

ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT
OF STATE**

FISCAL YEAR

2013 - 2014

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Education Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Adrian G. Crook.

Questions or comments may be directed to the OLS Education Section (609-847-3850) or the Legislative Budget and Finance Office (609-292-8030).

DEPARTMENT OF STATE

Budget Pages..... C-6; C-15; C-23; C-25; D-295 to D-345

Fiscal Summary (\$000)

	Expended FY 2012	Adjusted Appropriation FY 2013	Recommended FY 2014	Percent Change 2013-14
State Budgeted	\$1,147,294	\$1,176,750	\$1,190,383	1.2%
Federal Funds	29,879	28,333	28,052	(1.0%)
<u>Other</u>	<u>14,466</u>	<u>14,823</u>	<u>15,495</u>	<u>4.5%</u>
Grand Total	\$1,191,639	\$1,219,906	\$1,233,930	1.1%

Personnel Summary - Positions By Funding Source

	Actual FY 2012	Revised FY2013	Funded FY 2014	Percent Change 2013-14
State	225	237	238	0.4%
Federal	194	195	206	5.6%
Other	10	9	13	44.4%
<u>Colleges & Univ's.*</u>	<u>22,669</u>	<u>22,675</u>	<u>22,675</u>	<u>0.0%</u>
Total Positions	23,098	23,116	23,132	0.1%

FY 2012 (as of December) and revised FY 2013 (as of January) personnel data reflect actual payroll counts. FY 2014 data reflect the number of positions funded.

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

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

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The Governor's FY 2014 Budget Recommendation for the Department of State, excluding Higher Educational Services, totals \$63.1 million in General Fund appropriations, and equals the FY 2013 adjusted appropriation. In addition, the department anticipates \$6.6 million in federal funds, a reduction of \$1.1 million (14 percent) over the current adjusted appropriation of \$7.7 million.
- **Division of State Library:** State Aid appropriations for the Division of State Library for Per Capita Library Aid and for the Library Network are maintained at FY 2013 levels of \$3.7 million and \$4.3 million, respectively. Per Capita Library Aid provides financial assistance to approximately 300 libraries with the intent of ensuring the libraries are funded at a level that enables them to meet certain minimum standards, including requirements regarding hours of operation, number of staff, and materials. Library Network aid promotes cooperation among the various types of libraries in New Jersey and ensures the State's residents have full access to library materials and programs not currently available in their communities.
- **Office of the Secretary of State:** Grants-in-Aid funding for both the Office of Programs and the Center for Hispanic Policy, Research and Development are maintained at FY 2013 levels of \$1.35 million and \$1.18 million, respectively. In addition to the center, the Office of Programs includes the Governor's Office of Volunteerism, the New Jersey Commission on National and Community Service, the Office of Faith-Based Initiatives, the New Jersey Martin Luther King, Jr. Commemorative Commission, the New Jersey Commission on American Indian Affairs, and the Cultural Heritage Commission.
- **Business Action Center:** Direct State Services funding for the Office of Economic Growth (\$1.1 million), the New Jersey Motion Picture and Television Commission (\$450,000), and the Division of Travel and Tourism (\$9 million) are all maintained at their FY 2013 levels.
- **Election Management and Coordination:** State Aid funding for Extended Polling Place Hours is maintained at the FY 2013 level of \$7 million. This funding is used to provide required reimbursements to municipalities and county boards of elections for election expenses.
- **State Archives:** Direct State Services funding for the State Archives is maintained at the FY 2013 level of \$824,000. In FY 2013, the Governor transferred the functions of the Division of Archives and Records Management (DARM) pertaining to records management, records storage, and micrographics and imaging from the Department of State to the Department of Treasury's Division of Revenue and Enterprise Services. Prior to the transfer, DARM managed the records of the State government and the State Archives. The State Archives, which stores public records deemed to be of "enduring historic value" remained under the Department of State. Although the transfer took place, it is unclear under what authority it took place. Assembly Bill No. 3098 and the identical Senate Bill No. 2066 were both introduced on June 14, 2012 to authorize the transfer; however, neither bill saw legislative action. Moreover, there does not appear to be either an Executive Order or a Reorganization Plan effectuating the transfer.

