



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
COMMUNITY AFFAIRS**

FISCAL YEAR

2017-2018

NEW JERSEY STATE LEGISLATURE

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Questions or comments may be directed to the OLS Local Government Section (609-847-3875) or the Legislative Budget and Finance Office (609-847-3105).

DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-3, C-7, C-9 to C-10, C-16, C-23,
C-25, C-26, D-43 to D-60, F-7, and
F-9

Fiscal Summary (\$000)

	Expended FY 2016	Adjusted Appropriation FY 2017	Recommended FY 2018	Percent Change 2017-18
State Budgeted	\$500,498	\$841,588	\$827,699	(1.7%)
Federal Funds	\$470,506	\$461,392	\$456,917	(1.0%)
<u>Other</u>	<u>\$74,049</u>	<u>\$106,926</u>	<u>\$119,102</u>	<u>11.4%</u>
Grand Total	\$1,045,053	\$1,409,906	\$1,403,718	(.4%)

Personnel Summary - Positions By Funding Source

	Actual FY 2016	Revised FY 2017	Funded FY 2018	Percent Change 2017-18
State	86	84	84	—
Federal	293	267	287	7.5%
<u>Other</u>	<u>531</u>	<u>516</u>	<u>532</u>	<u>3.1%</u>
Total Positions	910	867	903	4.2%

FY 2016 (as of December) and revised FY 2017 (as of January) personnel data reflect actual payroll counts. FY 2018 data reflect the number of positions funded.

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

Highlights

- The Fiscal Year 2018 recommended appropriation for Consolidated Municipal Property Tax Relief Aid (CMPTRA) is \$639.238 million, an increase of \$16.156 million (2.6%) from the Fiscal Year 2017 adjusted appropriation of \$623.082 million. This increase affects only two municipalities allowed to receive a portion of their Fiscal Year 2017 Transitional Aid to Localities funding as an increase in their CMPTRA payment. Budget language allows for the transfer of \$347.534 million from CMPTRA to the Energy Tax Receipts Property Tax Relief Fund to support annual inflation increases in Energy Tax Receipts Property Tax Relief Aid, resulting in no change in combined formula aid distributed through these two programs.
- Funding for Transitional Aid to Localities is \$92.994 million, a decrease of \$14.356 million from the Fiscal Year 2017 adjusted appropriation of \$107.350 million. When the shift of Fiscal Year 2017 Transitional Aid to Localities to CMPTRA is taken into account, the funding level is an effective increase of \$1.8 million. The Executive recommends renewal of budget language that extends Transitional Aid eligibility to localities experiencing financial distress caused by the destruction or loss of a major business ratable.
- State Aid of \$4 million to four counties under the County Prosecutor Funding Initiative Pilot Program is eliminated. Consolidation Aid, which provides financial assistance to local governments that have merged or consolidated services, is reduced from \$4 million to \$1 million.
- The recommended funding level for the State Rental Assistance Program (SRAP) is \$18.5 million, unchanged from Fiscal Year 2017. The Budget anticipates a transfer of \$18.5 million from the New Jersey Housing Mortgage and Finance Agency (NJHMFA) to support SRAP in Fiscal Year 2018. Since Fiscal Year 2014, this State Grants-in-Aid appropriation has been supported by realty transfer fees revenues deposited in the New Jersey Affordable Housing Trust Fund.
- New State funding for affordable housing construction is limited to collections of the additional fee segment of the realty transfer fee above the amount anticipated, and revenues generated by the Statewide non-residential development fee, but only to the extent they are not needed to provide a minimum funding level of \$20 million for SRAP. These additional revenues are estimated at \$36.850 million.
- The Executive recommends an additional \$10 million for the Lead-Safe Home Renovation Pilot Program. This program supports the abatement of lead hazards in low- and moderate-income housing units across the State. Proposed budget language would permit the transfer of funds to the Department of Health to support childhood lead poisoning testing, prevention, and remediation efforts. The Fiscal Year 2017 appropriation of \$10 million is anticipated to support lead hazard abatement in approximately 500 housing units Statewide.

Highlights (Cont'd)

- Through allocations announced in February and April 2016, New Jersey has been awarded an additional \$114.6 million through the federal Department of the Treasury's Hardest Hit Fund to support foreclosure assistance programs. Information available through the federal Treasury website indicates that the State's entire allocation of the fifth round of Hardest Hit fund monies is allocated to the New Jersey HomeKeeper Program administered by the NJHMFA, increasing total program funding to \$352.8 million. (This funding does not appear in the State budget.)
- New Jersey's Superstorm Sandy recovery efforts are ongoing. New Jersey has been allocated \$4.174 billion in federal Community Development Block Grant-Disaster Recovery (CDBG-DR) funds. According to the Sandy Recovery Program Dashboard, \$2.277 billion has been disbursed, as of February 23, 2017. CDBG-DR supports homeowner assistance, the construction of affordable housing, rental housing and renter programs, economic development, environmental and infrastructure programs, assistance to governmental entities, supportive services, and planning, monitoring, and oversight.
- The Executive does not recommend Fiscal Year 2018 appropriations to support five Fiscal Year 2017 legislative initiatives: Camden County Housing First Pilot Program (\$250,000); New Jersey Re-entry Corporation – One-Stop Offender Re-entry Services (\$2.5 million); Volunteers of America – Re-entry Services (\$2.5 million); First Tee Program – County of Essex (\$3 million); and Boys and Girls Clubs of New Jersey – At Risk-Youth (\$145,000).
- The Budget anticipates all sales tax revenue collected in urban enterprise zones (UEZs) as State revenues, diverting \$66.728 million from the Enterprise Zone Assistance Fund that is statutorily dedicated to assisting UEZ municipalities in undertaking public improvements and economic development projects. The estimated amount of revenues to be transferred to the General Fund is 6.1% less than the amount to be transferred (\$71.057 million) in Fiscal Year 2017. The UEZ designation for five municipalities – Bridgeton City, Camden City, Newark City, Plainfield City, and Trenton City – expired on December 31, 2016.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2016	Adj. Approp. FY 2017	Recom. FY 2018	Percent Change	
				2016-18	2017-18
General Fund					
Direct State Services	\$56,115	\$41,038	\$40,744	(27.4%)	(0.7%)
Grants-In-Aid	48,045	54,035	45,640	(5.0%)	(15.5%)
State Aid	1,503	1,600	1,600	6.5%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$105,663	\$96,673	\$87,984	(16.7%)	(9.0%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	394,835	744,915	739,715	87.3%	(0.7%)
Sub-Total	\$394,835	\$744,915	\$739,715	87.3%	(0.7%)
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$500,498	\$841,588	\$827,699	65.4%	(1.7%)
Federal Funds	\$470,506	\$461,392	\$456,917	(2.9%)	(1.1%)
Other Funds	\$74,049	\$106,926	\$119,102	60.8%	11.4%
Grand Total	\$1,045,053	\$1,409,906	\$1,403,718	34.3%	(0.4%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2016	Revised FY 2017	Funded FY 2018	Percent Change	
				2016-18	2017-18
State	86	84	84	(2.3%)	0.0%
Federal	293	267	287	(2.0%)	7.5%
All Other	531	516	532	0.2%	3.1%
Total Positions	910	867	903	(0.8%)	4.2%

FY 2016 (as of December) and revised FY 2017 (as of January) personnel data reflect actual payroll counts. FY 2018 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	35.8%	37.0%	N/A	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2017</u>	<u>Recomm.</u> <u>FY 2018</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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COMMUNITY DEVELOPMENT MANAGEMENT

Grants-in-Aid

**Camden County
Housing First Pilot
Program**

\$250	\$0	(\$ 250)	(100.0%)	D-48
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Established in February 2015, the Camden County Housing First Pilot Program provides permanent housing and supportive services to chronically homeless persons. State funding of \$250,000 was provided in both Fiscal Year 2016 and Fiscal Year 2017. The New Jersey Comprehensive Financial System indicates that \$125,000 has been expended and \$125,000 is encumbered. Additional financial support is provided by the Camden County Homelessness Trust Fund, the Virtua Foundation, and Cooper University Hospital. The Executive does not recommended continued funding for this legislative initiative. The Camden County Housing First Pilot Program is also supported by South Jersey Behavioral Health Resources, Volunteers of America – Delaware Valley, St. Joseph’s Carpenter Society, OAKS Integrated Care, and the Corporation, and the Corporation for Supportive Housing.

In December 2015, the department set aside 50 project-based Section 8 Housing Choice Vouchers for the Camden Coalition of Health Providers for referrals to the “Camden FUSE Housing First Pilot. According to the Camden Coalition of Health Providers, all 50 vouchers have been awarded. These vouchers support affordable housing opportunities and wrap around services (e.g., rehabilitation, counseling, nursing, and mental health services) for Camden County residents who are chronically homeless and are “super-utilizers” of the health care system. During the Fiscal Year 2017 budget process, the department indicated that the Fiscal Year 2016 appropriation also funded outreach and case management activities.

All Other Funds

**Uniform Construction
Code**

\$11,878	\$12,628	\$ 750	6.3%	D-49
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Uniform Construction Code (UCC) revenues support the Division of Codes and Standards. The division ensures that all buildings are constructed to meet common standards; ensures the competence of local construction code officials through a licensing program; and verifies that all pre-manufactured buildings shipped into New Jersey are in compliance with the “State Uniform Construction Code Act,” (C.52:27D-119 et seq.) and the “Hotel and Multiple Dwelling Law,” P.L.1967, c.76 (C.55:13A-1 et seq.). The division also inspects ski lifts, carnival and amusement rides, and liquefied petroleum gas facilities in the interest of public safety, and administers the “New Home Warranty and Builders’ Registration Act,” P.L.1977, c.167 (C.46:3B-1 et seq.) and the “Retirement Community Full Disclosure Act,” P.L.1969, c.216 (C.45:22A-1 et seq.). Since the Office of Management and Budget did not include UCC fees in the list of fees being increased for Fiscal Year 2018, the OLS assumes this increase is driven by economic conditions.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2017</u>	<u>Recomm. FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Uniform Fire Code	\$12,327	\$20,216	\$ 7,889	64.0%	D-49

Uniform fire code revenues support the operations of the Division of Fire Safety. This appropriation represents that amount above \$17.424 million in Fire Safety fees anticipated for Fiscal Year 2018. In total, revenue from fire safety fees is expected to increase by 26%. The department has indicated that the additional revenues will be generated by an increase in fire safety inspection fees. The added revenue will be divided between division expenses and local enforcement agency rebates, in unspecified proportions.

Pursuant to P.L.1983, c.382 (C.52:27D-25n et seq.) and the "Uniform Fire Safety Act" P.L.1983, c.383 (C.52:27D-192 et seq.), the Division of Fire Safety administers a Statewide fire incident reporting program, oversees local fire code enforcement and monitoring, conducts inspections in approximately 100 municipalities and for all State-owned and leased property, and regulates and certifies the fire protection equipment industry. The division also provides domestic security guidance to local fire departments, administers the State's Fire Coordination System, and investigates serious firefighter injuries and fatalities. The division supports public education programs to inform the general public on fire prevention, provide loans to emergency service agencies, and provides training programs for local firefighters, fire officers, and fire code enforcement personnel.

SOCIAL SERVICES PROGRAMS

Grants-in-Aid

**New Jersey Re-entry
Corporation – One-
Stop Offender Re-
entry Services**

\$2,500	\$0	(\$2,500)	(100.0%)	D-53
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The New Jersey Reentry Corporation (NJRC) provides services to individuals released from correctional facilities. These services include individualized assessments and treatment plans that address essential needs such as housing, mental health care, medical care, and access to health insurance and other public benefits. The NJRC also provides job training, employment counseling, and employment placement programs as a means of reintegrating former offenders into the general population. Pursuant to Fiscal Year 2017 budget language, these funds support one-stop re-entry service in four municipalities: the City of Jersey City, Newark City, Paterson City, and Toms River Township.

The Fiscal Year 2016 Appropriations Act provided \$3.5 million for the NJRC. Of that amount, approximately \$2.815 million has been expended and \$685,000 is encumbered. In response to a Fiscal Year 2017 OLS Discussion Point, the NJRC indicated that program funds were divided evenly between the four sites during the initial program implementation and development period. For Fiscal Year 2017, the NJRC received \$2.5 million. The New Jersey Comprehensive Financial System indicates that \$1.25 million has been expended and \$1.25 million has been encumbered. The Executive does not recommend Fiscal Year 2018 funding for this legislative initiative.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2017</u>	<u>Recomm.</u> <u>FY 2018</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Volunteers of America – Re-entry Services	\$2,500	\$0	(\$2,500)	(100.0%)	D-53

The Fiscal Year 2017 Appropriations Act provided \$2.5 million to Volunteers of America Delaware Valley to provide reentry services in the City of Atlantic City and Trenton City to ex-offenders leaving State and county correctional facilities. The State accounting system indicates that \$1.25 million has been expended and \$1.25 million has been encumbered. A Fiscal Year 2016 appropriation of \$1.5 million was fully expended. State funds were divided evenly between the program sites in Atlantic City and Trenton City. In testimony before the Assembly Budget Committee on March 22, 2017, Volunteers of America Delaware Valley indicated that it has used State funds to establish a "Safe Return" program to provide employment, housing, and other necessary services to over 1,000 ex-offenders upon their release from prison. Volunteers of America Delaware Valley also reported that it assisted over 200 persons through a 30-day "Safe Return" pilot program in Camden City. The Executive does not recommend Fiscal Year 2018 funding for this legislative initiative.

