

DEPARTMENT OF LAW AND PUBLIC SAFETY

Budget Pages..... C-5 to C-6; C-13; C-20 to C-21; C-25;
C-26; D-243 to D-275

Fiscal Summary (\$000)

	Expended FY 2016	Adjusted Appropriation FY 2017	Recommended FY 2018	Percent Change 2017-18
State Budgeted	\$647,893	\$598,753	\$587,646	(1.9%)
Federal Funds	\$255,915	\$210,021	\$209,058	(.5%)
<u>Other</u>	<u>\$211,606</u>	<u>\$204,055</u>	<u>\$212,572</u>	<u>4.2%</u>
Grand Total	\$1,115,414	\$1,012,829	\$1,009,276	(.4%)

Personnel Summary - Positions By Funding Source

	Actual FY 2016	Revised FY 2017	Funded FY 2018	Percent Change 2017-18
State	5,292	5,321	5,432	2.1%
Federal	94	95	98	3.2%
<u>Other</u>	<u>2,073</u>	<u>2,052</u>	<u>2,059</u>	<u>.3%</u>
Total Positions	7,459	7,468	7,589	1.6%

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

Law Enforcement

Division of State Police

- FY 2018 recommended appropriations for the Division of State Police (DSP) from all State sources total \$455.8 million, \$3.575 million above FY 2017. State appropriations of \$297.78 million are \$5.292 million below FY 2017, due primarily to shifting costs to new and increased revenue and the elimination of State Aid for Essex Crime Prevention.

The Governor's FY 2018 budget anticipates an increase of \$3.7 million in the New Jersey DNA Forensic Laboratory Fund from motor vehicle fines. The New Jersey DNA Forensic Laboratory is currently funded by a \$2.00 surcharge added to all motor vehicle fines pursuant to N.J.S.A. 39:5-41. According to the Office of Management and Budget (OMB), the budget assumes enactment of legislation to increase the surcharge by \$1.00. According to the OMB, this would generate enough revenue to cover spending growth necessary (\$3.2 million) as a result of the requirements of the Bail Reform Act and support a \$500,000 shift of budgeted appropriations.

The Governor's FY 2018 budget anticipates an increase of \$3.643 million in revenue in the DSP from fingerprinting fees. Again, according to the OMB to achieve this revenue increase, the enactment of legislation is required to increase the fee from certain non-criminal background checks by \$15, from \$30 to \$45.

The FY 2018 budget indicates an anticipation of \$31.110 million in revenues from the New Jersey Emergency Medical Services Helicopter Response Program Fund (p. C-14). According to OMB of the \$31.110 million anticipated, \$24.1 million will be allocated to the DSP MedEvac Operations, \$4.5 million to DSP recruit classes 158 and 159, and the remaining to the Department of Health MedEvac Operations (estimated \$2.5 million).

The FY 2018 budget provides \$13.305 million to the DSP from vehicle rental surcharge revenue from the Department of Treasury to support State Police Operations. This is a \$1.2 million increase above FY 2017.

In FY 2018, \$25.88 million in vehicle rental surcharge revenue is recommended to be allocated as follows: an amount not to exceed \$278,000 to support the Agro-Terrorism program within the Department of Agriculture (p. D-20); an amount not to exceed \$13.305 million for State Police salaries related to statewide security services (p. D-257); an amount not to exceed \$8.9 million for the Office of Homeland Security and Preparedness (p. D-268); and an amount not to exceed \$4.722 million for the Medical Emergency Disaster Preparedness for Bioterrorism program (p. D-152).

- The FY 2018 Governor's Budget includes funding of \$4.5 million for recruitment of the 159th State Police recruit class (\$500,000) and the training of the 158th State Police recruit class (\$4 million) which is provided from the New Jersey Emergency Medical Services Helicopter Response Program Fund.

Highlights (Cont'd)

According to the department, the 157th State Police recruit class began in January of 2017 and will graduate in June of 2017. The 158th State Police recruit class is projected to begin January of 2018 and graduate in June of 2018.

The department intends to commence the training of the three classes with 591 recruits with the expectation of graduating 290 State Troopers. The total DSP positions are projected to increase 73 positions from 3,504 to 3,577 in 2018 (p. D-253).

- According to the OMB, the budget provides the payment of debt service for vehicles purchased prior to FY 2018 through the line of credit process and one half-year payment for FY 2018 purchases. In FY 2018, 286 vehicles will be purchased through a three-year line of credit; in FY 2017, 244 vehicles were purchased; and FY 2016, 306 vehicles were purchased.
- The 9-1-1 System and Emergency Response Fund account offsets a portion of the General Fund expenditures in support of various emergency response efforts, such the operating budget of the DSP (p. H-6). The Governor's FY 2018 budget includes an increase of \$13 million in revenue, anticipating legislative approval of a bill extending the \$0.90 per month telephone assessment fee to pre-paid cellular phones. Under current law, all landline and monthly cell phone subscribers pay the assessment, but users of pre-paid phones do not.

Division of Criminal Justice and Division of Gaming Enforcement

- Recommended FY 2018 appropriations for the Division of Criminal Justice (\$31.693 million) and the Division of Gaming Enforcement (\$42.53 million) are essentially unchanged from FY 2017.

Special Law Enforcement

Election Law Enforcement

- The FY 2018 Governor's budget recommends \$19.680 million in Grants-In-Aid from the Gubernatorial Elections Fund, pursuant to N.J.S.A. 19:44A-30, to support public financing of the 2018 gubernatorial general election cycle (p. D-260). Of this funding, \$1.08 million is allocated for administrative purposes and a ballot statement program. The remaining \$18.6 million in funding supports candidate financing.

Since 1977, New Jersey gubernatorial primary and general election candidates can qualify for a public funding program, whereby candidates who raise a minimum amount of money are dispensed tax-generated funds, controlled by the state election law enforcement commission, in direct proportion to campaign donations given from the public.

Highlights (Cont'd)

The 2017 Cost Index Report by the N.J. Election Law Enforcement Commission cites that the General Public Fund Cap, the maximum support a publicly financed candidate may receive from the Gubernatorial Election Fund, is \$9.3 million. The FY 2018 funding anticipates that two candidates will require funding. FY 2018 budget language (p. D-261) authorizes additional sums to be appropriated from the General Fund if additional funding is required.

Juvenile Services

Juvenile Justice Commission

- The FY 2018 budget provides \$119.598 million for the operations of the Juvenile Justice Commission (\$102.999 million) and the commission’s grant programs (\$16.599 million). The commission’s residential programs are projected to serve 328 juveniles, the same as in FY 2017. The active parole caseload is projected to remain steady at 224 juveniles (p. D-263).

Central Planning, Direction and Management

Office of Homeland Security and Preparedness

- The Governor’s 2018 budget recommends funding of \$9.478 million for the administration and operating costs for the Office of Homeland Security and Preparedness (OHSP) which includes the Division of Cybersecurity transferred from the Office of Information Technology in 2017.
- The budget also appropriates \$8.9 million, a \$1.7 million increase, for the OSHP from vehicle rental surcharge revenues.
- Federal funding to support homeland security programs is projected to total \$33.149 million for FY 2018, as follows: Urban Area Security Initiative Grant (UASI), \$20.534 million, UASI Nonprofit Security Grant Program, \$4.261 million, and Homeland Security Grant Program, \$8.354 million.

Background Papers

The 9-1-1 System and Emergency Response Fee	p. 24
Division of State Police Recruiting and Retirements	p. 33
New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR/MEDEVAC) Program	p. 35

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	\$587,527	\$522,687	\$507,980	(13.5%)	(2.8%)
Grants-In-Aid	\$16,239	\$17,364	\$17,364	6.9%	0.0%
State Aid	\$1,711	\$0	\$0	(100.0%)	0.0%
Capital Construction	\$402	\$0	\$0	(100.0%)	0.0%
Debt Service	\$0	\$0	\$0	0.0%	0.0%
Sub-Total	\$605,879	\$540,051	\$525,344	(13.3%)	(2.7%)
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	\$2,000	\$2,000	\$0	(100.0%)	(100.0%)
Sub-Total	\$2,000	\$2,000	\$0	(100.0%)	(100.0%)
Gubernatorial Elections Fund	\$0	\$14,080	\$19,680	0.0%	39.8%
Casino Revenue Fund	\$92	\$92	\$92	0.0%	0.0%
Casino Control Fund	\$39,922	\$42,530	\$42,530	6.5%	0.0%
State Total	\$647,893	\$598,753	\$587,646	(9.3%)	(1.9%)
Federal Funds	\$255,915	\$210,021	\$209,058	(18.3%)	(0.5%)
Other Funds	\$211,606	\$204,055	\$212,572	0.5%	4.2%
Grand Total	\$1,115,414	\$1,012,829	\$1,009,276	(9.5%)	(0.4%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2016	Revised FY 2017	Funded FY 2018	Percent Change	
				2016-18	2017-18
State	5,292	5,321	5,432	2.6%	2.1%
Federal	94	95	98	4.3%	3.2%
All Other	2,073	2,052	2,059	(0.7%)	0.3%
Total Positions	7,459	7,468	7,589	1.7%	1.6%

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	30.3%	30.3%	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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LAW ENFORCEMENT**Direct State Services****Total Personal Services**

(From General Fund)	\$231,957	\$227,290	(\$4,667)	(2.0%)	D-254
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State Police DNA Laboratory Enhancement

	\$1,150	\$650	(\$ 500)	(43.5%)	D-254
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The FY 2018 budget recommends a decrease of \$4.667 million for Personal Services. This appropriation consists of funding for salary and other compensation for the Division of State Police, the Division of Criminal Justice, and the State Medical Examiner.

The recommended decrease in Personal Service funding primarily affects the Division of State Police, in the amount of \$4.392 million. This reduction reflects an intended shift of costs to dedicated revenue sources.

Revisions to budget language allocating dedicated funds would provide \$2.796 million in additional resources to absorb the shift of costs. The first revision permits the department to use \$2,500,000 in FY 2018 funding from the New Jersey Emergency Medical Service Helicopter Response Act for Division of State Police (DSP) salaries. This is a \$1.596 million increase from the FY 2017 allocation. The second revision appropriates \$13.305 million, a \$1.2 million increase, for DSP salaries related to Statewide security services from the revenues generated by the \$2.00 vehicle rental surcharge established to fund domestic security pursuant to section 54 of P.L.2002, c.34 (C.App.A:9-78). There are also likely to be unexpended balances of prior year revenues available from these two sources to cover the balance of the cost shift.

The Personal Services appropriation for the Division of Criminal Justice is also decreased by \$275,000, funding in excess of the amount needed to maintain the current staff complement.

The department seeks the Legislature's approval of an increase of \$1.00, from the current \$2.00, in the surcharge imposed on fines for motor vehicle and traffic violations that is dedicated to the New Jersey Forensic DNA Laboratory Fund. This additional revenue, estimated at \$3.7 million annually, would increase funding for the Office of Forensic Services by \$3.2 million, which the department asserts is necessary to meet the demands on the office that result from the bail reform and speedy trial requirements of P.L. 2014, c.31.

The recommended \$500,000 reduction in the appropriation for State Police DNA Laboratory Enhancement also reflects a shift of costs to the New Jersey Forensic DNA Laboratory Fund surcharge increase.

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>
Additions, Improvements, and Equipment	\$2,368	\$3,968	\$ 1,600	67.6%	D-254

This FY 2018 recommended budget increase reflects an increase in vehicle line of credit payments. According to the Office of Management and Budget (OMB), this additional funding, together with an increased allocation of \$714,000 from motor vehicle surcharges, dedicated pursuant to the New Jersey Emergency Medical Service Helicopter Response Act, subsection a. of section 1 of P.L.1992, c.87 (C.39:3-8.2), provides the payment of debt service for vehicles purchased prior to FY 2018 through the line of credit process and one half-year payment for FY 2018 purchases. In FY 2018, 286 vehicles will be purchased through a three-year line of credit and in FY 2017, 244 vehicles were purchased.

State Aid

Essex Crime Prevention (PTRF)	\$2,000	\$0	(\$2,000)	(100.0%)	D-255
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This State Aid of \$2 million commenced in FY 2015 and was intended to be combined with forfeiture funds, and federal grant money to coordinate efforts in suppressing crime in several high-crime communities. The department indicated that in August 2013 the New Jersey State Police, in coordination with the Office of the Attorney General, took measures to curb increasing violence in Trenton, New Jersey. The Essex program was expected to mirror that program, but focus specifically in Essex County communities. It is unclear whether the Attorney General intends to offset this reduction with funding from other sources.

All Other Funds

State Police Operations	\$103,187	\$109,607	\$ 6,420	6.2%	D-255
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The FY 2018 recommended budget reflects a \$6.4 million increase in dedicated revenues appropriated for State Police Operations.

This results in part from an additional \$3.7 million in revenue for the DNA Forensic Laboratory Fund. The department seeks the Legislature's approval of an increase of \$1.00, from the current \$2.00, in the surcharge imposed on fines for motor vehicle and traffic violations that is dedicated to the New Jersey Forensic DNA Laboratory Fund. This additional revenue would increase funding for the Office of Forensic Services by \$3.2 million, which the department asserts is necessary to meet the demands on the office that result from the bail reform and speedy trial requirements of P.L. 2014, c.31. It would also absorb a shift of \$500,000 in costs from budgeted funds.

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>
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Additionally, the Governor's Budget reflects an increase of \$2.7 million in reimbursements from the South Jersey Transportation Authority (\$243,000) and New Jersey Turnpike Authority (\$2.477 million), which includes the Garden State Parkway (p. C-13). The cost of the State Police patrol services provided to the toll road authorities are reimbursed from toll and other revenues of the authorities.

State Medical Examiner	\$11,200	\$11,750	\$ 550	4.9%	D-255
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The FY 2018 recommended budget reflects a \$550,000 projected increase in revenue based on the expected services provided to the counties by the State Toxicology Laboratory (see also p. C-13). According to the OMB the increase will allow replacement and maintenance of various equipment required for operations.

The Office of the State Medical Examiner oversees the State Toxicology Laboratory and the Northern Regional Medical Examiner Office in Newark, N.J. (serving Essex, Hudson, Passaic and Somerset counties), and the Southern Regional Medical Examiner Office in Woodbine, N.J. (serving Atlantic, Cape May and Cumberland counties).

Administrative and Support Services	\$5,478	\$5,790	\$ 312	5.7%	D-255
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The FY 2018 recommended budget reflects a \$312,000 projected increase in the Security Officer Registration Account (see also p. C-13) which is allocated for personal services, e.g. salaries and wages.

The Security Officer Registration Act is a standardized security guard training program regulated by the Division of State Police pursuant to N.J.S.A.C.45:19A-1 et seq. This law requires security practitioners to register, receive State regulated training, and undergo a background check to be employed as a security guard or bounty hunter in New Jersey. Depending on the type of registration, fees range from \$75 to \$500. Fee income is projected to increase by about 13 percent above the FY 2017 estimate.

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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SPECIAL LAW ENFORCEMENT ACTIVITIES

Direct State Services

Ethical Standards	\$1,047	\$982	(\$ 65)	(6.2%)	D-260
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This recommended decrease of \$65,000 eliminates funds above the amount needed to maintain the staff complement, currently 11 (p. D-259), of the State Ethics Commission.

Grants-in-Aid

Election Law Enforcement- Gubernatorial Election Fund	\$6,200	\$19,680	\$ 5,600	39.8%	D-260
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The FY 2018 budget recommends an increase of \$5.6 million in Grants-In-Aid from the Gubernatorial Elections Fund, pursuant to N.J.S.A.19:44A-30, to support public financing of the 2017 gubernatorial general election cycle. The amount recommended represents the maximum funding level for only two qualifying candidates.

Of this funding, \$18.6 million supports candidate financing. New Jersey gubernatorial primary and general election candidates can qualify for a public funding program, whereby candidates who raise a minimum amount of money receive tax-generated funds, controlled by the state Election Law Enforcement Commission, in direct proportion to campaign donations given from the public.

The 2017 Cost Index Report by the N.J. Election Law Enforcement Commission (ELEC) cites that the General Public Fund Cap, the maximum support a publicly financed candidate may receive from the Gubernatorial Election Fund, is \$9.3 million. FY 2018 budget language authorizes additional sums to be appropriated from the General Fund if required (p. D-261).

Budget language (p. D-265) allocates the remaining \$1,080,000 for a ballot statement program, which reimburses counties for the printing and distribution of ballots according to the OMB.

The projected supplemental appropriation for FY 2017 would provide additional for the candidates qualifying for the primary election. The maximum amount per qualifying candidate is \$4 million. There are six qualifying candidates. According to the ELEC website, as of April 12, 2017 a total of about \$2.85 million has been disbursed to three of the six qualifiers.

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>
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Federal Funds**Office of Highway****Traffic Safety****\$32,237****\$26,890****(\$5,347)****(16.6%)****D-260**

The anticipated decrease in Office of Highway Traffic Safety federal funding reflects projected increases and decreases in multiple federal grants. The 100% decrease in the Traffic Safety Information System Improvement Grant (\$5.5 million) was the largest of the anticipated federal fund decreases. The office has received awards of \$1.8 million for federal fiscal year 2015 and \$1.65 million from federal fiscal year 2016, and will be spending those funds over the remainder of FY 2017 and during FY 2018.

The State of New Jersey applies for National Highway Traffic Safety Administration (NHTSA) grants to support motor vehicle and highway safety. By participating in NHTSA initiatives, the State works to prevent motor vehicle accidents and reduce the number of lives lost and the cost associated with those accidents.

All Other Funds**State Athletic Control****\$600****\$449****(\$ 151)****(25.2%)****D-260**

The anticipated \$151,000 decrease in State Athletic Control funding reflects lower revenues from licensing of sporting events, promoters, and participants in these events collected from the State Athletic Control Board (see also p. C-13). According to the FY 2018 budget, the two positions that staff the State Athletic Control board are relocated to Office of the Attorney General (see also p. D-259). The estimated revenue for FY 2018 is commensurate with the revenue of the last completed fiscal year, or \$439,000.

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>
JUVENILE SERVICES (JUVENILE JUSTICE COMMISSION)					
<u>Direct State Services</u>					
Juvenile Community Programs	\$26,184	\$25,604	(\$ 580)	(2.2%)	D-263
Institutional Control and Supervision	\$37,471	\$38,945	\$ 1,474	3.9%	D-263
Institutional Care and Treatment	\$17,824	\$17,145	(\$ 679)	(3.8%)	D-264
Juvenile Parole and Transitional Services	\$5,776	\$5,794	\$ 18	.3%	D-264
Administration and Support Services	<u>\$16,044</u>	<u>\$15,511</u>	<u>(\$ 533)</u>	(3.3%)	D-264
Total Juvenile Justice Commission	\$103,299	\$102,999	(\$ 300)	(3.3%)	D-264
Salaries and Wages	\$80,962	\$80,954	(\$ 8)	(.0%)	D-264
Food in Lieu of Cash	\$203	\$211	\$ 8	3.9%	D-264
Materials and Supplies	\$6,810	\$6,255	(\$ 555)	(8.1%)	D-264
Service Other Than Personal	\$9,871	\$9,795	(\$ 76)	(.8%)	D-264
Special Purpose (All)	\$1,630	\$1,630	-	0.0%	D-264
Additions, Improvements, and Equipment	\$549	\$880	\$ 331	60.3%	D-264

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>
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The Governor’s FY 2018 budget recommends a \$300,000 decrease in total Juvenile Justice Commission (JJC) Direct State Service funding. The Office of Management and Budget attributes the decrease to expiring equipment purchase line of credit payments, and describes the other changes in JJC appropriations as reallocations from Materials and Supplies to the Additions, Improvements and Equipment account for the purpose of providing needed equipment and improvements to the JJC facilities.

The tables above display changes by program classes and changes by spending object. In general, the budget provides for a shift of resources from the Juvenile Community Programs (-\$580,000) and Administration and Support Services (-\$533,000) to the JJC residential institutions - the New Jersey Training School for Boys and the Juvenile Medium Secure Facility - primarily reflected in the total of Institutional Control and Supervision (+\$1.474 million) and Institutional Care and Treatment (-\$679,000), which increase by a net \$795,000. The increase is nearly all allocated to the Juvenile Medium Secure Facility, where the average daily population is projected to increase in FY 2018.

While funding for Personal Services remains level, the budget provides a decrease in non-institutional salary appropriations of about \$1.01 million and a corresponding increase in institutional salary appropriations. Materials and Supplies funding reductions affect Juvenile Community Programs (-\$334,000) and the New Jersey Training School for Boys (-\$221,000). Increased funding for Additions, Improvement and Equipment is directed to the New Jersey Training School for Boys (+\$153,000), Juvenile Community Programs (+\$105,000), Parole and Transition (+\$63,000) and central administration (+\$10,000).

CENTRAL PLANNING, DIRECTION, AND MANAGEMENT

Direct State Services

**Special Purpose:
Office of Homeland
Security and
Preparedness**

\$3,978	\$3,478	(\$ 500)	(12.6%)	D-267
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The Governor’s FY 2018 budget recommends a \$500,000 decrease in the Office of Homeland Security and Preparedness Direct State Service funding due to operational efficiencies (p. D-243). According to the OMB, the reduction eliminates funding for seven vacant positions the office does not intend to fill. The FY 2018 Governor’s recommended budget reflects an increase of six positions (see p. D-266).

Additional funds to more than offset this reduction are provided for the Office of Homeland Security and Preparedness (OSHP) from vehicle rental surcharge revenues. Budget language revisions will increase OSHP funding from this source by up to \$1.7 million, to a maximum of \$8.9 million.

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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In FY 2018, \$25.88 million in vehicle rental surcharge revenue is recommended to be allocated as follows: an amount not to exceed \$278,000 to support the Agro-Terrorism program within the Department of Agriculture (p. D-20); an amount not to exceed \$13.305 million for State Police salaries related to statewide security services (p. D-257); an amount not to exceed \$8.9 million for the Office of Homeland Security and Preparedness (p. D-268); and an amount not to exceed \$4.722 million for the Medical Emergency Disaster Preparedness for Bioterrorism program (p. D-152).

Federal Funds

Homeland Security and Preparedness	\$30,037	\$33,149	\$ 3,112	10.4%	D-267
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The Governor's recommended FY 2018 budget reflects anticipated growth from the Urban Area Security Initiative Grant (UASI) Nonprofit Security Grant Program. This grant specifically provides support to eligible nonprofit organizations located in an UASI region for target hardening and other physical security enhancements, but not for personnel-type services like security guards. The Jersey City/Newark UASI includes Jersey City and Newark, as well as the counties of Bergen, Essex, Hudson, Middlesex, Morris, Passaic, and Union.

Federal funding to support homeland security programs is projected to total \$33.149 million for FY 2018 as follows: UASI Grant, \$20.534 million, UASI Nonprofit Security Grant Program, \$4.261 million, and Homeland Security Grant Program, \$8.354 million.

GENERAL GOVERNMENT SERVICES**Direct State Services**

Legal Services	\$82,696	\$72,633	(\$10,063)	(12.2%)	D-269
Less Income Deductions	\$56,162	\$56,099	(\$ 63)	(.1%)	D-269
State Appropriation	\$26,534	\$16,534	(\$10,000)	(37.7%)	D-269

The Division of Law derives a majority of its operating support from reimbursements it receives for legal services provided to other State agencies. Total projected costs of the Division of Law decreased by twelve percent due to the presumption that \$10 million in supplemental State appropriations for contingency fees and other legal expenses will not be required in FY 2018.

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>
PROTECTION OF CITIZENS' RIGHTS					
<u>Direct State Services</u>					
Total – General Fund	\$32,597	\$32,597	\$0	—	D-272
Personal Services From General Fund	\$5,996	\$8,974	\$ 2,978	49.7%	D-272
Materials and Supplies	\$78	\$428	\$ 350	448.7%	D-273
Services Other Than Personal	\$16,008	\$12,948	(\$3,060)	(19.1%)	D-273
Maintenance and Fixed Charges	\$1,382	\$1,114	(\$ 268)	(19.4%)	D-273
Other (Total)	\$9,133	\$9,133	\$0	—	D-273

No changes in the total General Fund Direct State Services funding are recommended for either the Division of Consumer Affairs, Division of Civil Rights, the Victims of Crime Compensation Office, or the 31 professional licensing and advocacy boards and committees. The changes observed in the table above result from increases and decreases in funding for the professional boards, and reflect cyclical licensing and relicensing activity. Appropriations to the boards are revised annually, commensurate with fluctuations in licensing and fee revenue (see budget pages C-5 to C-6) that result from statutory schedules, often on a biennial basis, for renewal of professional licenses.

The Division of Civil Rights is also decreasing salary funding by \$100,000 and increasing Services Other Than Personal funding by the same amounts.

Federal Funds

Victims of Crime Compensation Office	\$2,700	\$3,400	\$ 700	25.9%	D-273
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The FY 2018 budget projects an increase of \$700,000 in the Victim Compensation Award Grant (also see p. C-21).

The Office for Victims of Crime, in the U.S. Department of Justice (DOJ), administers the Crime Victim Compensation formula grant program to help pay for expenses resulting from crimes involving violence or abuse. The program's funding is derived from federal criminal fines and penalties. These awards assist victims in their various needs such as psychological

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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counseling, loss of support or earnings, hospital, physician and physical therapy, and nursing care.

All Other Funds

Consumer Affairs	\$20,921	\$22,570	\$ 1,649	7.9%	D-273
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In FY 2018, the budget anticipates a \$1.649 million increase in revenue from various fees and penalties that are collected by the Division of Consumer Affairs through its enforcement of the Consumer Fraud Act and other regulatory duties. Other revenues collected by the division and appropriated to support its operations include fees and penalties from licensing and oversight of legalized games of chance, charitable organizations, weights and measures, private employment agencies, and controlled dangerous substances.

Significant Language Changes

MedEvac Funds - