancillary companies conducting business with the casino industry.

In FY 1999 the Commission's recommended budget is \$22.5 million, the same amount as the adjusted appropriation in FY 1998. Position data in the FY 1999 budget indicates that the recommended budget will support 354 positions in FY 1999, compared to the actual employee count of 334 in the current year.

The **Board of Public Utilities (BPU)** was transferred out of the Department of the Treasury

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in 1991 and back to the department in 1994. The Reorganization Plan (No. 001-94) redesignated the Board of Regulatory Commissioners (BRC) as the Board of Public Utilities (BPU) and reconstituted the BPU "in but not of" the Department of the Treasury. In addition, it created a Division of Ratepayer Advocate within the BPU and transferred to it personnel from the Division of Rate Counsel in the Department of the Public Advocate which was eliminated in FY 1995.

The BPU regulates essential services such as natural gas, electricity, water, sewer, and telecommunications including cable television. In FY 1999, it will regulate 5 electric companies, 4 gas companies, 23 telephone and telegraph companies, 90 water and sewer companies and 171 municipal water companies. Its budget consists of five program classes: Ratepayer Advocacy, Utility Regulation, Regulation of Cable Television, Regulatory Support Services, and Management and Administrative Services.

In FY 1999, continuation funding of \$20.3 million is recommended. Position data in the FY 1999 budget indicates that this appropriation will support 299 State-funded positions in FY 1999, compared to the actual employee count of 287 in FY 1998. The BPU is entirely supported by assessments on the public utility and cable television industries. In FY 1999, \$25.9 million in assessment revenues including Ratepayer Advocate fees are anticipated.

State Reorganization Plans - FY 1999

The Governor's FY 1999 Budget recommends the reassignment of a number of programs either to or from the Department of the Treasury. To effectuate some of these reassignments, the Administration will introduce legislation; in other instances the reassignments can be effectuated by reorganization plans. Of the five reorganization plans issued since the beginning of 1998, three plans involve transferring programs either to or from the Department of the Treasury.

The following are new programs which have been reassigned to the Department of the Treasury.

The **Office of Legal Services** (Protection of Citizen Rights) is being transferred from the Department of Community Affairs to the Department of the Treasury pursuant to Reorganization Plan 002-1998. The Office of Legal Services (formerly known as the Office of Poverty and Law) was originally established approximately 25 years ago. Its purpose is to develop and coordinate legal aid programs and to provide direct legal services to organizations and agencies serving low-income New Jersey residents. The Office of Legal Services is functionally related to the Office of the Public Defender which is being transferred from the Department of State to the Department of the Treasury pursuant to Reorganization Plan No. 004-1998. The Office of Legal Services assists low income residents in civil matters; the Office of Public Defender assists in criminal matters.

Fiscal data for this program can be found on page E-66 of the Governor's FY 1999 budget. In FY 1999, the Governor has recommended \$9.8 million in Grants-in-Aid to the State Legal Services Office and Legal Services of New Jersey. The Governor's FY 1999 budget (p. D-289) indicates that this office will be "organizationally within the Department, but autonomous in its operations. This agency is being administratively reassigned in order to better focus on its respective mission."

Certain functions in the **Division of Wage and Reporting (Temporary Disability Insurance)**

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are being transferred from the Department of Labor to the Division of Revenue in the Department of the Treasury pursuant to Reorganization Plan 003-1998. These functions include responsibilities for revenue management, including receiving reports, receiving billings and correspondence, for remittance processing, for data entry and for imaging. Included in this transfer are revenue management responsibilities for the following programs: Unemployment Insurance Tax, State Disability Benefits Tax, the Second Injury Fund, Temporary Disability Insurance Assessments, CAARS (Catastrophic Illness in Children, Worker and Community Right to Know, Pollution Prevention Control) Assessments, Health Care Subsidy and Workforce Development Partnership.

Fiscal and personnel data for this program can be found on pages D-305 and D-306 of the Governor's FY 1999 budget. In FY 1999, the Governor has recommended \$4.6 million in State, federal and other funds which is expected to support 102 positions. Although the reorganization plan indicates that these functions will be consolidated into the Division of Revenue in the Department of the Treasury, the Governor's FY 1999 budget (p. D-289) indicates that this office will be "organizationally within the Department, but autonomous in its operations. This agency is being administratively reassigned in order to better focus on its respective mission."

This transfer is part of the Governor's proposed "One Stop Shopping for Businesses" initiative which also includes reassigning the Division of Commercial Recording from the Department of State to the Division of Revenue in the Department of the Treasury. Funding for these two programs is recommended at approximately \$3.8 million, the same level as the FY 1998 adjusted appropriation. The Budget in Brief indicates that "by consolidating these programs into Treasury's Division of Revenue, the State will provide a one-stop arrangement for much of commercial businesses' interaction with State government."

The **Office of Administrative Law (OAL)** is being transferred from the Department of State to the Department of the Treasury pursuant to Reorganization Plan 004-1998. The Office of Administrative Law was "in but not of" the Department of State. The purpose of the office is to develop a fair, comprehensive and uniform system of administrative practice and procedures in the Executive Branch governing the adjudication of contested matters and the promulgation of rules and regulations. Information in the Governor's FY 1998 budget indicated that the office consists of 36 full time administrative law judges who hold hearings on contested administrative matters. The OAL also regulates the promulgation of rules and regulations initiated by State agencies.

Fiscal and personnel data for this program can be found on pages D-317 to D-319 of the Governor's FY 1999 budget. In FY 1999, the Governor has recommended \$6.9 million in State and other funds which is expected to support 119 positions. The Governor's FY 1999 budget (p. D-289) indicates that this office will be "organizationally within the Department, but autonomous in its operations. This agency is being administratively reassigned in order to better focus on its respective mission."

The **Office of the Public Defender** is being transferred from the Department of State to the Department of the Treasury pursuant to Reorganization Plan 004-1998. The Office of the Public Defender was created pursuant to P.L. 1967, c.43 "in but not of" the Department of State. The Office of the Public Defender is functionally related to the Office of Legal Services which is being transferred from the Department of Community Affairs to the Department of the Treasury pursuant to Reorganization Plan No. 002-1998. The Office of Public Defender assists in criminal matters; the Office of Legal Services assists low income residents in civil matters.

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Fiscal and personnel data for this program can be found on pages D-323 to D-326 of the Governor's FY 1999 budget. In FY 1999, the Governor has recommended \$75.4 million in State, federal and other funds which is expected to support 850 positions. The funding level reflects a \$2.2 million increase which is largely due to a requested rate increase for pool attorneys in the Public Defender's Office. The Governor's FY 1999 budget (p. D-289) indicates that this office will be "organizationally within the Department, but autonomous in its operations. This agency is being administratively reassigned in order to better focus on its respective mission."

The **Office of Commercial Recording** is being transferred from the Department of State to the Department of the Treasury pursuant to Reorganization Plan 004-1998. The Office of Commercial Recording provides services to the public and legal communities, including filing and processing certain information.

Fiscal and personnel data for this program can be found on pages D-313 to D-316 of the Governor's FY 1999 budget. The Governor's FY 1999 budget reflects \$1.2 million in fee adjustments for the Office of Commercial Recording. The most significant increase proposed is for notaries public fees which would increase by \$750,000. The Office of Management and Budget has indicated that the last increase in these fees took place in 1987. In FY 1999, the Governor has recommended \$4.8 million in State and other funds which is expected to support 61 positions. The Governor's FY 1999 budget (p. D-289) indicates that this office will be "organizationally within the Department, but autonomous in its operations. This agency is being administratively reassigned in order to better focus on its respective mission."

This transfer is part of the Governor's proposed "One Stop Shopping for Businesses" initiative which also includes reassigning the Division of Wage and Reporting from the Department of Labor. Funding for these two programs is recommended at approximately \$3.8 million, the same level as the FY 1998 adjusted appropriation. The Budget in Brief indicates that "by consolidating these programs into Treasury's Division of Revenue, the State will provide a one-stop arrangement for much of commercial businesses' interaction with State government."

The creation of the **New Jersey Commerce and Economic Growth Commission** in the Department of the Treasury is a major new administration initiative. In addition to the programs discussed above which are being transferred pursuant to various reorganization plans, the Governor has recommended that the Department of Commerce and Economic Development be eliminated and that various parts of the department be transferred to the Departments of State, Community Affairs and the Department of the Treasury.

The programs which are to be transferred to the Department of the Treasury include the Commission on Science and Technology, the New Jersey Motion Picture Development Commission, and the New Jersey Economic Development Authority. Core functions related to business attraction, including International Trade; Small, Woman and Minority Businesses; Economic Development; Prosperity New Jersey; and the Urban Enterprise Zone program, would be shifted into the proposed New Jersey Commerce and Economic Growth Commission. This commission would be in but not of the Department of the Treasury.

Documentation from the Governor's office indicates that the New Jersey Commerce and Economic Growth Commission will be a public-private partnership which will focus exclusively on job creation and business development. The proposed commission will be headed by a board of directors, consisting of both public and private sector representatives. The Governor will serve as

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chair of the board and the current Commissioner of Commerce and Economic Development will serve as Chief Executive Officer of the commission. The Chief Executive Officer will also serve as a member of the Governor's Cabinet.

According to press reports and public comments made by the Commissioner, the new commission would not be bound by Civil Service rules governing employee hiring, promotion and retention. Current employees will be eligible to apply for positions within the new commission. Under the Governor's FY 1999 budget, funding from all sources for programs that will remain within this commission is proposed to remain essentially flat at \$10.3 million. Funding is provided for 100 positions in FY 1999, 17 positions more than actual payroll counts in FY 1998.

For additional information on the Department of Commerce and Economic Development, see the report on this department prepared by the Office of Legislative Services in April 1998.

1999 Budget Overview

Total resources recommended for the Department of the Treasury in FY 1999 are \$2.6 billion, an increase of 4.2 percent from the FY 1998 adjusted appropriation. Included in this is \$1.6 billion in State budgeted appropriations (which includes appropriations from the General Fund, the Property Tax Relief Fund (PTRF), the Casino Revenue Fund, and the Casino Control Fund), \$21.2 million in Federal Funds, and \$974.8 million in Other Funds.

As has already been discussed, the Department of the Treasury budget includes many programs which are new to the department but not new to the State, having been transferred from other departments. The Governor has recommended continuation funding for many of the department's State budgeted appropriations. Some changes, however, are recommended. The budget recommends \$280.6 million for General Fund-Direct State Services appropriations for FY 1999. This represents a \$3.7 million or 1.3 percent increase from the FY 1998 adjusted appropriation for the department. While this increase is small, additional off-budget resources will continue to be available to the department because of language recommended for inclusion in the FY 1999 budget. To date in FY 1998, an additional \$33.0 million has been appropriated for department operations through language-authorized supplemental appropriations.

Recommended appropriations to the Divisions of Taxation and Revenue for collections activities are reduced by approximately \$13 million in FY 1999. Experience suggests that these activities may receive additional funding in FY 1999 through supplemental appropriations. Increased appropriations are recommended for the Purchasing and Inventory Management program (\$14 million for State vehicle replacement) and for the Office of the Public Defender (\$2.9 million to support a fee increase for pool attorneys).

Other General Fund categories of appropriations are also increasing. Grants-in-Aid are recommended to increase by approximately \$42 million because of increased funding to Higher Educational Services programs, the Technology Transfer program and a new \$25 million Urban Redevelopment program (which would be transferred to the Department of Community Affairs pursuant to Reorganization Plan 002-1998 dated March 30, 1998). State aid likewise is recommended to increase by a net \$16.8 million, which is primarily the result of increases in Higher Educational Services programs. Debt service is recommended to increase by approximately \$26.4 million. Approximately \$7.5 million is recommended in FY 1999 for Capital Construction in the Department of the Treasury, a \$2.1 million increase over the FY 1998 adjusted appropriation.

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Off-Budget Items

The Department of the Treasury either collects and distributes, or has available to it for its own use, significant amounts of non-budgeted or off-budget revenue. According to the Governor's budget, in FY 1999 these "other" funds are expected to total \$974.8 million. "Other funds" include four types of non-budgeted resources: other distributed taxes, dedicated funds, revolving funds and miscellaneous funds.

The largest portion of this revenue, other distributed taxes, is appropriated by language and has consisted of taxes collected at the State level and distributed to local governments. In prior years, these taxes included the public utilities franchise and gross receipts taxes and various banking and insurance taxes. The FY 1999 budget proposes to distribute a total of \$745 million in energy tax receipts in FY 1999. The various banking and insurance taxes were brought on-budget and were distributed as part of the Consolidated Municipal Property Tax Relief Act (CMPTRA) State aid program in FY 1996. These taxes continue to be distributed as part of the CMPTRA program which is administered by the Department of Community Affairs and is budgeted in the Property Tax Relief Fund.

Another portion of off-budget revenue consists of programs which are funded from dedicated or special revenue funds, such as the escheats unit in the Division of Taxation and the Governor's Council on Alcoholism and Drug Abuse. These dedicated funds are recommended for continuation funding at FY 1998 levels. The final portion includes the various Treasury components that operate as revolving funds, with charges made directly against State agencies using their services. Among these units are OTIS, the State Central Motor Pool, and the Distribution Center. In FY 1999, a total of \$167.9 million is recommended for the various revolving funds. This represents a \$9.7 million increase from the FY 1998 adjusted appropriation.

Grants-in-Aid / State Aid

Over the years, State aid has been the largest component of all Treasury expenditures. The department's combined State aid funding from both the General Fund and the Property Tax Relief Fund decreased by \$254.6 million in FY 1996 due solely to the placement of the new Consolidated Municipal Property Tax Relief Act (CMPTRA) State aid program in the Department of Community Affairs. The apparent State aid decrease was the result of the assimilation into the CMPTRA State aid program of seven programs that in FY 1995 were budgeted in the Department of the Treasury.

The Governor's budget reflects the distribution of \$740 million in public utility taxes in FY 1998 and \$745 million of energy tax receipts in FY 1999 under P.L. 1997, c.167, the "Energy Tax Receipts Property Tax Relief Act".

The budget recommends continuation funding of \$323.6 million for Homestead Rebates, a slight drop from the \$325 million paid out in FY 1998. The Governor's budget does not recommend funding for the Payments in Lieu of Taxes to Palisades Interstate Park Municipalities and the Aid to Pinelands Municipalities program, two Legislative initiatives in FY 1998. Aid to County College in the Higher Educational Services program is recommended to increase by \$19.7 million, from \$140.1 million in FY 1998 to \$159.8 million.

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Personnel Changes

The Fiscal and Personnel Summary on page 24 of this report indicates that in FY 1999, the Department of the Treasury will have 6,552 funded positions, a net 180 positions more than actual payroll counts in FY 1998. Included in this net increase are increases of 128 State funded positions and 21 positions funded from other sources, notably the OTIS revolving fund. Also included is an increase of 31 federal funded positions.

Higher Educational Services

Under the "Higher Education Restructuring Act", P.L. 1994, c.48, the Department and the Board of Higher Education were abolished and replaced by the Commission on Higher Education. As a result, the Office of Student Assistance (OSA) and the Student Assistance Board (SAB) were placed in, but not of, the Department of Treasury, and are responsible for the administration of various State and federal student assistance grant and scholarship programs. Also allocated in, but not of, the Department of Treasury are two State authorities: the Higher Education Assistance Authority (HEAA) and the Educational Facilities Authority (EFA).

The OSA administers the New Jersey Better Educational Savings Trust (NJBEST) a new college savings program that allows families to deduct the interest earned on college savings from their State income taxes, as long as the funds are spent in accordance with program provisions. Governance of the program is provided by the New Jersey Higher Education Assistance Authority. Funding of \$350,000 is recommended for FY 1999, the same level as in FY 1998.

The OSA also administers State funded student assistance grant and scholarship programs. There are two public entities that oversee the activities of the OSA. The Student Assistance Board exercises oversight of State grant and scholarship programs while the Higher Education Assistance Authority oversees federal and State loan programs. The State offers a combination of merit and need based grant, scholarship and loan programs. Merit scholarship awards are based on class rank and test scores or grade point average while assistance provided under grant programs is based on financial need.

The HEAA oversees the State NJCLASS loan program and federally regulated programs that guarantee or insure loans made by banks, credit unions, or other qualified lenders to assist families and students in meeting the cost of college attendance. The HEAA administers various types of loans under the Federal Family Education Loan Program. These programs include the Subsidized and Unsubsidized Federal Stafford Loan, the Parent Loans for Undergraduate Students (PLUS), and Federal Consolidation Loans. The NJCLASS program implemented in 1991, supplements financial aid available for undergraduate and graduate students who attend accredited institutions of higher education within and outside of New Jersey. The program is funded from the proceeds of tax exempt bonds issued by the HEAA. Since the program's inception, NJCLASS has approved over 21,250 loans valued at \$105.2 million and projects a total loan volume of approximately 26,000 by FY 1999. The NJCLASS program is preparing to sell an additional \$30 million in bonds this spring to provide continued support for the program. There is no restriction on family income but the loans cannot exceed the cost of attendance minus all other financial aid received.

The Department of Treasury directly administers the Garden State Savings Program. This

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program assists persons trying to save for a college education by offering State and federal tax-free bonds for sale to the public. The bonds are issued in small denominations to allow a large number of New Jersey families to participate. If the bonds are redeemed at a New Jersey institution, an extra six percent is applied to the face value of the bond of which two percent is paid by the State and four percent by the institution. In addition, at least \$25,000 of Garden State Savings Bonds or accumulated bonds, interest, or supplemental payments are excluded from consideration when evaluating the financial needs of a student.

The Educational Facilities Authority (EFA) was established to provide a means for New Jersey public and independent colleges and universities to construct additional facilities through the financial resources of a public authority empowered to sell bonds, notes and other obligations. The EFA finances various types of projects for the institutions including the construction of academic and auxiliary service facilities, renovation and rehabilitation of existing facilities, and capital equipment and utilities related projects and other structures or facilities related or required or useful for the instruction of students or the conducting of research or the operation of a higher education institution.

In addition, the EFA is authorized to enter into lease agreements with public and private institutions to finance the purchase of higher education equipment. The Equipment Leasing Fund, P.L. 1993, c. 136, created within the EFA, finances the purchase of equipment through the sale of bonds issued by the authority in an amount not to exceed \$100 million. Institutions are required to pay 25 percent of the debt service to finance the purchase of equipment at that institution. Authorized purchases include scientific, technical, computer, communications, laboratory and instructional equipment.

The EFA is also authorized to issue bonds in the amount of \$220 million to provide grants to public and private institutions of higher education for the cost of the construction, reconstruction, development, extension, and improvement of instructional, laboratory, communication, and research facilities under the Higher Educational Facilities Trust Fund, P.L. 1993, c. 375. The trust fund is financed by moneys received from the bond issuances plus an annual appropriation from the net proceeds of the State Lottery in an amount sufficient to pay the principal and interest on the bonds or notes.

The EFA is also authorized to issue bonds for the Higher Education Technology Infrastructure Fund Act, P.L. 1997, c. 238. The act authorized the EFA to issue bonds totaling \$55 million from the of which \$50 million would be for public and private institutions of higher education to develop technology infrastructure within and among the State's higher education institutions in order to provide access to information, educational opportunities, and workforce training effectively and efficiently. Institutions are required to provide a matching amount equivalent to the amount of funds provided. The remaining \$5 million of the total \$55 million authorization is for non-matching public library grants for Statewide library technology initiatives through the New Jersey State Library.

A total of \$370 million has been provided to higher education institutions over the past five years for the upgrade of facilities and equipment. This amount includes \$50 million from the Higher Education Technology Infrastructure Fund, the \$100 million Equipment Leasing Fund, and the \$220 million Higher Education Facilities Trust Fund. Debt service funding of \$47.3 million is recommended in grants-in-aid for these initiatives under the Department of Treasury.

The EFA is also authorized to issue bonds for facilities construction and renovations to fund

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the State and county share of county college capital projects pursuant to the "County College Capital Projects Fund Act," P.L. 1997, c. 360.

Summary of FY 1999 Recommended Budget

The total FY 1999 recommendation of \$389.5 million for higher education programs administered in, but not of, the Department of the Treasury, represents a net increase of approximately \$33 million or nine percent when compared to the FY 1998 adjusted appropriation of \$356.5 million.

Funding for Miscellaneous Higher Education Grants-In-Aid Programs represents a net increase of \$9.3 million as follows: additional funding of \$6.2 million for the first years' debt service payments related to the sale of \$55 million in bonds issued under the New Jersey Higher Education Technology Bond Fund; reduced funding of \$126,000 for the Marine Sciences Consortium; the elimination of \$935,000 added by the Legislature in FY 1998; and, an increase of \$4.2 million for the Outstanding Scholar Recruitment Program.

State aid for the 19 county colleges is recommended to increase by \$19.7 million, from \$140.1 million to \$159.8 million. Of the recommended increase for the county colleges, \$12.0 million is recommended for the operational costs of the county colleges and includes performance based incentive funding of approximately \$1.1 million.

Student assistance programs are recommended to increase by \$4.2 million and includes an increase of \$4.0 million for the Tuition Aid Grant Program. The recommended FY 1999 appropriation for the Tuition Aid Grant program is \$141.7 million. The recommended increase would fund an additional 1,123 students and provide award increases of up to five percent. The TAG program is supplemented by federal funding of \$655,000 from the State Student Incentive Grant program (SSIG) and anticipated carryforward of \$4.4 million. The recommended amount combined with carryforward balances and increased federal funding is expected to provide grant awards for 50,674 students. Funding for the Part-time TAG for EOF students is recommended to increase by \$220,000 to \$620,000 due to the participation of six additional institutions that do not currently participate in the program and an additional 234 students.

Overall support to independent institutions is recommended to decrease by \$263,000 and is attributable to the phase-out of State support for the Corielle Institute of Medical Research. State aid appropriated to independent colleges and universities under the Independent College and University Assistance Act (P.L. 1979, c. 132) is recommended at the FY 1998 level of \$20.2 million. Under the act, direct funding is provided to 14 independent institutions based on 25% of the direct net State support per full-time equivalent student for the State college sector in the previous academic year and multiplying this number by the number of full-time resident undergraduate students enrolled in eligible independent institutions during the previous academic year. The recommended appropriation represents 74 percent of the amount needed to fully fund the act. The table below illustrates the percentage of State funding compared to the amount needed to fully fund the aid formula.

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STATE AID TO INDEPENDENT COLLEGES AND UNIVERSITIES (000's)

	State Appropriation	Full Formula Aid Funding	Dollar Difference	Percent of State Funding
FY1999	\$20,245	\$27,435	(\$7,190)	74%
FY1998	\$20,245	\$26,474	(\$6,229)	76%
FY1997	\$18,645	\$25,831	(\$7,186)	72%
FY1996	\$20,190	\$23,377	(\$3,187)	86%
FY1995	\$20,000	\$23,629	(\$3,629)	85%
FY1994	\$21,120	\$25,242	(\$4,122)	84%

Federal funding is recommended to increase by approximately \$300,000 from \$14.5 million in FY 1998 to \$14.8 million. The increases primarily occur in the salary account for student loan administration where 177 federally funded positions are recommended. The staffing reflects positions that affect the operation and administration of student loan programs.

Organization Chart

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1997	Adj. Approp. FY 1998	Recom. FY 1999	Percent Change	
				1997-99	1998-99
General Fund					
Direct State Services	\$303,211	\$276,924	\$280,592	-7.5%	1.3%
Grants - In - Aid	225,246	239,725	281,593	25.0%	17.5%
State Aid	128,891	158,241	175,073	35.8%	10.6%
Capital Construction	3,986	5,402	7,521	88.7%	39.2%
Debt Service	346,421	401,007	427,445	23.4%	6.6%
Sub-Total	\$1,007,755	\$1,081,299	\$1,172,224	16.3%	8.4%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	323,601	325,000	323,600	0.0%	-0.4%
State Aid	45,930	36,933	36,415	-20.7%	-1.4%
Sub-Total	\$369,531	\$361,933	\$360,015	-2.6%	-0.5%
Casino Revenue Fund	\$17,180	\$17,180	\$17,180	0.0%	0.0%
Casino Control Fund	\$24,121	\$22,510	\$22,510	-6.7%	0.0%
State Total	\$1,418,587	\$1,482,922	\$1,571,929	10.8%	6.0%
Federal Funds	\$20,720	\$20,910	\$21,244	2.5%	1.6%
Other Funds	\$958,961	\$959,704	\$974,775	1.6%	1.6%
Grand Total	\$2,398,268	\$2,463,536	\$2,567,948	7.1%	4.2%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change	
				1997-99	1998-99
State	4,190	4,161	4,289	2.4%	3.1%
Federal	233	232	263	12.9%	13.4%
All Other	1,988	1,979	2,000	0.6%	1.1%
Total Positions	6,411	6,372	6,552	2.2%	2.8%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent					
Higher Educational Services	21.0%	26.0%	26.0%	----	----
NJ Commerce and Economic Growth Commission	30.0%	25.0%	25.0%	----	----
Office of Administrative Law	29.7%	20.9%	28.9%	----	----
Management and Administration	19.7%	20.0%	20.4%	----	----
Protection of Citizens' Rights	33.5%	33.8%	33.8%	----	----

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Direct State Services: International Trade, Export Development - Yankee Trader Institute	\$37	\$0	(\$37)	(100.0)%	D-299

This appropriation, which was added to the FY 1998 Appropriations Act by the Legislature, is not recommended for continuation in the Governor's budget. The Yankee Trader Institute was formed to coordinate trade development activities of states in the Northeast, the Commonwealth of Puerto Rico and the Province of Quebec. This funding was used to sponsor regional trade conferences, economic summits with other member states and programs associated with the Yankee Trader Institute.

Direct State Services: International Trade, Agricultural Exports Initiative	\$0	\$150	\$150	—	D-299
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The Governor's budget recommends \$150,000 for an Agricultural Exports Initiative which will be administered by the International Trade program. According to the Office of Management and Budget (OMB), one additional position will be created to focus on the promotion of New Jersey's agricultural exports.

The Budget in Brief notes that food products are the sixth most popular New Jersey export and that international trade continues to be one of the State's fastest growing market sectors.

Direct State Services: Economic Development, Office of Maritime Resources	\$250	\$350	\$100	40.0%	D-299
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The Governor's budget recommends a \$100,000 increase in appropriation to the Office of Maritime Resources. This increase is recommended to fund the additional administrative expenses by the Office of Maritime Resources which will result from the "Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development Bond Act of 1996," P.L. 1997, c.70. This increase will be offset by a corresponding decrease in Grants-in-Aid funding for Prosperity New Jersey which in prior years has allocated funds to support the administrative expenses of the Office of Maritime Resources.

In FY 1999, the Office of Maritime Resources will receive \$500,000 in funding from both State and non-State sources, including the \$350,000 shown above and \$150,000 from the Port Authority of New York and New Jersey to administer the "Joint Dredging Plan for the Port of New York and New Jersey." The funds are used primarily to support six full-time employees.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
All Other Funds:					
International Trade	\$30	\$10	(\$20)	(66.7)%	D-300

The Division of International Trade receives funds from private entities which reimburse the State for costs associated with participating in joint trade missions. The \$20,000 decrease in these funds indicates that the Division anticipates less private sector involvement with its trade missions in FY 1999.

Direct State Services:
Taxation Services and
Administration
(Division of Taxation)

\$79,204	\$73,840	(\$5,364)	(6.8)%	D-310
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The Governor's budget recommends \$73.8 million for the Division of Taxation, a net \$5.4 million or 6.8 percent decrease from the FY 1998 adjusted appropriation. The primary changes occur in the salary and professional services lines. The increase of \$500,000 in salaries and wages is offset by a decrease of \$5.8 million in Services Other Than Personal. The salary account is recommended to increase from \$53.9 million to \$54.4 million. The Governor's budget indicates that Division resources from all sources will support 1,279 positions, 41 positions more than actual payroll count in FY 1998. Also included in the salary line are \$15,000 for overtime, \$1.1 million for intermittent employees and \$20,000 for clothing allowances. The total amount recommended includes a \$4.4 million decrease for contracted discovery services.

The recommended budget for the Division of Taxation is net of anticipated resources, including reimbursements for administrative services provided to the solid waste recovery program, urban enterprise zones, and public utility administrative costs. Broad language is continued in the FY 1999 budget to permit the appropriation of additional resources for tax administration. To date, an additional \$13.7 million has been appropriated to the Division of Taxation pursuant to language included in the FY 1998 Appropriation Act.

Direct State Services:
Administration of State
Lottery (Division of the
Lottery)

\$13,041	\$12,582	(\$459)	(3.5)%	D-310
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The \$12.6 million recommended for the Administration of the State Lottery represents a net \$459,000 reduction. Included in this net change are decreases of \$141,000 in funds for salaries and \$440,000 in funds for advertising. These decreases are offset by minor increases for equipment maintenance and supplies. The salary line is recommended to decrease from \$5.5 million to \$5.4 million. The Governor's budget indicates that Division resources will fund 149 positions, two fewer than actual payroll counts in FY 1998.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Broad language is continued in the FY 1999 budget to permit the appropriation of additional resources for lottery administration. To date, an additional \$5.2 million has been appropriated to the Division of the Lottery pursuant to language included in the FY 1998 Appropriation Act.

Direct State Services:

Administration of State Revenues (Division of Revenue)

	\$22,855	\$15,325	(\$7,530)	(32.9)%	D-310
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The Division of Revenue was a new program in FY 1997, created pursuant to the Executive Reorganization Plan 001-1997 dated March 10, 1997. The \$15.3 million recommended for the Division of Revenue represents a \$7.5 million, or 32.9 percent, decrease from the FY 1998 adjusted appropriation. The primary changes occur in Services Other Than Personal, salary, and Materials and Supplies accounts. The Services Other Than Personal and salary accounts decrease by \$7.7 million and \$419,000 respectively. The salary line is recommended to decrease from \$11.6 million to \$11.2 million. The Governor's budget indicates that Division resources will support 292 positions, 7 positions fewer than actual payroll count in FY 1998. Also included in the salary line are \$90,000 for overtime, \$2.3 million for intermittent employees and \$43,000 for clothing allowances. The recommended amount for Services Other Than Personal includes a \$7.2 million decrease for contracted telecollection services.

The recommended budget for the Division of Revenue is net of anticipated resources including reimbursements for the administrative services provided to the SOIL program, the solid waste recovery program, urban enterprise zones, and Cape May Tourism. The recommended budget includes language which permits the appropriation of additional resources for the Division in FY 1999. To date, in FY 1998, the Division has received an additional \$10.7 million in supplemental appropriations.

Direct State Services:

Management of State Investments (Division of Investments)

	\$5,594	\$5,253	(\$341)	(6.1)%	D-310
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The Governor's budget recommends \$5.3 million for the Division of Investments, a \$341,000 reduction which is primarily reflected in the Services Other Than Personal and Additions, Improvements and Equipment accounts. In FY 1998, approximately \$1.4 million in additional resources have been appropriated pursuant to language included in the budget.

The recommended budget is net of reimbursements from the authorities and deferred compensation programs.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Direct State Services:

Purchasing and

Inventory Management

(Purchase Bureau)

	\$5,007	\$19,951	\$14,944	298.5%	D-315
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The \$19.95 million recommended for the Purchase Bureau reflects a net \$14.9 million increase, which includes a new Special Purpose appropriation of \$15 million for the Fleet Management Renewal Program. The [Budget in Brief](#) indicates that \$14 million of this new line item will be used to purchase 1,200 vehicles which would replace older vehicles in the State motor pool and \$1 million will be used for an Integrated Fleet Management Information System. These increases are offset by minor decreases in other minor object accounts such as salaries.

The amount recommended is net of reimbursements from the DEP Spill Fund, the Distribution Center and the Cooperative Purchasing Program. The Purchase Bureau anticipates \$140,000 in FY 1999 for receipts derived from services billed to political subdivisions for the operating costs of the cooperative purchasing program.

Direct State Services:

Pensions and Benefits

(Division of Pensions

and Benefits)

	\$24,921	\$24,700	(\$221)	(0.9)%	D-315
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The \$24.7 million recommended for the Division of Pensions and Benefits includes an \$850,000 increase in the salary line from \$13.4 million to \$14.2 million. The \$14.2 million is expected to provide funding for 344 positions and \$238,000 in overtime costs. The funding level recommended for salaries is expected to fund nine positions fewer than actual payroll counts in FY 1998. This increase is offset by a \$946,000 decrease in Services Other Than Personal accounts which include printing and office supplies, professional services, and postage.

All Other Funds:

Capital City

Redevelopment

Corporation (CCRC)

	\$350	\$420	\$70	20.0%	D-315
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The \$420,000 recommended for the Capital City Redevelopment Corporation (CCRC) includes a new initiative for Capital District Marketing. According to the budget request, these funds will be used to increase tourist traffic in the Capital District and to promote available downtown office space. The amount recommended for the program includes \$158,000 to fund three positions. This program is funded from the CCRC Loan and Grant Fund, a revolving fund established in the Department of the Treasury to undertake projects within the Capital City District.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
All Other Funds:					
Other Distributed Taxes	\$2,353	\$2,325	(\$28)	(1.2)%	D-321
Energy Tax Receipts	<u>\$740,000</u>	<u>\$745,000</u>	<u>\$5,000</u>	0.7%	D-321
Total, All Other Funds	\$742,353	\$747,325	\$4,972	0.7%	D-321

Energy Tax Receipts are distributed to municipalities pursuant to the "Energy Tax Receipts Property Tax Relief Act" (P.L. 1997, c.167) which replaced the method of distributing certain funds awarded to municipalities from the State's taxation of regulated gas and electric utilities, as well as, water and sewer utilities and certain telecommunications companies. The new system of taxation replaced the old system of franchise and gross receipts taxes paid by these utilities prior to January 1, 1998. Municipalities were guaranteed to receive an annual State aid distribution of \$740 million in FY 1998. By FY 2002, the appropriation will level off at \$755 million.

Direct State Services:

Public Defender -

Appellate Services to
Indigents

\$6,030	\$6,380	\$350	5.8%	D-325
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This program is part of the Public Defender's Office which was transferred to the Department of the Treasury from the Department of State pursuant to Reorganization Plan 004-1998. The program provides that every adult and juvenile found guilty after trial is permitted a direct appeal from that conviction or adjudication.

The \$350,000 increase would fund an increase in the pool attorney rates. These rates would be increased from \$15.00 and \$22.50 per hour to \$25.00 and \$30.00 for out-of-court and in-court work respectively. The rate increase would become effective July 1, 1998. These rates have not been increased since 1972.

Direct State Services:

Public Defender - Trial

Services to Indigents
and Special Programs

\$48,992	\$51,517	\$2,525	5.2%	D-325
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This program is part of the Public Defender's Office which was transferred to the Department of the Treasury from the Department of State pursuant to Reorganization Plan 004-1998. The program represents indigent defendants who have been charged with indictable offenses and those indigent juveniles whose cases have been assigned to the formal calendar.

Approximately \$2.4 million of this increase would fund an increase in the pool attorney rates. These rates would be increased from \$15.00 and \$22.50 per hour to \$25.00 and \$30.00 for out-of-court and in-court rates respectively. The rate increase would become effective July 1, 1998.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Also included is a \$175,000 Special Purpose: Intensive Supervision and Juvenile Intensive Supervision Program Staff appropriation which had been funded by the Administrative Office of the Courts (AOC) in FY 1998. This unit was established to provide representation to clients making application to the Intensive Supervision Program (ISP) in the AOC. The ISP provides intermediate forms of community based correctional supervision for selected offenders in Department of Corrections institutions. Funding of \$175,000 was provided by the AOC in FY 1998 for two attorneys, one investigator and one secretary. Funding is recommended in the Office of the Public Defender to continue this program which will not be funded by the AOC in FY 1999.

Grants-in-Aid:**Economic****Development,****Prosperity New Jersey**

\$650

\$550

(\$100)

(15.4)%

E-65

The \$550,000 appropriation recommended for Prosperity New Jersey represents a \$100,000, or 15.4 percent decrease from the FY 1998 adjusted appropriation. According to the Budget in Brief, the recommended reduction reflects the Governor's intention that Prosperity New Jersey gradually become self-supporting through private sector financial aid and in-kind contributions.

Grants-in-Aid: New**Jersey Commission on****Science and****Technology,****Technology Transfer****Program**

\$631

\$5,031

\$4,400

697.3%

E-65

The \$5.0 million recommended for the Transfer Technology Program within the Commission on Science and Technology represents an eight-fold increase from the FY 1998 adjusted appropriation of \$631,000. According to a news release issued by the Governor's Office, the Administration anticipates that this increase will "create approximately 300 new high-skilled, high-paying jobs and help to foster the creation of some 35 companies."

The Technology Transfer Program is a matching grant program that underwrites individual company and university technology transfer and product development projects, assisting in the transfer of newly-developed technology from the university to the marketplace.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Grants-in-Aid: Urban Redevelopment, Redeveloping Abandoned Urban Properties	\$0	\$25,000	\$25,000	—	E-66

This program is displayed in the Governor's FY 1999 budget in Department of the Treasury; however, Reorganization Plan 002-1998 dated March 30, 1998 transfers this program to the Department of Community Affairs.

According to the Budget in Brief, these funds will be used to purchase tax liens on abandoned, privately held properties.

Grants-in-Aid: Trial Services to Indigents and Special Programs - State Legal Services Office	\$2,500	\$1,800	(\$700)	(28.0)%	E-66
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The State Legal Services Office is being transferred from the Department of Community Affairs to the Department of the Treasury pursuant to Reorganization Plan 002-1998 dated March 30, 1998. The Office of Legal Services assists low income residents in civil matters. In FY 1999, the Governor has recommended \$1.8 million, a \$700,000 or 28.0 percent decrease in Grants-in-Aid to the State Legal Services Office. The Department of Community Affairs has indicated that the combination of State and federal funds for these grants will be adequate to maintain the same level of service as was provided in FY 1998.

State Aid-General Fund: New Jersey Firemen's Home and the New Jersey Firemen's Association	\$4,267	\$0	(\$4,267)	(100.0)%	F-18
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As a result of P.L. 1997, c.41, the collection of taxes received from foreign fire insurance companies and payments to the New Jersey Firemen's Home are now the responsibility of the New Jersey Firemen's Association.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
State Aid-General Fund:					
Palisades Interstate					
Park PILOT Aid	\$103	\$0	(\$103)	(100.0)%	F-18

This appropriation, which was added to the FY 1997 and FY 1998 appropriations acts by the Legislature, is not recommended for continuation in the Governor's budget. This appropriation paid the Borough of Alpine an additional \$35,844 in State aid; the Borough of Englewood Cliffs an additional \$38,625, and the Borough of Fort Lee an additional \$28,531 in FY 1998 as payments in lieu of taxes (PILOT) for property owned by the Palisades Interstate Parkway.

State Aid-General Fund:					
Pinelands Area					
Municipality Aid	\$675	\$0	(\$675)	(100.0)%	F-18

This appropriation, which was a Legislative initiative in the FY 1997 and FY 1998 Appropriations Acts, is not recommended for continuation in the Governor's budget. This appropriation paid Estelle Manor City an additional \$84,524 in State aid; Mullica Township \$91,030; Weymouth Township \$71,037; Bass River Township \$100,197; Washington Township \$118,652; Woodland Township \$115,168; and Maurice River \$94,392 in FY 1998.

State Aid-General Fund:					
Consolidated Police and					
Firemen's Pension					
Fund, Debt Service on					
Pension Obligation					
Bonds	\$12,085	\$3,103	(\$8,982)	(74.3)%	F-18

The Consolidated Police and Firemen's Pension Fund was established in January 1952 to place 212 local police and firemen pension funds on an actuarial basis. The membership consists of policemen and firemen appointed prior to July 1, 1944. Although there are no remaining active members, there are 2,051 retirees and beneficiaries. At one time, the liabilities of this local system were shared: two-thirds by the participating local employers and one-third by the State even though no State employees are members of this system. The system is now entirely funded by the State with the exception of cost of living adjustments, which are billed to the local employers.

P.L. 1997, c. 114 authorized the Economic Development Authority to issue \$2.8 billion in bonds to finance part of the unfunded liability of the State pension systems, which together with the additional assets recognized by the one-time change to full market value of assets (P.L. 1997, c.115) were sufficient to fund the retirement systems' State liability excluding post-retirement medical benefits.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
State Aid-General Fund: Police and Firemen's Retirement System, Health Benefits	\$0	\$11,149	\$11,149	—	F-18
The Governor's budget recommends a new appropriation of \$11.1 million for Police and Firemen's Retirement System (PFRS), Health Benefits. This appropriation reflects provisions of P.L. 1997, c. 330 which provides State-paid post-retirement medical benefits for certain PFRS retirees.					
Capital Construction: Office of Telecommunications and Information Systems (OTIS) - Data Center Upgrades and Consolidation	\$3,800	\$4,896	\$1,096	28.8%	G-20
OTIS - Disaster Recovery - Electronic Vaulting	\$750	\$1,000	\$250	33.3%	G-20
OTIS - Preservation Projects - Information Processing	\$852	\$625	(\$227)	(26.6)%	G-21
OTIS - Radio Communications Network System	\$0	\$1,000	\$1,000	—	G-21
Total, Capital Construction OTIS	\$5,402	\$7,521	\$2,119	39.2%	

The New Jersey Commission on Capital Budgeting and Planning recommended \$12.4 million for OTIS projects in the Department of the Treasury in FY 1999. The Governor's budget has recommended a total of \$7.5 million for these projects.

The Commission and the Governor's budget recommend \$4.9 million for Data Center Upgrades and Consolidation. The \$3.8 million appropriated in FY 1998 represented the estimated first year costs for the project amortized over a five year period; the \$4.9 million in FY 1999 represents the costs for year two. These funds are being used to upgrade the mainframe computing environment and consolidate the existing data centers from three centers to two by eliminating the Barrack Street Data Center.

The Commission and the Governor's budget recommend \$1.0 million for Disaster Recovery-

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Electronic Vaulting in FY 1999. The Commission's report indicates that the total cost of this project should be \$1.8 million and that the FY 1999 appropriation of \$1.0 million should be sufficient to complete this project. The Commission's report indicates that implementing a Remote Electronic Storage System at a site other than one of the State's data centers would eliminate the labor-intensive process and provide for the immediate creation of back-up data, for disaster-recovery purposes, at an off-site location.

The Commission and the Governor's budget recommend \$625,000 for Preservation Projects-Information Processing. This is a continuation of project to maintain the necessary operating level for HVAC, Uninterruptible Power Supplies, batteries, cooling towers and other facility systems.

In FY 1999, the budget recommends \$1.0 million for a radio communications network study. This request is in addition to the \$500,000 appropriated in the Interdepartmental accounts in FY 1988. The total cost of this project is estimated at \$28 million. The Commission on Capital Budgeting and Planning found that this project is necessary because the existing radio networks of various state agencies are aging, difficult and costly to maintain and utilize old technology. At present, an inter-agency task force is preparing a Request for Proposal (RFP) to hire a consultant to develop a strategic plan for a statewide radio network that will include the requirements of the State Police and other departments. Site visits are planned to other states which have statewide consolidated radio networks.

Debt Service:

Interest on Bonds	\$168,449	\$185,182	\$16,733	9.9%	H-11
Bond Redemption	<u>\$232,558</u>	<u>\$242,263</u>	<u>\$9,705</u>	<u>4.2%</u>	H-11
Total, Debt Service	\$401,007	\$427,445	\$26,438	6.6%	H-11

The Governor's budget recommends \$427.4 million for Debt Service on General Obligation Bonds under the auspices of the Department of the Treasury, including \$185.2 million in interest on bonds and \$242.3 million for bond redemption. The total appropriation increases debt service by 6.6 percent over the FY 1998 appropriation.

Revolving Funds:**Office of****Telecommunications
and Information**

Systems (OTIS)	\$82,184	\$81,883	(\$301)	(0.4)%	J-9
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The Governor's budget recommends an authorized spending level for OTIS of \$81.9 million, which is a net \$301,000 less than the FY 1998 adjusted appropriation. The \$81.9 million includes increases of \$2.2 million in the salary line and \$1.4 million in Services Other Than Personal which are offset by decreases of \$428,000 in Materials and Supplies and \$3.4 million in Additions, Improvements and Equipment. The \$61 million recommended for salaries is expected to fund 1,116 positions, 13 positions fewer than actual payroll counts in FY 1998.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Revolving Funds:

Purchasing and

Inventory Management

(Distribution Center)

	\$45,991	\$56,000	\$10,009	21.8%	J-12
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The Distribution Center maintains and operates central facilities for the purchase and distribution of food and other materials used by various State agencies. Revenues collected include amounts sufficient to cover the costs of operation. Financing for the program is accomplished through the use of the State Purchase Fund. By the end of FY 1999, the Purchase Fund is projected to reach \$56 million, an increase which is largely associated with sales to the South Woods Correctional Facility which will reach full capacity in FY 1999 and the full operation of centralized purchasing for the Department of Corrections' canteens.

Higher Educational Services

Tuition Aid Grants	\$137,661	\$141,661	\$4,000	2.9%	E-62
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The tuition aid grant program provides grant awards to resident undergraduates attending New Jersey public and private institutions of higher education up to the cost of tuition based on a family's ability to pay. The recommended FY 1999 appropriation for the Tuition Aid Grant program is \$141.7 million, an increase of \$4 million over the FY 1998 adjusted appropriation of \$137.7 million. The recommended increase would fund an additional 1,123 students and provide award increases of up to five percent. FY 1999 expenditures for the program are estimated at \$142.9 million, an increase of \$10.3 million over estimated FY 1998 expenditures of \$132.6 million. Total spending includes federal funds from the State Student Incentive Grant Fund program.

Part-time TAG for EOF	\$400	\$620	\$220	55.0%	E-63
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The Part-time TAG for EOF students program provides grant awards to EOF students counseled to reduce their courseload from full-time to part-time. The recommended increase of \$220,000 is projected to support the participation of six additional institutions that do not currently participate in the program and an additional 234 students.

Research Under

Contract with the

Institute of Medical

Research, Camden

	\$1,050	\$787	(\$263)	(25.0)%	E-63
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The Coriell Institute for Medical Research in Camden is a leading provider of biomedical research in the areas of cancer, diabetes, and molecular genetics. According to the administration, the

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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recommended reduction for the Institute represents the first year of a four year phase-out of State support.

**Higher Education
Technology
Infrastructure Bond-
Debt Service**

	\$820	\$7,002	\$6,182	753.9%	E-63
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Debt service funding of \$7.0 million is recommended for the Higher Educational Technology Infrastructure Bond program created pursuant to P.L. 1997, c. 238 and represents the first full year of debt service payments on the bonds. The act authorized the New Jersey Educational Facilities Authority to issue bonds totaling \$55 million, of which \$50 million would be for public and private institutions of higher education to develop technology infrastructure within and among the State's higher education institutions in order to provide access to information, educational opportunities, and workforce training effectively and efficiently. Institutions are required to provide a matching amount equivalent to the amount of funds provided. The remaining \$5 million of the total \$55 million authorization is for non-matching public library grants for Statewide library technology initiatives through the New Jersey State Library.

**Marine Sciences
Consortium**

	\$376	\$250	(\$126)	(33.5)%	E-63
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The consortium consists of 31 in-State and out-of-state colleges and universities that conduct marine science research, education and outreach programs of interest to State citizens. Funding for the Marine Sciences Consortium is recommended to decrease by \$126,000 to \$250,000 in FY 1999 and reflects an agreement developed with the administration to become less reliant on State support.

**Georgian Court College
High Technology
Center**

	\$100	\$0	(\$100)	(100.0)%	E-63
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**Institutional
Alliance/Seton Hall
University and Sussex
County Community
College**

	\$150	\$0	(\$150)	(100.0)%	E-64
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**Ocean County
Community College-
Camp Viking**

	\$40	\$0	(\$40)	(100.0)%	E-64
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Children's Learning Center-Brookdale Community College	\$70	\$0	(\$70)	(100.0)%	E-64
Salem County Community College- Glass Blowing Lab	\$250	\$0	(\$250)	(100.0)%	E-64
Health Law and Policy Institute of Seton Hall	\$150	\$0	(\$150)	(100.0)%	E-64
New Jersey Coastal Monitoring Network	\$175	\$0	(\$175)	(100.0)%	E-64

Total funding of \$935,000 provided for the above purposes was added by the Legislature in FY 1998 and is not recommended for continuation.

Outstanding Scholar Recruitment Program	\$1,800	\$6,000	\$4,200	233.3%	E-64
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The Outstanding Scholar Recruitment Program is a pilot program that provides college scholarships to high achieving high school students based on their class rank and SAT scores who are attending public and private institutions of higher education in New Jersey. Total funding of \$6.0 million is recommended, an increase of \$4.2 million from the \$1.8 million appropriated in FY 1998 and will provide for a second cohort of students.

State Aid:

Aid to County Colleges	\$140,062	\$159,772	\$19,710	14.1%	F-17
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Funding for the 19 county colleges is recommended to increase by \$19.7 million, from \$140.1 million to \$159.8 million. Of the recommended increase, \$12.0 million is recommended for the operational costs of the county colleges and includes performance based incentive funding of approximately \$1.1 million. The State's matching share of the additional debt service payments on chapter 12 construction bonds is recommended to increase by \$6.0 million to cover an increase in the bond ceiling for facilities construction and renovation from \$80 million to \$140 million pursuant to the "County College Capital Projects Fund Act," P.L. 1997, c. 360. The remaining \$1.7 million will fund the State's share of increases associated with debt service on pension obligation bonds, health benefits and pension fund contributions.

Federal Funds:

Student Aid Administration	\$14,502	\$14,813	\$311	2.1%	D-295
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1998</u>	<u>Recom.</u> <u>FY 1999</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Federal funding for the administration of student financial aid programs is recommended to increase by \$311,000 from \$14.5 million to \$14.8 million. Included in this amount is funding of \$655,000 for the State Student Incentive Grant Program which supplements funding for Tuition Aid Grant awards.

Other Funds:

Student Assistance Programs	\$1,275	\$1,679	\$404	31.7%	D-295
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The New Jersey College Loans to Assist State Students (NJCLASS) Program supplements financial aid available for undergraduate and graduate students who attend accredited institutions of higher education within and outside of New Jersey. The loans are funded from the proceeds of tax exempt bonds issued by the Higher Education Assistance Authority. Receipts derived from loan application and administrative and service fees support the operational costs of the NJCLASS program. Program revenues are estimated to increase by \$404,000 from approximately \$1.3 million to approximately \$1.7 million due to a growth in loan application volume and repayments.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. B-21

pp. D-300 and D-262

The amounts hereinabove for the Travel and Tourism Advertising and Promotion account shall be allocated between the International Trade, Economic Development and Travel and Tourism programs at the discretion of the Commissioner of Commerce and Economic Development.

Such sums as are necessary for advertising and promotion shall be allocated from the Department of State's Travel and Tourism Advertising and Promotion account to the New Jersey Commerce and Economic Growth Commission for the International Trade and Economic Development programs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Governor's FY 1999 Budget proposal recommends transferring the department's Travel and Tourism program from the Department of Commerce and Economic Development to the Department of State. However, certain funds within Travel and Tourism's budget currently support programs which the Budget recommends transferring to the proposed New Jersey Commerce and Economic Growth Commission. The recommended language would allow the continuation of funding from the Travel and Tourism Advertising and Promotion account to support efforts conducted by the International Trade and Economic Development programs. The Office of Management and Budget indicates that approximately \$315,000 has been utilized from Travel and Tourism for this purpose in prior fiscal years.



1998 Appropriations Handbook

1999 Budget Recommendations

p. B-21

p. D-300

Subject to the approval of the Director of the Division of Budget and Accounting, of the sums hereinabove appropriated, or otherwise made available, for the Office of Sustainability, the Commissioner of the Department of Commerce and Economic Development is authorized to contract with the New Jersey Economic Development Authority which shall finance loans to sustainable businesses.

Subject to the approval of the Director of the Division of Budget and Accounting, of the sums hereinabove appropriated, or otherwise made available, for the Office of Sustainability, the President of the Department of Commerce and Economic Growth Commission is authorized to contract with the New Jersey Economic Development Authority which shall finance loans to sustainable businesses.

Explanation

The recommended Budget modifies existing language, which authorizes the Office of Sustainability to contract with the New Jersey Economic Development Authority to provide certain small business loans, to reflect the Governor's proposed elimination of the Department of Commerce and Economic Development. Under the proposal, the department would be replaced with the New Jersey Commerce and Economic Growth Commission, a private-public partnership. According to the Office of Management and Budget, although the recommended language refers to a position entitled President of the commission, this language will be amended, as needed, to reflect the

Language Provisions

structure of the commission ultimately approved in enabling legislation. Currently, it is the Administration's intention that the commission be headed by a board of directors (of which the Governor would serve as chair) and would have a Chief Executive Officer.

1998 Appropriations Handbook

p. B-21

There is appropriated from the Enterprise Zone Assistance Fund such sums as are necessary for administrative services provided to the New Jersey Urban Enterprise Zone Authority by the Department of Commerce and Economic Development in accordance with the provisions of section 11 of P.L.1993 c.367(C.52:27H-65.1), subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

p. D-300

There is appropriated from the Enterprise Zone Assistance Fund such sums as are necessary for administrative services provided by the New Jersey Commerce and Economic Growth Commission in accordance with the provisions of section 11 of P.L. 1993, c.367 (C.52:27H-65.1), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended Budget modifies existing language to reflect the Governor's proposal to replace the existing Department of Commerce and Economic Development with a public-private partnership to be known as the New Jersey Commerce and Economic Growth Commission. The recommended language would allow the appropriation of funds from the Enterprise Zone Assistance Fund to the proposed new commission to provide for administrative expenditures related to the operation of the Urban Enterprise Zone program. The Governor's Budget recommends maintaining the Urban Enterprise Zone Authority within the proposed commission in FY 1999.

Language Provisions

1998 Appropriations Handbook

p. B-21

Subject to the approval of the Director of the Division of Budget and Accounting, there is appropriated to the New Jersey Economic Development Authority from the General Fund such sums as may be necessary to fund the Business Employment Incentive program, the amount of which shall not exceed the total amount of revenues received as withholdings, as defined in section 2 of P.L. 1996, c.26 (C.34:1B-125), from all businesses receiving grants pursuant to the "Business Employment Incentive Program Act," P.L.1996,c.26 (34:1B-124 et seq.), as certified by the Director of the Division of Taxation. The commissioner shall provide the Joint Budget Oversight Committee, on or before November 1, 1997, with a report of the grants funded in the prior fiscal year including, but not limited to, a summary of each grant agreement and the amount of each grant funded in that year.

1999 Budget Recommendations

p. D-300

Same language except that "commissioner" is changed to the "Authority."

Explanation

The Business Employment Incentive Program Act, P.L. 1996, c.26 (C.34:1B-124 et seq.), administered by the New Jersey Economic Development Authority (NJEDA), was created to foster job creation in this State. The act authorizes the NJEDA to provide grants, which are equal to between 10 percent and 80 percent of the withholdings of the grantee, to businesses which undertake projects resulting in a net increase in employment. The FY 1999 Budget language changes reporting responsibilities required pursuant to P.L. 1996, c.26, so that the authority, rather than the commissioner, is responsible for providing a yearly report to the Joint Budget Oversight Committee regarding grants issued under this law. This change is consistent with the Governor's proposal to eliminate the Department of Commerce and Economic Development in FY 1999.

The Joint Budget Oversight Committee has not yet received the report due on November 1, 1997 pursuant to the current budget language; however, preliminary data indicates that, to date, approximately \$90 million in grant monies (to be paid over a maximum term of ten years) have been authorized for the creation of some 10,000 jobs by approximately 100 companies.



Language Provisions

1998 Appropriations Handbook

p. B-21

Subject to the approval of the Director of the Division of Budget and Accounting, there is appropriated to the Department of Commerce and Economic Development from the General Fund such sums as may be necessary, as certified by the Commissioner and the Director of the Division of Taxation, to fund business relocation grants made under the "Business Relocation Assistance Grant Act," the amount of which shall not exceed the new income tax revenues as defined in section 2 of P.L. 1996, c.25 (C.34:1B-113). In addition to the report required pursuant to section 10 of P.L. 1996, c.25 (C.34:1B-1.1), the commissioner shall provide the Joint Budget Oversight Committee, on or before November 1, 1997, with a report of the grants funded in the prior fiscal year including, but not limited to, a summary of each grant agreement and the amount of each grant funded in that year.

1999 Budget Recommendations

p. D-300

Same language except the "Department of Commerce and Economic Development" is changed to the "New Jersey Commerce and Economic Growth Commission" and "commissioner" is changed to "President."

Explanation

The Business Relocation Assistance Grant Act, P.L. 1996, c.25 (C.34:1B-112 et seq.), established in the Department of Commerce and Economic Development and administered by the New Jersey Economic Development Authority, was established to encourage economic development and job creation. It provides grants in an amount up to and including 50 percent of the total allowable relocation costs for businesses relocating a minimum of 25 new full-time jobs in this State, but not exceeding 80 percent of the projected new income tax revenues generated by these new jobs.

The FY 1999 Budget language changes reporting responsibilities required pursuant to P.L. 1996, c.25, so that the President of the proposed New Jersey Commerce and Economic Growth Commission, rather than the commissioner, is responsible for providing a yearly report to the Joint Budget Oversight Committee regarding grants issued under this law. This change is consistent with the Governor's proposal to eliminate the Department of Commerce and Economic Development in FY 1999. Although the recommended language refers to a position entitled President of the commission, this language will be amended, as needed, to reflect the structure of the commission ultimately approved in enabling legislation. Currently, it is the Administration's intention that the commission be headed by a board of directors (of which the Governor would serve as chair) and would have a Chief Executive Officer.

Language Provisions

1998 Appropriations Handbook

No corresponding language.

1999 Budget Recommendations

p. D-300

Notwithstanding the provisions of the Casino Control Act (N.J.S.A. 5:12-181) and the Local Development Financing Fund Act (N.J.S.A. 34:1B-48) which govern the use of funds set aside for the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises, the amount hereinabove for the Small Business Outreach/Technical Assistance account is appropriated from the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises.

Explanation

In FY 1999, the Budget anticipates a new revenue item of \$500,000 from the New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises (Budget page C-12). The Budget proposal indicates that this revenue item will serve as the funding source for the recommended \$500,000 appropriation for the Small Business Outreach/Technical Assistance account. Through this appropriation, the department provides assistance to centers which offer a range of services, through the provision of counseling, workshops, seminars, and information transfer, to the State's small business owners and to individuals considering starting their own business. In the current and prior fiscal years, the appropriation for this account was charged against general State revenues.



Language Provisions

1998 Appropriations Handbook

p. B-211

Receipts derived from fines and penalties in excess of \$100,000 are appropriated for regulatory enforcement activities, subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

p. D-305

Receipts derived from fines and penalties in excess of \$300,000 are appropriated for regulatory enforcement activities, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The programs which make up the Board of Public Utilities (BPU) are supported entirely by assessments on the public utility and cable television industries. In addition, the BPU has been permitted to retain and use all fees that it levies. In FY 1998, the BPU was permitted for the first time to use receipts from fines and penalties in excess of \$100,000. In FY 1999, the base amount above which the BPU is permitted to use receipts from fines and penalties is increased to \$300,000 which permits the State to keep the first \$300,000 in fines and penalties.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-305

Notwithstanding the provisions of any law to the contrary, there are appropriated to the Division of the Ratepayer Advocate such additional sums, not to exceed \$400,000, that are necessary for the cost of this activity under section 16 of P.L.1994, c.58 (C.52:27E-63), subject to the approval of the Director of the Division of Budget and Accounting. This shall be included as part of the fiscal year 2000 assessment of public utilities or the cable television industry for this activity under P.L.1968, c.173 (C.48:2-59 et seq.), to be applied to costs incurred in fiscal year 1999.

Explanation

Section 16 of P.L. 1994, c.58 authorizes the Director of the Division of Ratepayer Advocate to hire consultants to assist staff in proceedings before the Board of Public Utilities. The compensation paid to these experts is to be paid by the utility participating in the proceeding as an assessment in addition to the annual assessment. The total annual assessment cannot exceed 1/4 of 1 percent of the gross operating revenue subject to the annual assessment. The amount which can be assessed on the cable television industry cannot exceed 1/10 of 1 percent. Utilities are billed once a year to cover these regulatory costs.

This language has been recommended in the FY 1999 budget as a result of the State's on-going efforts to deregulate certain utilities. The Department has requested this language which would appropriate up to an additional \$400,000 to the Division of Ratepayer Advocate because it expects that the Division may be more active and may need additional resources due to its role in energy deregulation. If these additional funds are needed in FY 1999, this language would permit the additional assessment to be included in the FY 2000 assessment (August 1999) on the utilities.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-306

The Director of the Division of Budget and Accounting is hereby authorized to transfer such sums as are necessary between the Department of Labor and the Department of the Treasury for the administration of revenue collection and processing functions related to the Unemployment Insurance, Temporary Disability Insurance, Workers Compensation, and Special Compensation Programs.

Explanation

This language relates to the FY 1999 budget recommendation that certain Wage and Reporting functions be transferred from the Department of Labor to the Department of the Treasury. Functions to be transferred include revenue collection and processing functions related to the Unemployment Insurance, Temporary Disability Insurance, Workers Compensation, and Special Compensation Programs. The Office of Management and Budget estimates that approximately \$1.5 million will be transferred to the Department of the Treasury under this proposed reorganization.



Language Provisions

1998 Appropriations Handbook

p. B-135

The amounts hereinabove for the State Disability Insurance Plan and Private Disability Insurance Plan are payable out of the State Disability Benefits Fund and, in addition to the amounts hereinabove, there are appropriated out of the State Disability Benefits Fund such additional sums as may be required to administer the Disability Insurance Program and to pay disability benefits, subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

p. D-306

The amounts hereinabove for the Temporary Disability Insurance program are payable out of the State Disability Benefits Fund, and in addition to the amounts hereinabove, there are appropriated out the State Disability Benefits Fund such additional sums as may be required to administer the Temporary Disability Insurance program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language relates to the FY 1999 budget recommendation that certain Wage and Reporting functions be transferred from the Department of Labor to the Department of the Treasury. Functions to be transferred include revenue collection and processing functions related to the Unemployment Insurance, Temporary Disability Insurance, Workers Compensation, and Special Compensation Programs.

This language permits the Department of the Treasury to charge the administrative costs of administering the Temporary Disability Insurance program to the State Disability Benefits Fund as was the case when the program was in the Department of Labor. The budgeted amount for the Temporary Disability program administration is \$1.5 million (p. D-305).



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. B-132

Notwithstanding the provisions of the "1992 New Jersey Employment and Workforce Development Act," 1992, c.43 (C.34:15D-1 et seq.), in addition to the amounts hereinabove appropriated for Planning and Research, there shall be made available from the Workforce Development Partnership Fund an amount of \$168,000 to fund planning and research activities related to the Workforce Development Partnership program, subject to the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language is now part of the Department of the Treasury because the Governor has proposed that the planning and research function which had been part of the Department of Labor be reassigned to the Department of the Treasury.

The language which was in the FY 1998 Appropriations Handbook appropriated \$168,000 from the Workforce Development Partnership (WDP) Fund to the Division of Planning and Research in the Department of Labor to reimburse the division for services provided to the WDP program. WDP funds supplanted an equivalent reduction in State funds to the division. According to the Office of Management and Budget, this language is recommended to be eliminated since, pursuant to the 1992 New Jersey Employment and Workforce Development Act, the Department of Labor already has the authority to appropriate up to 10 percent of annual WDP revenues for administration of the WDP program.

The WDP program, which was made permanent in 1996 pursuant to P.L. 1995, c. 422, provides workforce training grants to disadvantaged and displaced workers and to employers. The program is fully funded through employer and employee payroll tax contributions.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-306

Such sums as may be necessary to collect the contributions related to the Workforce Development Partnership program shall be appropriated from receipts received pursuant to the "New Jersey Employment and Workforce Development Act," P.L. 1992, c.44.

Explanation

This language is now part of the Department of the Treasury because the Governor has proposed that the tax collection part of the Workforce Development Partnership program which had been part of the Department of Labor be reassigned to the Department of the Treasury.

The WDP program, which was made permanent in 1996 pursuant to P.L. 1995, c. 422, provides workforce training grants to disadvantaged and displaced workers and to employers. The program is fully funded through employer and employee payroll tax contributions. This language permits the costs of collecting these contributions to be paid from contribution receipts.



Language Provisions

1998 Appropriations Handbook

p. B-132

Such sums as may be necessary to collect the contributions to the Health Care Subsidy Fund, pursuant to section 29 of the "Health Care Reform Act of 1992, "P.L.1992, c.160 (C.43:21-7b), are appropriated from the Health Care Subsidy Fund, subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

p. D-306

Such sums as may be necessary to collect the contributions pursuant to the Health Care Reform Act, P.L. 1996 c.28 (C.26B:2H-18.51 et al.) are appropriated from the Health Care Subsidy Fund, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language is related to the FY 1999 budget recommendation that certain administrative functions be transferred from the Department of Labor to the Department of the Treasury. The language relates to the funding provisions for charity care. The language recommended in the Governor's FY 1999 budget permits the Department of the Treasury to charge the Health Care Subsidy Fund for the costs of collecting the payroll taxes which partially fund charity care.

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-311

Notwithstanding the provision of any law to the contrary, there shall be no retroactive payment for refunds due under P.L.1997, c.134 (C.58:10-23.11h) for the period from January 1, 1996, through June 26, 1997, appropriated from the Spill Compensation Fund.

Explanation

P.L. 1997, c.134 amends the Spill Compensation and Control Act to change the way the tax imposed on certain owners or operators of major facilities is calculated. This language clarifies the law by stating that the State will make no retroactive refunds to these owners or operators for the period from January 1, 1996 to June 26, 1997.

Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-311

Of the amounts hereinabove for Economic Research, \$31,000 are payable out of the State Disability Benefits Fund, and in addition to the amounts hereinabove there are appropriated out of the State Disability Benefits Fund such additional sums as may be required to administer Economic Research, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language is related to the FY 1999 budget recommendation that certain Wage and Reporting function be transferred from the Department of Labor to the Department of the Treasury. The language refers to a Special Purpose appropriation of \$62,000 to the Division of Taxation for Economic Research. One half of this \$62,000 appropriation will be paid out of the State Disability Benefits Fund. The language also permits funds in addition to this \$31,000 to be appropriated as needed.

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-311

Such sums as may be necessary for the administration of the homestead property tax reimbursement established pursuant to P.L. 1997, c.348 are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

P.L. 1997, c.348 provides annual homestead property tax reimbursement to senior and disabled residents of the State beginning in calendar year 1999. Payments for this program are appropriated from receipts in the Casino Revenue Fund. This language permits the Department of the Treasury to receive additional funds to pay the administrative costs related to starting up this program.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-312

Notwithstanding any provision of any other law to the contrary, there are available out of fees derived from the cost of collection (C.54:49-12.1) such sums as may be required for compliance and enforcement activities associated with the collection process as promulgated by the Taxpayer's Bill of Rights (P.L.1992, c.175).

Explanation

Section 8 of P.L. 1987, c.76 (C.54:49-12.1) permits the Director of the Division of Taxation to impose a fee under certain circumstances for the cost of collecting taxes owed to the State. This language would permit these fees to be available for compliance and enforcement activities.



Language Provisions

1998 Appropriations Handbook

p. B-184

The unexpended balance in the Secretary of State Fund as of June 30, 1997 and, notwithstanding the provisions of P.L. 1987, c.435, receipts in excess of the amount anticipated from fees are appropriated to meet the costs of information processing and the Office of the Secretary of State.

1999 Budget Recommendations

p. D-316

The unexpended balance in the Department of the Treasury, Secretary of State Fund as of June 30, 1998, and notwithstanding the provisions of P.L.1987, c.435, receipts in excess of the amount anticipated from fees are appropriated to meet the costs of Elections Management and Coordination in the Department of Law and Public Safety, the Office of the Secretary of State in the Department of State, and the Division of Commercial Recording in the Department of the Treasury, subject to the approval of the Director of the Division of Budget and Accounting. Such sums as the Director of the Division of Budget and Accounting shall determine shall be transferred or credited from the fund to Elections Management and Coordination in the Department of Law and Public Safety, the Office of the Secretary of State in the Department of State, and the Division of Commercial Recording in the Department of the Treasury, for this purpose.

Explanation

The Secretary of State Fund was created pursuant to P.L.1987, c.435 as the repository of various filing fees collected by the Secretary of State. It operates as a revolving fund whose revenues were designated for modernizing the Division of Commercial Recording's automated information system (AIS). The Governor's FY 1999 budget anticipates total revenues to the General Fund of \$23.5 million.

The language recommended in the Governor's FY 1999 budget would permit the unexpended balances and receipts in excess of \$23.5 million to be used to help support the costs of Elections Management and Coordination in the Department of Law and Public Safety, the Office of the Secretary of State and the Office of Commercial Recording. Language in the FY 1998 Appropriations Handbook permitted these funds to be used to help support the Office of the Secretary of State and the Division of Commercial Recording. Pursuant to Reorganization Plan 004-1998, the Divisions of Commercial Recording and Elections Management and Coordination would be transferred from the Department of State to the Department of the Treasury and the Department of Law and Public Safety respectively.



Language Provisions

1998 Appropriations Handbook

p. B-219

The unexpended balances in the Management of the DEP Properties account as of June 30, 1997 are appropriated for the same purpose.

1999 Budget Recommendations

p. D-316

The unexpended balances in excess of \$200,000 in the Management of the DEP Properties account as of June 30, 1998 are appropriated for the same purpose.

Explanation

In FY 1994, the Department of the Treasury took over the management of approximately 100 properties owned by the Department of Environmental Protection. Receipts from the rental of these properties are used to maintain them. The language recommended for FY 1999 permits balances in excess of \$200,000 to be used for this purpose. The \$200,000 would be available as a General Fund resource.

1998 Appropriations Handbook

p. B-219

Receipts from employee maintenance charges in excess of \$850,000 are appropriated for maintenance of employee housing and associated relocation costs; provided, however, that a sum not to exceed \$170,000 shall be available for management of the program, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

p. D-316

Receipts from employee maintenance charges in excess of \$700,000 are appropriated for maintenance of employee housing and associated relocation costs, provided, however, that a sum not to exceed \$155,000 shall be available for management of the program, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The language recommended in FY 1999 reduces the threshold for using receipts from employees maintenance charges from \$850,000 to \$700,000 and also reduces the amount available for management of the program from \$170,000 to \$155,000.

Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-316

In addition to the amounts hereinabove, there are appropriated by way of estimated receipts, an amount not to exceed \$500,000, to provide building modifications and tenant services which fall outside the scope of basic building maintenance in State owned facilities under the auspices of the Division of Property Management and Construction, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language has been recommended to mitigate cash flow problems when modifications beyond routine maintenance are made to State buildings.



Language Provisions

1998 Appropriations Handbook

p. D-16

There is appropriated \$740,000,000 from the "Energy Tax Receipts Property Tax Relief Fund" pursuant to P.L.1997, c. (C.) (now pending before the Legislature as Senate Bill No. 30 or Assembly Bill No. 2824 of 1997) if that act is enacted. Otherwise, notwithstanding the provisions of section 2 of P.L.1980, c.10 (C.54:30A-24.1), section 4 of P.L.1980, c.11 (C.54:30A-61.1), section 27 of P.L.1991, c.184 (C.54:30A-24.4) and section 28 of P.L.1991, c.184 (C.54:30A-61.4) or any other provisions of law, the payments to municipalities during fiscal year 1998 from the proceeds of the public utilities franchise and gross receipts taxes, or from taxes and assessments collected in replacement of such taxes, shall be as follows: (1) \$685,000,000 shall be distributed based upon taxes imposed and payable in calendar year 1996, apportionment valuations of scheduled property as of July 1, 1995 and municipal purposes tax rates preceding 1996, and shall be paid according to the following schedule: July 15, 35% of the total amount due; August 1, 10% of the total amount due; November 1, 5% of the total amount due and December 1, 5% of the total amount due; (2) \$45 million shall be distributed in proportion to the payments hereinabove determined, shall be paid on June 30, 1998 and shall be available to municipalities as revenue for local fiscal years beginning on or after January 1, 1998; provided, however, that amounts collected in excess of amounts distributed shall be anticipated as revenue for general State purposes.

1999 Budget Recommendations

p. F-19

There is appropriated \$745,000,000 from the "Energy Tax Receipts Property Tax Relief Fund" pursuant to P.L.1997, c.167.

Explanation

Language Provisions

The Energy Tax Receipts Property Tax Relief Act (P.L. 1997, c.167) replaced the method of distributing certain funds distributed to municipalities from the State's taxation of regulated gas and electric utilities, as well as, water and sewer utilities and certain telecommunications companies. Municipalities were guaranteed to receive an annual State aid distribution of \$740 million in FY 1998. This amount will grow in increments until FY 2002 when the appropriation will level off at \$755 million. The new system of taxation replaced the old system of franchise and gross receipts taxes paid by these utilities prior to January 1, 1998.



1998 Appropriations Handbook

1999 Budget Recommendations

p. D-16

From the amount appropriated hereinabove for Pinelands Area Municipality Aid there shall be allocated to municipalities with at least 50% of their land areas in one or more land conservation designations the following amounts: Estelle Manor City, \$84,524; Mullica Township, \$91,030; Weymouth Township, \$71,037; Bass River Township, \$100,197; Washington Township, \$118,652; Woodland Township, \$115,168; Maurice River Township, \$94,392.

No comparable language.

Explanation

This language was added by the Legislature in FY 1998 and is not recommended for continuation by the Governor.



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. D-16

From the amount appropriated hereinabove for Palisades Interstate Park PILOT Aide there is allocated for payment in lieu of municipal taxes the following amounts for properties under the jurisdiction of the Palisades Interstate Park Commission: Borough of Alpine, \$35,844; Borough of Englewood Cliffs, \$38,625; Borough of Fort Lee, \$28,531.

No comparable language.

Explanation

This language was added by the Legislature in FY 1998 and is not recommended for continuation by the Governor. The funds were appropriated to these municipalities as payments in lieu of taxes (PILOT) for property owned in these municipalities by the Palisades Interstate Parkway.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. D-295

At any time prior to the issuance and sale of bonds or other obligations by the New Jersey Higher Education Assistance Authority, the State Treasurer is authorized to transfer from any available moneys in any fund of the Treasury of the State to the credit of any fund of the Authority such sums as the State Treasurer deems necessary. Any sums so transferred shall be returned to the same fund of the Treasury of the State by the State Treasurer from the proceeds of the sale of the first issue of Authority bonds or other Authority obligations.

Explanation

This language authorizes the State Treasurer to transfer available funds from any other fund to the Higher Education Assistance Authority (HEAA) as a short term loan for the purpose of originating loans under the NJCLASS program when increases in loan volumes exceed the available capital raised through Authority bond issues. Upon the issuance of tax exempt bonds to support the NJCLASS program, the HEAA would reimburse the fund from which the loan was issued.

1998 Appropriations Handbook

p. C-33

For the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c. 132 (C.18A:72B-15 et seq.), the number of full-time equivalent students (FTE) at the eight State Colleges is 46,299 for FY 1997.

1999 Budget Recommendations

p. E-64

Notwithstanding the provisions of any law to the contrary, for the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c. 132 (C.18A:72B-15 et seq.), "Direct per student support for the State college sector" shall not include funds appropriated for fringe benefit costs at the eight State Colleges. The number of full-time equivalent students (FTE) at the eight State Colleges is 46,537 for fiscal year 1998.

Explanation

This language sets the enrollment level by which the amount of State aid provided to the 14 independent colleges is calculated. Under the act, the aid is calculated based on 25% of the direct net State support per full-time equivalent student for the State college sector in the previous academic year and multiplying this number by the number of full-time resident undergraduate

Language Provisions

students enrolled in eligible independent institutions during the previous academic year. For FY 1999, the Governor has proposed that the public colleges be funded in the form of block grants to which fringe benefit costs have been added to the base budgets of the state colleges and universities, increasing the recommended amount of State support provided to public institutions in FY 1999. This language proposes that when calculating the amount of State aid for the independent college sector, the additional funding allocated for fringe benefit costs at the State colleges not be included in State aid to the independent sector. For FY 1999, the independent college and university sector is recommended to receive \$20,245,000, the same level as FY 1998. The recommended appropriation represents 74% of the amount needed to fully fund the assistance act.

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. E-64

Notwithstanding the provisions of any law to the contrary, an amount not to exceed \$1,700,000 from the unexpended balance as of June 30, 1998, in the Higher Education Facilities Trust Fund-Debt Service account is appropriated to reimburse the Jobs, Education and Competitiveness Bond Fund for University Heights Science Park project, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language was added in anticipation of the passage of legislation (S-449 of 1998) which erroneously appropriated the balance of funds committed for other projects from the Jobs, Education and Competitiveness (JEC) Bond Act. In the event the legislation was approved, the recommended budget language authorized the borrowing of the project funds from the JEC bond fund balance and the reimbursement of the JEC bond fund from interest earnings on the Higher Education Facilities Trust Fund (HEFT). However, according to OMB, the language is no longer necessary because the bill was amended to change the fund source of the project.

1998 Appropriations Handbook

p. C-33

1999 Budget Recommendations

p. E-64

Language Provisions

1998 Appropriations Handbook

Notwithstanding the provisions of any law to the contrary, the sums provided hereinabove for Tuition Aid Grants shall provide awards to qualified applicants at a level not to exceed 3.5% above those levels provided by the Student Assistance Board in Fiscal Year 1997.

1999 Budget Recommendations

Notwithstanding the provisions of any law to the contrary, the Student Assistance Board shall provide to all qualified applicants increases to award values, not to exceed tuition, at a level that is fundable within the amount hereinabove provided for Tuition Aid Grants plus funding from the Part-time Tuition Aid Grants-EOF Students program and available federal State Student Incentive Grant funds. Award increases so provided shall not exceed the percentage increase provided for the maximum award. Reappropriated balances shall be held as a contingency for unanticipated increases in the number of applicants qualifying for Student Assistance Programs awards or to fund shifts in the distribution of awards that result in an increase in total program costs.

Explanation

For FY 1999, the recommended funding for the Tuition Aid Grant Program is estimated to provide increases in TAG award levels of up to 5% and provide funding for an additional 1,100 students. The number of students eligible to participate in the TAG program is estimated to increase mainly due to a change in the definition of federal Income Protection Allowance (IPA) which is part of the federal needs analysis. The federal needs analysis which is also used by New Jersey determines eligibility for federal grants and loans. The change favorably affects the eligibility of students who are determined to be independent, hence the increase in awards for FY 1999. The recommended language sets a limit on the funds available to the Student Assistance Board (SAB) for setting TAG awards levels in FY 1999 after consideration of students determined eligible by IPA changes. According to the Office of Student Assistance, the change is projected to cost \$3.5 million. The language also authorizes the SAB to hold in reserve a contingency balance of 3% of the appropriation to guard against unanticipated increases in the number of students qualifying for participation in student assistance programs or to fund shifts in the distribution of awards that increase total program costs.



1998 Appropriations Handbook

C-33

1999 Budget Recommendations

E-64

Language Provisions

1998 Appropriations Handbook

From the sums provided for Student Assistance Programs, such amounts as may be necessary to fund merit scholarship awards shall be available for transfer to the Garden State Scholarships program, the Edward J. Bloustein Distinguished Scholars Program, and the Urban Scholarships program, subject to the approval of the Director of the Division of Budget and Accounting.

1999 Budget Recommendations

From the sums provided hereinabove for Student Assistance Programs, such amounts as may be necessary to fund merit scholarship awards shall be available for transfer to the Coordinated Garden State Scholarship Programs and to the Miss New Jersey Educational Scholarship Program (C.18A:71-102 et seq.), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This budget language allows the Office of Student Assistance (OSA) to transfer funds from student aid programs such as TAG to make up any shortfall in funding experienced by the Coordinated Garden State Scholarship Programs, a new line item containing awards provided to high achieving students participating in the Garden State Scholars, Edward J. Bloustein Distinguished Scholars and Urban Scholars programs. In FY 1998, a new scholarship program the "Miss New Jersey Educational Scholarship Program," was approved but no funding was appropriated. This language also allows the OSA to use a portion of the funds appropriated for other student aid programs to fund this additional scholarship program.



Language Provisions

1998 Appropriations Handbook

D-14

In addition to the sum hereinabove appropriated to make payments under the State Treasurer's contracts authorized pursuant to section 6 of P.L. 1997, c. 114 (C.34:1B-7.50), there are appropriated such other sums as the Director of the Division of Budget and Accounting shall determine are required to pay all amounts due from the State pursuant to such contracts.

1999 Budget Recommendations

F-17

This language remains unchanged.

Explanation

This language was added to the FY 1998 Appropriations Act due to the passage of the "Pension Bond Financing Act of 1997," P.L. 1997, c. 114 which authorized the sale of \$2.8 billion in bonds by the Economic Development Authority to fund the unfunded accrued pension liability contribution the State owes under State retirement systems. This language authorizes the State Treasurer to provide any additional debt service amounts as needed on behalf of county college personnel participating in a State retirement system such as the Teachers' Pension and Annuity Fund. For FY 1999, the State's contribution for debt service funding on pension obligation bonds for county college personnel participating in a State retirement system is recommended at \$69,000.



Discussion Points

1. Among the programs recommended to be reassigned to the Department of the Treasury from the Department of Commerce are: Economic Research, Economic Development, Commission on Science and Technology, N.J. Commerce and Economic Growth Commission, Economic Development Authority, and the New Jersey Redevelopment Authority.

! *Questions:* Please discuss the significance of organizationally reassigning these programs to the Department of the Treasury but making them autonomous in their operations. What exactly will "autonomous" mean in terms of employee salaries, annual program budgets and program decision-making processes? Please provide data showing salaries paid to employees of the various State authorities and commissions.

2. The Governor's proposed "One Stop Shopping for Businesses" initiative includes reassigning the Division of Commercial Recording from the Department of State and the Temporary Disability Insurance Program from the Department of Labor to the Department of the Treasury. The Budget in Brief indicates that "by consolidating these programs into Treasury's Division of Revenue, the State will provide a one-stop arrangement for much of commercial businesses' interaction with State government."

Funding for these two programs in FY 1999 is recommended at approximately \$3.8 million, the same level as the FY 1998 adjusted appropriation. The Budget in Brief (p. 100) indicates that the Division of Wage Reporting (Unemployment Disability Insurance Program) will be organizationally within the Department of the Treasury but autonomous in its operation. With the exception of personnel data, no evaluation data for these two programs is displayed in the Governor's FY 1999 budget.

! *Questions:* Is it anticipated that these two programs will be incorporated into the Division of Revenue in the future or will they continue to be autonomous programs? Please discuss the policy implications of making these programs "organizationally within the Department of the Treasury but autonomous in their operations." Please provide the missing evaluation data.

3. According to the Budget in Brief (p. 85), the Department of the Treasury, as part of its comprehensive vehicle purchase plan, has allocated \$8.1 million from central accounts to the Division of State Police for vehicle purchases. When combined with the \$5.4 million in the State Police budget, funds totaling \$13.5 million will be available for the purchase of approximately 550 new State Police vehicles.

The Governor's budget recommends a new \$14 million Direct State Services Special Purpose appropriation for the Fleet Renewal Management Program. The Budget in Brief (p. 101) indicates that this \$14 million appropriation will be used to purchase 1,200 replacement vehicles for the Motor Pool. In order to participate in the Fleet Management Renewal Program, departments will receive two new cars for every three cars taken "off line."

! *Questions:* Please discuss why it is necessary to appropriate these additional funds when, as a revolving fund, the Motor Pool should be billing departments for State vehicle use at a rate which would permit the replacement of older vehicles. If this is not the current practice, why is it not? For each class of State vehicle, please explain rates billed to departments. Please compare these rates to those in the private sector.

Discussion Points

Please provide a copy of the Motor Pool efficiency study which was completed in September 1997.

4. The use of vehicles by State employees has been of interest to the Legislature over the past years. Data provided by the Department of the Treasury indicates that as of February 24, 1998, the State owned approximately 5,557 passenger vehicles and leased an additional 197 vehicles.

! **Questions:** Please discuss the State's policies on vehicle assignments. In particular, please provide examples by department of vehicle assignments which the Administration considers a matter of priority.

5. The Governor's FY 1999 budget recommends \$25 million (p. E-66) to redevelop abandoned urban properties. Under this program, whose total value is projected to be \$400 million, the Economic Development Authority (EDA) will issue bonds to purchase tax liens on privately held properties. According to the Budget in Brief, municipalities will be eligible to obtain construction financing through the Housing and Mortgage Financing Authority's (HMFA's) Urban Homeownership Recovery Program to redevelop the properties. The Budget in Brief indicates that this is an urban community development initiative which will help rebuild New Jersey's cities by allowing municipalities to restore formerly abandoned buildings to the tax rolls.

! **Questions:** How is this \$25 million General Fund appropriation being "packaged" with the \$300 million provided to municipalities through EDA bonding? Will the State be responsible for, or guarantee the payment of, the EDA bonds? Please discuss the criteria and the process through which these grants will be awarded. Which municipalities will be eligible to receive these funds? Will eligibility change annually or will the State need to annually allocate the same amount of funds to the same municipalities to enable them to maintain a controlling interest in the properties on which tax liens were purchased?

6. The Department of the Treasury for years has relied on budget language, appropriating unspecified additional amounts to finance certain operations, such as the Divisions of Taxation, Pensions and Benefits, State Lottery, Investments and most recently the Division of Revenue. One consequence of this practice is that the actual size of the department's budget is never clearly displayed or discussed. The Office of Management and Budget indicated that this year there will be less reliance on these supplemental appropriations which are enacted through Directory Letters.

! **Questions:** For which programs and to what degree will supplemental appropriations be used in FY 1999? If the Department of the Treasury anticipates using budget language to appropriate additional funds less than in the past, why not eliminate the language?

7. Evaluation data in the Governor's budget for the Division of the Lottery indicate that the State is going to increase the number of Lottery agents (from 5,130 in FY 1997 to 6,000 in FY 1998 to 6,600 in FY 1999) and the number of drawings (from 950 in FY 1996 to 968 in FY 1997 to 1,000 in FY 1998 and FY 1999).

! **Questions:** Please provide information on each lottery game run by the Division of the Lottery showing the number of tickets purchased, the average size of winnings to the

Discussion Points

public and resources provided to the State. At what point does increasing the number of agents, the number of games and the number of lottery drawings reach diminishing returns? What is the process through which additional agents are designated? What criteria are used to determine where to locate additional agents?

8. The Governor's budget recommends \$81.9 million for the Office of Telecommunications and Information Systems (OTIS). OTIS does not receive a direct appropriation but rather charges Executive agencies for its services. The FY 1999 recommendation represents a \$301,000 decrease from the FY 1998 adjusted appropriation. However, the Governor's budget recommends two other appropriations which may directly benefit OTIS in FY 1999. The first is a \$7.5 million Capital Construction appropriation for OTIS projects. The second is a \$33.9 million Special Purpose appropriation for Year 2000 Data Processing Initiative in the Interdepartmental Accounts.

Approximately \$61 million for OTIS salaries and wages is authorized in the Governor's budget in FY 1999 to fund approximately 1,116 employees, 13 fewer than in FY 1998 and 39 fewer than in FY 1996.

! *Questions:* What do these staffing levels imply for Year 2000 issues? What percent of the State's Year 2000 problems are being fixed in-house by State employees and what percent are being contracted with outside organizations? Is the State having difficulty retaining qualified staff in light of the demand for programmers in the private sector?

9. Three legal services programs, the Office of Administrative Law, the Office of the Public Defender and the State Legal Services Office, have been administratively reassigned to the Department of the Treasury. In each case, these offices will be "in but not of" the department.

! *Questions:* What will be the relationship, if any, of these programs to each other? What is the rationale for reassigning them to the Department of the Treasury?

10. The Governor's budget recommends \$6.9 million for the Office of Administrative Law (OAL) which would fund a total of 119 positions in FY 1999. According to evaluation data in the FY 1999 budget, this would permit 11,600 cases to be disposed of, at a case load of 305 per judge in FY 1999. Evaluation data from the Governor's FY 1996 budget, indicate that in FY 1994 the OAL had a staff of 153 and disposed of 12,194 cases per year, at a case load of 290 cases per judge.

A March 29, 1998 editorial in the Home News Tribune, supports the New Jersey Bar Association in recommending that funding to the Office of Administrative Law be increased to \$8.4 million in FY 1999, a \$1.5 million increase. The New Jersey Bar Association proposes that this increase should be used to hire four more judges, restore law library services to the public, and raise judges' salaries to the same level as worker's compensation court judges. The editorial also argues that "since each case must have its full hearing, and since some cases, such as those involving welfare benefits, by law must be expedited, the backlog has become unbearable."

! *Questions:* Please provide data detailing the types and numbers of cases heard by the Office of Administrative Law for the past five years. Please indicate the average length of time needed to hear the various types of cases. If certain cases receive preferential treatment, what determines this treatment? If the Office of Administrative Law were able

Discussion Points

to hire additional people, would law library services be restored to the public? What would be the cost of increasing judges' salaries to the same level as worker's compensation court judges?

11. The Atlantic City Fund was established pursuant to P.L. 1995, c. 18 to provide funds for economic development projects of a revenue producing nature (other than casino hotels). The Atlantic City Fund receives annual funding based on the difference between the Casino Control Commission and the Division of Gaming Enforcement's fiscal 1995 budget authorization and the actual expenses of these agencies for fiscal years 1996, 1997, 1998 and 1999. To date, the amount contributed to the Atlantic City Fund exceeds \$16.5 million. This fund is maintained by the Casino Reinvestment Development Authority.

! **Questions:** What is the process through which projects are selected for funding? What criteria are used to determine whether a project is eligible for funding? Are there standards which will be used to determine an appropriate level of funding for each project? Please provide a descriptive list of selected and anticipated projects and indicate the amount of funds available for each project.

12. The Governor's Council on Alcoholism and Drug Abuse was established in 1989 "in but not of" the Department of the Treasury as an independent coordinating, planning, research and review body regarding all aspect of alcoholism and drug abuse. Within the council, an Alliance to Prevent Alcoholism and Drug Abuse (the Alliance) was established to unite communities of the State in a coordinated and comprehensive effort to reduce alcoholism and drug abuse.

The Drug Enforcement and Demand Reduction (DEDR) fund was established at the same time in the Department of the Treasury as the depository for penalties (ranging from \$500 to \$3,000) imposed on persons convicted of certain drug-related offenses. Since 1991, over \$10 million has been appropriated annually from the DEDR funds for alliance grants, community drug programs, and administrative expenses for the Governor's council. In past years, approximately \$1.7 million has been appropriated for State and county administrative costs. Language in the Governor's FY 1999 budget would transfer \$700,000 to the Department of Health and Senior Services for two new initiatives: \$350,000 would be used to establish an Alcoholism and Drug Abuse Program for the Deaf, Hard of Hearing and Disabled (P.L. 1995, c. 318); and \$350,000 would be used for a grant to Partnerships for a Drug Free New Jersey (P.L. 1997, c.174).

! **Questions:** DEDR funds are distributed back to counties partially in relation to the amount of funds collected in each county. Which counties and municipalities have been particularly successful in using these funds to reduce drug-related offenses? What types of programs have been particularly successful? Is it useful to target certain age groups when implementing a program to reduce drug-related offenses?

Please provide a basic history of revenue collections and expenditures since the DEDR fund's inception in 1991. When funds were appropriated to programs other than those in the Governor's Council on Alcoholism and Drug Abuse in the past, the DEDR fund was carrying reappropriated balances from prior fiscal years. What impact will the transfer of \$700,000 from DEDR funds to the Department of Health and Senior Services have on programs sponsored by the Council in FY 1999?

Discussion Points

13. Governor Whitman introduced the idea of a "smart card" driver's license earlier this year. This card would be a high-tech card with a microprocessor chip embedded in it, like a mini computer, and a magnetic strip, like a credit card. The new cards would be issued to the State's 5.4 million drivers beginning in year 2000 and would extend the term of licenses from four to ten years.

A recent article in the Home News Tribune, has indicated that the Access NJ Project, as this project is called, would be implemented by the Department of the Treasury. Industry experts have said that the move to smart cards would increase the efficiency of the State's operation by freeing State employees from paperwork while at the same time lowering service costs. Industry experts further said that personal data stored on the card would be secure because it would not be stored in the cards themselves but would be encrypted and stored in remote locations.

! *Questions: What is the current status of this project? Please indicate in which States and for what purposes these smart cards have been successfully used. How much has it cost to implement smart cards in other States? Have these costs been borne by those who use the cards through increased fees? Does the fact that industry experts predict increased efficiency from freeing state employees from paperwork, imply that fewer employees would be needed to administer programs served by smart card users? As a public policy issue, how would the State assuage the fears of those who will argue against smart cards because of privacy issues?*

14. The Governor's Performance Review Initiative was established in FY 1996 to conduct performance audits of State agencies and to plan for the responsible downsizing of State government. From an initial \$975,000 appropriation, it has grown into a \$1,973,000 operation (FY 1999 recommended), with authority to draw resources from other State agencies in addition to its annual appropriation. The focus of the Performance Review Initiative has shifted in recent years toward municipal governments and school districts. It is first identified in the FY 1999 budget (p. D-330) as the Local Government Budget Review group, with its mission described as "to assist local governments and school boards to minimize their operating costs."

The FY 1999 recommendation is \$250,000 higher than the FY 1998 appropriation, which itself was increased by \$774,000 above the amount spent in FY 1997. The Budget in Brief (p. 102) points out that the group's workload has increased significantly due to the success of its local audit reports. "Due to the success of the initial reports, 226 more local entities have requested State reviews. To cope with this increased demand for services, the agency recently underwent a reorganization and expansion from four to 12 review teams."

Although it has always been displayed in the budget as a Miscellaneous Commission, this entity has never been a commission and, in fact, was not created in legislation or by Executive Order. Most of the staff are employees of the Department of the Treasury; others are on assignment from various departments. The Budget in Brief (p. 102) states that "the Governor established the Local Government Review group in the Department of the Treasury."

! *Questions: Why is the Local Government Budget Review not included in the budget of the Department of the Treasury, since it has no independent status as a commission? How many employees are assigned to the review group and on which departmental payrolls are they listed? Since there is such a high demand for the agency's services, has consideration been given to charging municipal governments and school districts a consultation fee,*

Discussion Points

however nominal, in an effort to offset the costs to the State of conducting these audits?

Higher Educational Services

15. The Outstanding Scholar Recruitment Program was created as a four year pilot program in FY 1997 to recruit and retain high achieving students for attendance at public and private colleges in the State. Participation in the program is limited to two classes of students. The first class of outstanding scholars was admitted into the program for the 1997-98 academic year. The second class will be admitted in 1998-99. To date the program has received two appropriations totaling \$3.6 million. The program is recommended to receive \$6.0 million in FY 1999 and will fund a new freshman class and the second year of students/sophomore class. According to information on the State financial information system, as of March 18, funding of \$761,000 remains unexpended and uncommitted and \$557,000 has been placed in reserve.

! *Questions:* Please provide information on the current number of participants, the participating institutions, and the award levels for each participating institution in FY 1998 and the projection for FY 1999. Please describe the criteria for determining a student's eligibility for the program. Of the number of students that apply or are recruited for the program, what percentage participate?

16. The Part-time TAG-EOF students program provides grant awards to EOF students counseled to reduce their course load from full-time to part-time. Funding of \$620,000 is recommended in FY 1999 and represents an increase of \$220,000 over the FY 1998 adjusted appropriation of \$400,000. The additional funding is projected to support the participation of six additional institutions in the program and an additional 234 students. In the current fiscal year, including amounts reappropriated from FY 1997, the total amount available is \$499,000. Evaluation data indicates that program expenditures in FY 1998 are projected to be \$445,000, providing funding for 596 students.

! *Questions:* How many students are currently receiving grants and what is the average award?

17. In FY 1998 the New Jersey Better Educational Savings Trust Program (P.L. 1997, c. 237) was enacted. This program helps families to finance the cost of a college education through the establishment of trust accounts into which an individual will be able to make contributions on behalf of a designated beneficiary. Interest earned on NJBEST savings is exempt from New Jersey State Income Tax, and federal income tax is deferred until the funds are withdrawn. The State provides a \$500 match on the savings accrued through the program if the program beneficiary attends an institution of higher education located in New Jersey. Funding of \$350,000 was provided in FY 1998 for the advertising, promotion and administrative expenses associated with the program. Continuation funding of \$350,000 is recommended in FY 1999.

! *Question:* What is the current status of this program? When will interested individuals be able to enroll in the program?

Discussion Points

18. The Miss New Jersey Educational Scholarship Program (P.L. 1997, c. 118) provides the full cost of college tuition through a competitive scholarship award to a student who is designated annually by the Office of Student Assistance in consultation with the Miss New Jersey Pageant as demonstrating the civic, cultural or charitable qualities recognized by the pageant. The scholarship will fund either an initial bachelors degree or postgraduate degree at a New Jersey public institution of higher education. The act provides that the State shall annually appropriate to the Office of Student Assistance (OSA) a sum equal to the cost of tuition at the public institution enrolling a Miss New Jersey Scholarship recipient. No funding has been appropriated to implement the program. However, according to the OSA, for FY 1999 the program is proposed to be funded through a transfer from other student assistance programs until a reliable cost base can be established for the program.

! **Questions:** Have the guidelines for the administration of the program been developed? When does the OSA anticipate that the program will be implemented?

19. The recommended FY 1999 appropriation for the Tuition Aid Grant Program (TAG) is \$141.7 million, an increase of \$4 million over the FY 1998 adjusted appropriation of \$137.7 million. The recommended increase would fund an additional 1,123 students and provide award increases of up to five percent.

FY 1998 revised program expenditures have been reduced by \$10 million, from the original estimate of \$142.7 to \$132.6 million. OMB has indicated that \$4.4 million is anticipated to be reappropriated in FY 1999. Based on that information, the account should have unexpended balances in FY 1998 of about \$11.9 million. Supplementary budget information indicates that \$7.5 million is to lapse to surplus at the close of FY 1998, the same amount that lapsed to surplus at the end of FY 1997.

! **Questions:** Please discuss the factors that resulted in the estimated \$10 million reduction in FY 1998 program expenditures. As the \$141.7 million recommended for FY 1999 along with federal State Student Incentive Grant funding should fully provide for the total estimated spending for that year, please indicate why any reappropriated balances would be required.

Background Paper: Energy Receipts Tax Distributions

Budget Pages.... C-20 and D-319 to D-321

The Energy Tax Receipts Property Tax Relief Act (P.L. 1997, c. 167) replaced the method of distributing Public Utility Gross Receipts and Franchise taxes to municipalities in New Jersey. Taxes paid by public utilities have been the single most significant source of State aid to New Jersey municipalities for many years. The recommended appropriation of these public utility funds can be found on page D-321 in the line item entitled Energy Tax Receipts under All Other Funds. The Governor's budget recommends the distribution of \$745 million in FY 1999, \$5 million more than the \$740 million FY 1998 adjusted appropriation.

The new distribution system differs from its predecessor in several important ways. First, the amount of aid to be distributed is no longer tied to the amount of tax paid by utility companies. Second, the amount of aid to be distributed annually is known for as long as the law remains in force and, barring most unforeseen circumstances, there will not be "supplementary distributions" from unanticipated windfalls. Third, the amount of aid to which a municipality is entitled will no longer be linked to annual assessments of utility property. Fourth, the State is effectively prevented from "skimming" funds that are intended for municipalities through the use of budget language.

P.L. 1997, c. 167 guarantees to municipalities an annual State aid distribution of at least \$740 million in State FY 1998, \$745 million in FY 1999, \$750 million in each of FY 2000 and FY 2001, and \$755 million in FY 2002 and each fiscal year thereafter from revenues from the taxes that will replace the public utilities gross receipts, franchise and energy unit taxes.

The law requires that the revenues from the replacement taxes be credited to the "Energy Tax Receipts Property Tax Relief Fund", a special dedicated fund in the State Treasury. If the amount deposited is less than required, the difference is to be drawn from the General Fund. A "poison pill" section provides that if the appropriation and distributions are not made by the State, the State will forfeit the collection of corporation business tax liabilities (more than \$1 billion) from all corporate taxpayers that are not public utilities for that tax year.

The law provides that if, in any year, replacement tax revenues exceed \$1.425 billion, 75 percent of that excess will be credited to the "Energy Tax Receipts Property Tax Relief Fund" for distribution to municipalities as additional aid. Data provided by the New Jersey Board of Public Utilities (BPU) in June 1997 indicated that future revenues are unlikely to exceed \$1.425 billion and, in fact, are expected to decline. For CY 1998, the BPU estimated that tax revenues from the replacement taxes would be approximately \$1.16 billion. By CY 2004, these same revenues are expected to be \$814 million.

The New Aid Formula

The total amount to be distributed is the sum of three components. The new formula guarantees that every municipality receives at least as much aid as the Department of Community Affairs certified it would receive in CY 1997 under the old public utility franchise and gross receipts aid program.

A portion of the fund, approximating \$703 million, will be distributed annually to provide each municipality with an amount not less than the largest annual amount it received from the distribution of \$685 million from the proceeds of the public utilities gross receipts, franchise and energy unit taxes in calendar year 1994, 1995 or 1996, or initially proposed for distribution in 1997,

Background Paper: Energy Receipts Tax Distributions

plus some amounts necessary to correct apportionment valuations, distribution values, and some distortions caused by statutory distribution caps. These funds will be distributed according to the following schedule: July 15, 35% of the total amount due; August 1, 10% of the total amount due; September 1, 30% of the total amount due; October 1, 15% of the total amount due; November 1, 5% of the total amount due; and December 1, 5% of the total amount due.

A second portion of the fund, approximating \$35 million, will be distributed annually to assure that municipalities receive at least as much in each fiscal year as they expected to receive from the \$730 million which was certified by the Department of Community Affairs for distribution to municipalities in CY 1997 (\$685 million in FY 1998; and \$ 45 million FY 1997). This portion of the fund will be distributed annually on or before June 30.

A third portion of the fund initially approximating \$2 million but growing to approximately \$17 million by FY 2002, will be distributed in proportion to, and along with, the distribution of the first portion. This portion of the distribution incorporates the growth factor in the formula.

Actual Aid Distribution

Data are available from the Revenue, Finance and Appropriations Section in Office of Legislative Services that show actual total energy receipts tax distributions to individual municipalities for the period from FY 1997 to FY 2002 based on the new formula. Payments in all subsequent years will be the same as the FY 2002 distribution.

Background Paper: Year 2000 Data Processing Initiative

Budget Page.... D-339

Summary

Substantial amounts of State funds are being allocated to the "Year 2000 Data Processing Initiative," including \$15 million appropriated in FY 1998 and an additional \$33.9 million requested in the FY 1999 budget. Estimates to address all of the State's Year 2000 computer problems range up to \$120 million or more. However, very little information or data have been provided by the Executive Branch to document either the activities or costs associated with this effort. In the absence of such information, it is difficult for the Legislature to make informed decisions about funding needs and time frames.

Background

In early computer applications, magnetic storage of information was expensive and storage capacities were limited. As a result, software applications routinely conserved space by using only the final two digits for recording calendar years; i.e., the year 1990 would be stored as 90. When the year 2000 arrives, this two-digit year field will contain "00". Computer generated calculations that automatically take the higher number and subtract it from the lower one will result in incorrect elapsed time calculations. For example, a person born in 1996 may be calculated to be 96 years old, not four years old.

A considerable portion of the State's everyday business is still conducted on large mainframe and mid-size computers using software written with potentially faulty date codes. To correct this problem will require programmers to rewrite millions of lines of code, plus in some cases the purchase of upgraded hardware and software. Given the extensive use of dates in computer programs to make calculations tied to financial investments, payroll support, license renewals, court records and social benefits payments, the scope of this problem becomes apparent. While some of the more dire predictions such as malfunctioning traffic signals and prisoners being set free are more dramatic than accurate, the possible failure of information systems to operate correctly can mean anything from minor inconveniences to major breakdowns.

Some examples of the systems that could be affected by the Year 2000 problem include the following:

- ! Benefit and payroll checks not cut correctly, if at all
- ! Personnel, medical and academic records malfunctioning
- ! Errors in banking and finance computations such as loan terminations
- ! Criminal histories distorted
- ! Client services not provided
- ! Revenue generating permits not issued

Planning and Project Management

When the Year 2000 problem became more evident, the New Jersey Information Resources Management Commission, created by P.L. 1993, c.199 to "initiate and oversee an ongoing Statewide information planning process in State government," began promoting and coordinating New

Background Paper: Year 2000 Data Processing Initiative

Jersey's awareness of the problem. Through the Commission's efforts, the Governor appointed a central coordinator to work with each department in compiling its own departmental needs and to function as the State's coordinator of information to ensure the successful completion of all Year 2000 conversion efforts. However, in February 1998, the commission was essentially deactivated and the responsibility for the Year 2000 project was assumed by a newly-appointed Chief Information Officer located in the Governor's office.

The Department of the Treasury's Office of Telecommunications and Information Systems (OTIS) has operational responsibility for the State's major data centers and for developing the Garden State Network, a statewide integrated communications network capable of carrying data and voice transmissions. The HUB houses this telecommunications network and provides data processing disaster recovery. OTIS recently established a Year 2000 Project Team that has already begun making the necessary software changes to help ensure that computer systems which serve the general public and private industry will be Year 2000 compliant. As changes reach completion, OTIS will conduct comprehensive tests to verify their effectiveness. OTIS will also require all of the State's major software and data services suppliers to be Year 2000 compliant.

Budget Impact

In the FY 1998 budget, the Governor requested, and the Legislature appropriated \$15 million for a "Year 2000 Data Processing Initiative." Although the appropriation was made to the Inter-Departmental Accounts (see p. D-339 of the Governor's FY 1999 budget), the bulk of the money will be administered through OTIS. According to the department, the \$15 million appropriated in FY 1998 was to "fund Taxation and Revenue System modification (\$5 million), purchase tools to address Year 2000 re-programming for OTIS and Agencies (\$5 million), and fund OTIS and agency re-programming expenses (\$5 million)." During the FY 1998 appropriation hearings, the department indicated that "it is uncertain whether additional funding will be needed to achieve full year 2000 compliance." As of April 29, 1998, \$11,886,230 has been allocated from the Year 2000 Data Processing Initiative account.

The Governor's FY 1999 budget recommends an additional \$33.9 million in State funding to continue the Year 2000 Initiative. The Budget in Brief (p. 46) mentions another \$70 million in "other identified funds." These other funds are expected to include General Fund appropriations, Federal Funds and re-allocated departmental funding. However, no breakout of these other funding sources has been received.

Legislative Considerations

The State's Year 2000 Initiative is significant in its size and complexity as well as its budget implications. While project planning and compliance activities will be evolving over the next few years, it is important that the Legislature be in a position to assess progress and accountability in this effort. Moreover, since the Legislature is being asked to approve the funding for this initiative, cost estimates should be provided to allow resources to be prioritized, budgeted and allocated for Year 2000 activities. The Office of Legislative Services has requested planning and fiscal information on the scope of the Year 2000 project from OMB, OTIS and the Governor's representative for the Year 2000 project. Up to this point, no information has been provided to document the \$33.9 million budget request, or to place this FY 1999 funding in the context of a multi-year budgetary commitment.

Background Paper: Year 2000 Data Processing Initiative

Prior to the budget hearings, each department was asked to respond to several questions, one of which pertained to the Year 2000. Specifically, each department was asked to "Describe the nature of any 'Year 2000' computer system problems your department must address. How are you prioritizing your department's tasks in view of the resources made available to you and the assessment of risk to your department's future operations?" Although the responses to this question gave some insight into what each department is doing to address the Year 2000 problem, most did not provide funding detail and the responses do not take the place of a consolidated funding plan.

Additional Information

The Office of the State Auditor recently completed an audit of OTIS, Year 2000 Compliance Plan, for the period June 16, 1997 to March 26, 1998. The audit objective was to determine the status and appropriateness of OTIS' efforts to identify and correct Year 2000 problems for systems which it maintains. Thus, the Legislative and Judicial branches, which maintain their own information systems, were excluded from the audit. The audit, while noting progress, outlines several deficiencies in planning and oversight and makes recommendations for their improvement. This audit was technical in nature and the scope did not include budgetary information. Four recommendations noted in the audit report include:

<i>Centralized Systems Inventory-</i>	OTIS' centralized inventory is not complete.
<i>Disaster Recovery -</i>	OTIS needs to revise its disaster recovery plan to assure continued processing.
<i>Comprehensive Year 2000 Plan -</i>	OTIS should develop a comprehensive Year 2000 plan that is regularly modified and updated.
<i>Contingency Plans -</i>	Contingency plans should be developed to reduce the risk of computer systems failing to operate properly.

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Individuals wishing information and committee schedules on the FY 1999 budget are encouraged to contact:

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