First Tee Program – County of Essex	\$3,000	\$0	(\$3,000)	(100.0%)	D-53
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The First Tee Program provides educational programs that build character, instill values, and promote healthy choices through the game of golf, with a focus on serving minority and under-privileged youth. The First Tee of Essex County was established in August 2006 through a partnership between the Metropolitan Golf Association, New Jersey Section of the Professional Golfers' Association of America, and the Essex County Department of Parks, Recreation, and Cultural Affairs. The Essex County First Tee Program is located at Weequahic Park in Newark City's South Ward. The State accounting system indicates that \$1.5 million has been expended and \$1.5 million is encumbered. It is unclear from this activity whether the department intends to extend this grant for two years or whether all funds will be released to the grantee within Fiscal Year 2017. The budget recommends that funding for this appropriation, not originally recommended by the Governor, be discontinued.

Boys and Girls Clubs of New Jersey – At Risk Youth	\$145	\$0	(\$ 145)	(100.0%)	D-53
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The Fiscal Year 2017 Appropriations Act provided \$145,000 to the Boys & Girls Clubs of New Jersey to support mentoring, leadership, workforce readiness, career exploration, and college preparation programs for at-risk youth ages 13 to 18. The Boys & Girls Clubs of New Jersey is an alliance of 23 Boys & Girls Club organizations serving over 70,000 youth ages 5 to 18 throughout the State. The Executive does not recommend Fiscal Year 2018 funding for this legislative initiative. It is unclear how discontinuation of this funding will affect services provided by the Boys & Girls Clubs of New Jersey for at-risk youth.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2017</u>	<u>Recomm. FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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STATE SUBSIDIES AND FINANCIAL AID

State Aid

Consolidated

Municipal Property

Tax Relief Aid (PTRF)	\$623,082	\$639,238	\$16,156	2.6%	D-55
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The Fiscal Year 2018 Budget increases State Aid allocated through Consolidated Municipal Property Tax Relief Aid (CMPTRA) by \$16.156 million. This increase would permit two municipalities to receive a portion of their Fiscal Year 2017 Transitional Aid to Localities funding as part of their CMPTRA payment as follows: Atlantic City (\$15 million) and Harrison Town (\$1.156 million). Unrelated to the increase in appropriations, the annual inflation adjustment to Energy Tax Receipts Property Tax Relief Aid, 0.5% or \$5.652 million, is to be funded by reallocating CMPTRA rather than increasing energy tax receipts appropriations. No municipality will receive a formula-based increase in State Aid in Fiscal Year 2018.

County Prosecutor

Funding Initiative

Pilot Program (PTRF)	\$4,000	\$0	(\$4,000)	(100.0%)	D-55
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Fiscal Year 2017 budget language allocated this aid as follows: Camden County, \$895,000; Essex County, \$1,811,000; Hudson County, \$802,500; and Mercer County, \$491,500. Established in Fiscal Year 2005 with an initial funding level of \$8 million, this aid serves to offset local property taxation, and does not directly affect the level of funding for prosecutors' offices in the four recipient counties. The Fiscal Year 2011 Appropriations Act reduced the funding level to \$4 million. The Executive does not recommend Fiscal Year 2018 funding for this legislative initiative.

Consolidation

Implementation

(PTRF)	\$4,000	\$1,000	(\$3,000)	(75.0%)	D-55
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Fiscal Year 2017 budget language permits Consolidation Implementation funds to be used to reimburse local governments that have consolidated or entered into shared services arrangements and assist local governments involved in the implementation of the "Property Tax Assessment Reform Act," ("Act") P.L.2009, c.118 (C.54:1-86 et seq.). The Act established a system of county property assessment in Gloucester County and requires the State to reimburse municipalities for the cost of property revaluations required for the implementation of that initiative. According to the New Jersey Comprehensive Financial System, Fiscal Year 2017 funds were distributed to Gloucester County (\$3,700,000) and Lake Como Borough (\$300,000). According to the Executive, Fiscal Year 2018 funding will accommodate any unforeseen consolidation expenses and serve as an incentive to local consolidation efforts.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2017</u>	<u>Recomm. FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Transitional Aid to Localities (PTRF)

\$107,350	\$92,994	(\$14,356)	(13.4%)	D-55
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Transitional Aid to Localities is the State’s only discretionary municipal financial assistance program. In Fiscal Year 2017, 13 local units submitted applications requesting \$123.683 million in additional State assistance; 12 municipalities have been awarded \$90.298 million. Camden City’s application for \$16 million has not yet been acted upon. There were no unsuccessful applicants. Taking into consideration the transfer of \$16.156 million from the Fiscal Year 2017 appropriation to Consolidated Municipal Property Tax Relief Aid (CMPTRA), the recommended funding level is an effective increase of \$1.8 million above net Fiscal Year 2017 Transitional Aid to Localities. Twelve municipalities (Asbury Park City, Atlantic City, Beverly City, Camden City, Chesilhurst Borough, Harrison Town, Lawnside Borough, Maurice River Township, Newark City, Penns Grove Borough, Trenton City, and Union City) will continue to receive a portion of their Transitional Aid to Localities awards from prior years as Consolidated Municipal Property Tax Relief Aid. These municipalities remain eligible to apply for additional State financial assistance.

According to Local Finance Notice 2017-05, "Aid will only be available to Calendar Year municipalities anticipating difficulties making payments toward nondiscretionary or critical obligations, including, but not limited to, debt service, contractual obligations, and payroll. Applying for aid under this program is a declaration that the municipality is incapable of meeting its obligations and managing its finances without special state assistance, oversight and intervention." The Executive also proposes the reauthorization of budget language that extends eligibility for Transitional Aid to local government units experiencing financial distress due to the loss or destruction of a "major business ratable."

MANAGEMENT AND ADMINISTRATION

Direct State Services

Salaries & Wages	\$2,156	\$2,016	(\$ 140)	(6.5%)	D-59
Government Records Council	\$618	\$478	(\$ 140)	(22.7%)	D-59

The Executive proposes a reduction in salaries and wage appropriations Administration and Support Services, i.e., the department’s central administrative staff, and in funding for the Government Records Council, in each case eliminating funding in excess of that needed to maintain the current staff complement. Established by section 8 of P.L.2001, c.404 (C.47:1A-7), the Government Records Council provides technical and educational assistance and guidance to the public and government records custodians concerning the administration and implementation of P.L.1963, c.73 (C.47:1A-1 et seq.), commonly known as the open public records act. The council also issues advisory opinions on the accessibility of government records and mediates and resolves disputes regarding access to government records.

Significant Language Changes

Transfer of State Rental Assistance Program Funds

Addition

2017 Handbook: --
2018 Budget: p. D-50

Notwithstanding the provisions of any law or regulation to the contrary, of the amount hereinabove appropriated for the State Rental Assistance Program, an amount not to exceed \$2,000,000 may be transferred to the Division of Mental Health and Addiction Services in the Department of Human Services for the purpose of assisting clients previously supported by the Housing Assistance component of the federal Hurricane Sandy Social Services Block Grant Supplemental funding, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Department of Human Services (DHS) allocated \$96.284 million in federal Social Services Block Grant (SSBG) funds for rental assistance for low-income households and homeless persons. Of that amount, \$41.284 million was reserved for housing assistance and wrap around services for people with severe and persistent mental illness or substance disorders. In its Social Services Block Grant Supplemental Intended Use Plan the DHS noted that the decline in available rental housing following Superstorm Sandy created an environment in which consumers of behavioral health services were required to compete with a greater number of individuals and families to obtain access to a limited housing stock. The DHS expressed concern that mental health consumers would be at a disadvantage in the marketplace until the rental housing stock was replenished.

To ensure housing for persons with severe and persistent mental illness in the aftermath of Superstorm Sandy, the DHS established long-term lease arrangements between landlords and the Division of Mental Health and Addiction or contracted services providers. The DHS authorized agreements of three to five years between supportive housing service providers and landlords to preserve access to rental housing units. The DHS estimated that 900 units would be subsidized through this initiative. As recommended by the Governor, this language provision would permit the transfer to \$2 million from the department to the DHS to continue to provide rental assistance and services to clients who have been supported by the housing assistance element of the Superstorm Sandy SSBG Program.

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough.
Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

Allocation of Realty Transfer Fees for the State Rental Assistance Program

Revision

2017 Handbook: p. B-24
2018 Budget: p. D-51

The amount hereinabove appropriated for the Shelter Assistance Program, and the Prevention of Homelessness Program, ~~and the State Rental Assistance Program~~ shall be payable from the receipts of the portion of the realty transfer fee directed to be credited to the “New Jersey Affordable Housing Trust Fund” pursuant to section 4 of P.L.1968, c.49 (C.45:15-8) and from the receipts of the portion of the realty transfer fee directed to be credited to the “New Jersey Affordable Housing Trust Fund” pursuant to section 4 of P.L.1975, c.176 (C.46:15-10.1). If the receipts are less than anticipated, the appropriation shall be reduced proportionately.

Explanation

As revised, this language provision omits the State Rental Assistance Program (SRAP) from the list of programs supported by realty transfer fees. Instead, the Fiscal Year 2018 Budget anticipates the transfer of \$18.5 million from the New Jersey Housing and Mortgage Finance Agency to support SRAP. The Executive proposes to use realty transfer fees to support programs in the Department of Human Services, Shelter Assistance, Prevention of Homelessness, Affordable Housing Administration, and the Office of Local Planning Services.

Transfer of Lead-Safe Home Renovation Pilot Program Funds

Revision

2017 Handbook: p. B-24
2018 Budget: p. D-51

~~The~~ Of the amount hereinabove appropriated for the Lead-Safe Home Renovation Pilot Program, such amounts as are necessary may be transferred to the Revolving Housing Development and Demonstration Grant Fund for the purpose of remediating lead in dwellings statewide, and such amounts as are determined by the State Treasurer to be necessary may be transferred to the Division of Family Health Services in the Department of Health in accordance with N.J.A.C.8:51-1.1 et seq. subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The Fiscal Year 2017 Appropriations Act appropriated \$10 million for the Lead-Safe Home Renovation Pilot Program to support a lead remediation and containment program for low- and moderate-income households. On October 21, 2016, the department announced the awarding of grant funds to eight nonprofit entities to identify and remediate lead-based paint hazards in low- and moderate-income households located in owner-occupied and rental housing units

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough.
Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

constructed before 1978. The department anticipates that the grant funds will support the remediation of lead hazards in 507 housing units Statewide.

The Fiscal Year 2018 budget recommends \$10 million to continue this initiative. The proposed revisions to this budget language provision would allow the transfer of Lead-Safe Home Renovation Pilot Program funds to the Division of Family Health in the Department of Health to support childhood lead poisoning testing, prevention, and remediation efforts. N.J.A.C.8:51-1.1 et seq. establishes procedures for the Department of Health to protect children from the adverse health effects of exposure to lead hazards in their homes and other environments.

Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund

Deletion

2017 Handbook: p. B-25
2018 Budget: –

~~There is appropriated from the Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund established under P.L.1997, c.125 the sum of \$9,950,522.53, to be used for building demolition and disposal projects in the following municipalities in the following amounts: Brick Township: \$300,000; Camden City: \$3,000,000; Glassboro Borough: \$1,499,000; Gloucester City: \$856,329.53; Hillside Township: \$105,000; Irvington Township: \$600,000; Paterson City: \$1,987,343; Pemberton Township: \$260,000; Pleasantville City: \$289,850; Salem City: \$250,000; Vineland City: \$635,000; Winslow Township: \$168,000.~~

Explanation

The Fiscal Year 2017 Appropriations Act allocated \$9,950,522.53 from the Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund for building demolition and disposal projects in twelve municipalities. The “Urban and Rural Centers Unsafe Buildings Demolition Bond Act,” (P.L.1997, c.125) authorized the issuance of bonds in the amount of \$20 million, the proceeds of which are used to finance the demolition and disposal of unsafe buildings in urban and rural areas. Voters approved the sale of bonds at the general election held on November 2, 1997. The Executive does not propose another allocation of funding for this initiative, so this language is unnecessary and is recommended for deletion. This likely reflects the unavailability of resources in the fund to support a new round of project loans.

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough. Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

New Jersey Re-entry Corporation One Stop Offender Re-entry Services

Deletion

2017 Handbook: p. B-26
2018 Budget: –

~~The amount hereinabove appropriated for New Jersey Re-entry Corporation One Stop Offender Re-entry Services shall be utilized to provide One-Stop Re-entry services in Newark, Jersey City, Paterson, and Toms River which shall include medication-assisted treatment for relapse prevention.~~

Explanation

The Fiscal Year 2017 Appropriations Act provided \$2.5 million to the New Jersey Reentry Corporation (NJRC) to provide one-stop re-entry services in Newark City, the City of Jersey City, Paterson City, and Toms River Township. According to its website, the NJRC offers case management, employment training, and legal assistance as a means of reintegrating probationers into the general population. Program participants receive individual assessments and treatment plans that address essential needs, such as housing, mental health care, medical care, and access to health insurance and other public benefits. Since the Executive does not recommend Fiscal Year 2018 funding for this initiative, this language is unnecessary, and is recommended for deletion.

Volunteers of America – Re-entry Services

Deletion

2017 Handbook: p. B-26
2018 Budget: –

~~The amounts hererinabove appropriated for Volunteers of America Re-entry Services shall be utilized to provide expanded re-entry services in Atlantic City and Trenton which shall include treatment for relapse prevention.~~

Explanation

The Fiscal Year 2017 Appropriations Act allocated \$2.5 million to Volunteers of America Delaware Valley to provide reentry services in the City of Atlantic City and Trenton City to ex-offenders leaving State and county correctional facilities. In testimony before the Assembly Budget Committee on March 22, 2017, Volunteers of America Delaware Valley indicated that it has used State funds to support a “Safe Return” program to address the housing, employment, substance abuse, and mental health treatment needs of ex-offenders upon their release from prison. Volunteers of America Delaware Valley reported that it has assisted over 1,000 people gain access to these services and resolve transportation and identification issues. In September 2016, Volunteers of America Delaware Valley also implemented a 30-day safe return initiative to alleviate poverty among ex-

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough.
Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

offenders in Camden City. Since the Executive does not recommend Fiscal Year 2018 funding for this initiative, this language is unnecessary, and is recommended for deletion.

Change to Municipal Aid Payment Schedule

Revision

2017 Handbook: p. B-27
2018 Budget: p. D-56

The amount hereinabove appropriated for Consolidated Municipal Property Tax Relief Aid shall be distributed on the following schedule: on or before August 1, ~~45~~ 40% of the total amount due; September 1, 30% of the total amount due; October 1, ~~15~~ 10% of the total amount due; November 1, 5% of the total amount due; December ~~+~~ 20 for municipalities operating under a calendar fiscal year; ~~5~~ 15% of the total amount due; and June 1 for municipalities operating under the State fiscal year, ~~5~~ 15% of the total amount due; provided, however that notwithstanding the provision of any law or regulation to the contrary, the Director of Local Government Services, in consultation with the Commissioner of Community Affairs and the State Treasurer, may direct the Director of the Division of Budget and Accounting to provide such payments on an accelerated schedule if necessary to ensure fiscal stability for a municipality.

Explanation

For several fiscal years, annual Appropriations Acts have required municipal State Aid to be distributed on the following schedule: on or before August 1, 45% of the total amount due; on or before 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 either December 1, 5% of the total amount due (for municipalities operating under a calendar fiscal year) or June 1, 5% of the total amount due (for municipalities operating under the State fiscal year). The Executive proposes changing the municipal State Aid payment schedule so that municipalities receive 40% of the amount due on August 1, 10% of the total amount due on October 1, and 15% of the total amount due on either December 20 or June 1, depending on a municipality's budget calendar.

The current language has the effect of compensating calendar budget year municipalities for receiving no State Aid payments in the first seven months of their fiscal year, by providing them with 75% of their total State aid by September 1, before the end of the third quarter of their budget year, and 90% of their total aid by October 1. As revised, the payment schedule would assist the State's cash flow situation by shifting 10% of municipal aid payments from the first quarter of its fiscal year to late in the second quarter. This revision to the municipal aid payment schedule was proposed by the Governor for Fiscal Year 2017 but was not included in the Appropriations Act enacted by the Legislature.

EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough. Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

Distribution and Transfer of Consolidated Municipal Property Tax Relief Aid

Revision

2017 Handbook: p. B-27
2018 Budget: p. D-56

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Consolidated Municipal Property Tax Relief Aid shall be distributed in the same amounts, and to the same municipalities that received funding pursuant to the previous fiscal year’s annual appropriations act; provided further, however, that from the amount hereinabove appropriated there are transferred to the “Energy Tax Receipts Property Tax Relief Fund” account such amounts as were determined for fiscal year 2003, fiscal year 2006, fiscal year 2007, fiscal year 2008, fiscal year 2009, fiscal year 2010, fiscal year 2012, fiscal year 2013, fiscal year 2015, fiscal year 2016, and fiscal year ~~2016~~ 2018 pursuant to subsection e. of section 2 of P.L.1997, c.167 (C.52:27D-439), as amended by P.L.1999, c.168; and except that the amount of Consolidated Municipal Property Tax Relief Aid received by a municipality shall be increased by such amounts of Transitional Aid to Localities deemed to constitute Consolidated Municipal Property Tax Relief Aid by the Director of the Division of Local Government Services in the previous fiscal year.

Explanation

As was the case in Fiscal Year 2003, Fiscal Years 2006 to 2010, and Fiscal Years 2012 to 2016, the proposed budget provides that the annual inflation adjustment to Energy Tax Receipts Property Tax Relief Aid (\$5.652 million or 0.5%) be funded by reallocating Consolidated Municipal Property Tax Relief Aid (CMPTRA) rather than by appropriating additional State funds. Municipalities will not receive an inflation-based municipal aid increase in Fiscal Year 2018.

County Prosecutor Funding Initiative Pilot Program

Deletion

2017 Handbook: p. B-27
2018 Budget: –

~~The amount hereinabove appropriated for the County Prosecutor Funding Initiative Pilot Program shall be distributed as follows: Camden County, \$895,000; Essex County, \$1,811,000; Hudson County, \$802,500; and Mercer County, \$491,500.~~

Explanation

This language provision governs the allocation of the \$4 million County Prosecutor Funding Initiative Pilot Program. This aid serves to offset local property taxation and does not directly affect the level of funding for county prosecutors’ offices in the four recipient counties. Established in Fiscal Year 2005 with an initial funding level of \$8 million, program funding was reduced to \$4 million by the Fiscal Year 2011 Appropriations Act. Since the Executive does not recommend

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Significant Language Changes (Cont'd)

Fiscal Year 2018 funding for this program, this language is unnecessary, and is recommended for deletion.

Historic Trust/Open Space Administrative Costs

Revision

2017 Handbook: p. B-29
2018 Budget: p. D-59

The amount hereinabove appropriated for the Historic Trust/Open Space Administrative Costs program is appropriated for all administrative costs and expenses pursuant to the "New Jersey Cultural Trust Act," P.L.2000, c.76 (C.52:16A-72 et seq.); the "Garden State Preservation Trust Act," sections 1 through 42 of P.L.1999, c.152 (C.13:8C-1 et seq.); the "Historic Preservation Revolving Loan Fund," P.L.1991, c.41 (C.13:1B-15.115a et seq.); the "Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88; the "Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act of 1995," P.L.1995, c.204; the "Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007," P.L.2007, c.119; ~~and~~ the "Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009," P.L.2009, c.117; and the Preserve New Jersey Historic Preservation Fund, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language provision requires State funds appropriated for Historic Trust/Open Space Administrative Costs to support costs incurred by the State associated with the administration of various farmland, green acres, blue acres, and historic preservation bond acts. As revised, the language would permit State funds to support administrative costs and expenses of the "Preserve New Jersey Historic Preservation Fund" established by section 9 of P.L.2016, c.12 (C.13:8C-51).

P.L.2016, c.12 implements the constitutional dedication of Corporation Business Tax (CBT) revenues for open space, farmland, and historic preservation. At the general election held on November 4, 2014, the voters of New Jersey approved Public Question No. 2, which proposed to amend the New Jersey Constitution to change the amounts allocated to various environmental programs funded by the existing dedication of 4% of the revenue collected annually from the Corporation Business Tax (CBT). It also raises the amount dedicated for these purposes from 4% to 6% of the CBT, beginning in Fiscal Year 2020. The State Constitution now requires, from Fiscal Year 2016 to Fiscal Year 2019, 71% of the annual CBT dedicated annually to be allocated for the preservation and stewardship of open space (Green Acres), farmland, historic sites, and flood-prone areas (Blue Acres).

Paragraph (4) of subsection a. of section 5 of P.L. of P.L.2016, c.12 (C.13:8C-47) requires 5% of the CBT revenues dedicated for the preservation and stewardship of Blue Acres, Green Acres, farmland, and historic sites to be deposited into the

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Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Significant Language Changes (Cont'd)

“Preserve New Jersey Historic Preservation Fund” to be used for the purposes set forth in section 41 of P.L.1999, c.152 (C.13:8C-41), emergency intervention, and the acquisition of historic preservation easements. Section 41 of P.L.1999, c.152 appropriated funds from the Garden State Historic Preservation Trust to the New Jersey Historic Trust to provide historic preservation grants to local government units or qualifying tax exempt nonprofit organizations.

Historic Trust/Open Space Trust Administrative Costs	
Revision	2017 Handbook: p. B-29 2018 Budget: p. D-59

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Historic Trust/Open Space Administrative Costs account is transferred from the Garden State Historic Preservation Trust Fund, the 2007 Historic Preservation Fund, ~~and the 2009~~ the 2009 Historic Preservation Fund and the Preserve New Jersey Historic Preservation Fund to the General Fund and is appropriated to the Department of Community Affairs for Historic Trust/Open Space Administrative Costs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As revised, this language provision authorizes the transfer of funds deposited into the Preserve New Jersey Historic Preservation Fund to the Department of Community Affairs for Historic Trust/Open Space Administrative Costs. The Fiscal Year 2018 Budget recommends a funding level of \$654,000 for Historic Trust/Open Space Administrative Costs. The availability of resources from the Preserve New Jersey Historic Preservation Fund will depend on future enactment by the Legislature of supplemental appropriations separate from the annual Appropriations Act.

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OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2018 budget are encouraged to contact:

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