Highlights (Cont'd)

- Grants-in-Aid appropriations for support of the arts, allocated through the **State Council on the Arts**, and for the development of historical resources, allocated through the **New Jersey Historical Commission**, are maintained at the FY 2013 levels of \$16 million and \$2.7 million, respectively.

Background Paper:

- Recent Funding History of the Division of State Library for Per Capita Library Aid.....p. 6

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2012	Adj. Approp. FY 2013	Recom. FY 2014	Percent Change	
				2012-14	2013-14
General Fund					
Direct State Services	\$27,932	\$28,082	\$28,082	0.5%	0.0%
Grants-In-Aid	1,104,429	1,133,663	1,147,296	3.9%	1.2%
State Aid	14,933	15,005	15,005	0.5%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,147,294	\$1,176,750	\$1,190,383	3.8%	1.2%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,147,294	\$1,176,750	\$1,190,383	3.8%	1.2%
Federal Funds	\$29,879	\$28,333	\$28,052	(6.1%)	(1.0%)
Other Funds	\$14,466	\$14,823	\$15,495	7.1%	4.5%
Grand Total	\$1,191,639	\$1,219,906	\$1,233,930	3.5%	1.1%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2012	Revised FY 2013	Funded FY 2014	Percent Change	
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State	225	237	238	5.8%	0.4%
Federal	194	195	206	6.2%	5.6%
All Other	10	9	13	30.0%	44.4%
Colleges and Universities*	22,669	22,675	22,675	0.0%	0.0%
Total Positions	23,098	23,116	23,132	0.1%	0.1%

FY 2012 (as of December) and revised FY 2013 (as of January) personnel data reflect actual payroll counts. FY 2014 data reflect the number of positions funded.

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AFFIRMATIVE ACTION DATA

Total Minority Percent

Office of Secretary of State	28.5%	28.1%	27.8%	---	---
Office of Secretary of Higher Ed.	40.0%	44.4%	36.4%	---	---
Higher Ed. Student Assist. Auth.	32.2%	31.1%	28.8%	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2013</u>	<u>Recomm.</u> <u>FY 2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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GENERAL GOVERNMENT SERVICES

BUSINESS ACTION CENTER

FEDERAL FUNDS

Business Action Center	\$650	\$300	(\$350)	(53.8%)	D-345
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In FY 2013, the Business Action Center (BAC) anticipated \$650,000 in federal, special purpose funding for the State Trade and Export Promotion (STEP) Pilot Grant Program. The program, authorized by the Small Business Jobs Act of 2010, is a three-year pilot trade and export initiative to make matching-funds available to states to assist eligible small businesses. According to the Office of Management and Budget, the BAC submitted an application to the federal Small Business Administration requesting \$650,000 in FY 2013 for the STEP Program; however, the actual grant received was approximately \$203,000. Based on the amount of the FY 2013 grant, the BAC has requested the reduced funding amount of \$300,000 in FY 2014, which it believes will be sufficient for the FY 2014 funding cycle of the STEP Program.

ELECTION MANAGEMENT AND COORDINATION

FEDERAL FUNDS

Election Management and Coordination	\$930	\$0	(\$930)	(100.0%)	D-345
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The FY 2013 adjusted appropriation consists of \$605,000 in federal special purpose funding for the Federal Voting Assistance Program, and \$325,000 in federal special purpose funding for Election Assistance For Persons With Disabilities. According to the New Jersey Division of Elections, the \$605,000 in funding for the Federal Voting Assistance Program was a one-time grant to establish a permanent system for ensuring that voting ballots are delivered to military personnel stationed overseas, and is a component of the Statewide voter registration system required under the "Help America Vote Act of 2002" (HAVA). Also according to the division, the \$325,000 in funding for Election Assistance For Persons With Disabilities was a grant to support compliance with Section 261 of HAVA which requires each county seeking HAVA funding to make all polling places accessible to voters with a full range of disabilities.

Background Paper: Recent Funding History of the Division of State Library for Per Capita Library Aid

Budget Pages.... D-337 to D-339

The Governor's FY 2014 Recommended Budget for the Division of State Library totals \$13.2 million and includes \$8 million in State Aid Appropriations. Of that amount, \$3.7 million is recommended for Per Capita Library Aid, which is the same amount as the FY 2011, FY 2012, and FY 2013 adjusted appropriations.

The "State Library Aid Law," N.J.S.18A:74-1 et seq., established a per capita formula to determine State aid to each municipality or county that supports library services through municipal or county taxes. Under N.J.S.18A:74-3, a graduated payment scale was established – between \$.50 and \$1.50 per capita. The per capita amount increases with local tax effort to support library service – the larger the support, measured by tax rate, the more aid per capita. Per Capita Library Aid provides financial assistance to approximately 300 libraries with the intent of ensuring the libraries are funded at a level that enables them to meet certain minimum standards, including requirements regarding hours of operation, number of staff, and materials.

Per Capita Library Aid is directly tied to the amount of local support a municipality or county provides for library services. Under R.S.40:54-1 and R.S.40:54-2, any municipality may establish a free public library if it is approved by a majority of the legal voters of the municipality during a special or general election. Once established, the minimum municipal appropriation for the library is tied to local property values. Thus, when property values increase, support for the library also increases. Under R.S.40:54-8, in every municipality which establishes a public library, "there shall annually be raised by taxation a sum equal to one-third of a mill on every dollar of assessable property within such municipality based on the equalized valuation of such property as certified by the Director of the Division of Taxation in the Department of the Treasury..." (One-third of a mill equals \$.03 per \$100.) However, increases in the amounts raised by taxation are not unlimited. Under R.S.40:54-8.1, any increase in the amount raised by taxation for the municipal library may not exceed the total amount expended by the municipality in the previous year plus 15% of the previous year's total expenditure for the maintenance of a free public library.

R.S.40:33-1 requires the board of chosen freeholders of every county to establish a free county library. Under R.S.40:33-9, the board is to determine the sum sufficient to establish and, annually thereafter, to maintain the county library. The board must certify the sum to be raised to the county board of taxation, which apportions the amount among the municipalities participating in the county library system. Under the law, the sum may not be less than 1/15 of a mill per dollar on the apportionment valuation of the municipalities who participate in the county library system. An alternative formula for the support of a county library system, the "Tax Base Sharing Option," is available under the "County Library Reorganization Law," R.S.40:33-13.2d et seq., to those counties which establish a county library study commission and in which the revenues from the county library tax established under R.S.40:33-9 have been derived from less than 75% of the total assessed property of the county in the calendar year prior to the establishment of the study commission.

Background Paper: Recent Funding History of the Division of State Library for Per Capita Library Aid (Cont'd)

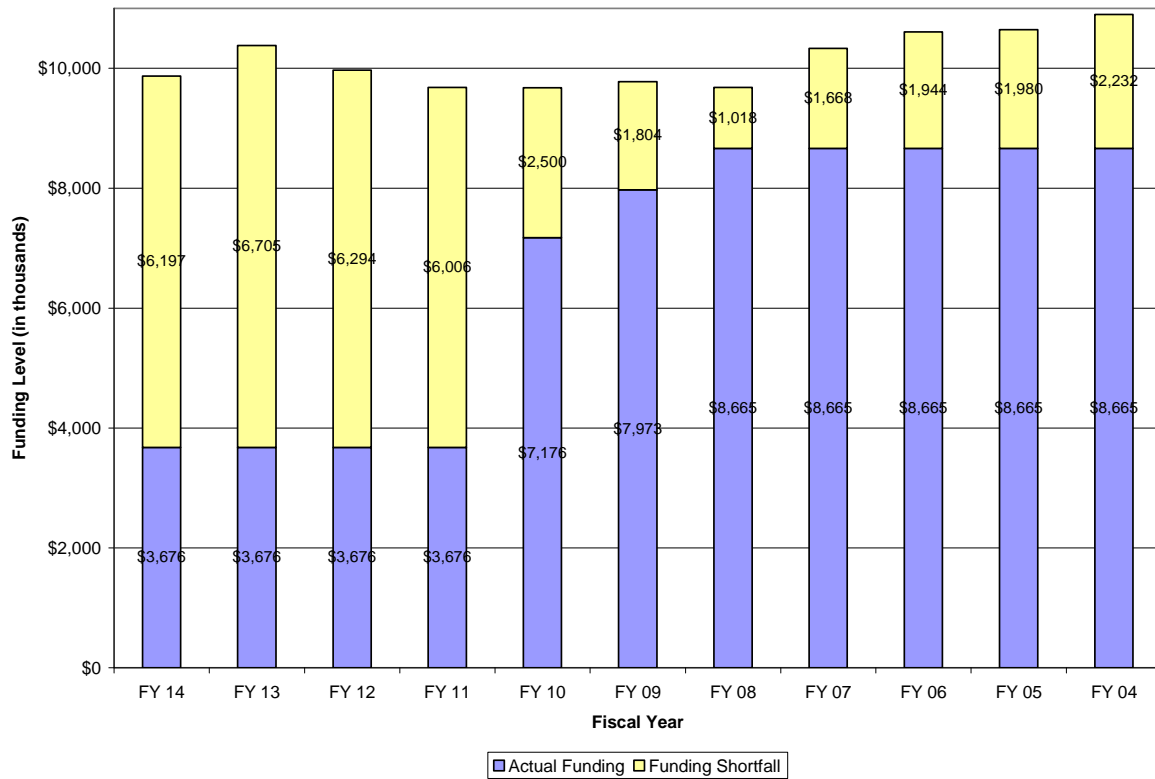
The chart below shows the Per Capita Library Aid funding history from FY 2004 to FY 2014. For each fiscal year there are two numbers: the appropriation for Per Capita Library Aid, and the amount needed, or shortfall, to fully fund Per Capita Library Aid for that fiscal year. For example, under the Governor's FY 2014 Budget proposal, Per Capita Library Aid is recommended to receive \$3.67 million in funding, which is the same amount as the FY 2011, FY 2012, and FY 2013 appropriations. According to the New Jersey Library Association, \$9.87 million, or an additional \$6.2 million, would be needed in FY 2014 to fully fund the Per Capita Library Aid program.

Prior to the trend of flat-funding, the last fiscal year in which the appropriation for Per Capita Library Aid exceeded \$3.7 million was in FY 2010, when the appropriation was \$7.2 million. As depicted in the chart, however, the FY 2010 appropriation of \$7.2 million was still \$2.5 million less than what was needed to fully fund Per Capita Library Aid in that fiscal year.

The amount necessary to fully fund Per Capita Library Aid varies from year to year depending on the property values throughout the State. For example, as depicted below, while \$10.38 million was necessary for full funding in FY 2013, only \$9.87 million is necessary for full funding in FY 2014. The Division of State Library has requested the full funding amount of \$9.87 million for FY 2014.

Although not depicted in the chart, the New Jersey Library Association indicated that Per Capita Library Aid has not been fully funded since FY 1990, when the appropriation totaled \$9.32 million.

Background Paper: Recent Funding History of the Division of State Library for Per Capita Library Aid (Cont'd)



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Individuals wishing information and committee schedules on the FY 2014 budget are encouraged to contact:

**Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625
(609) 292-8030 • Fax (609) 777-2442**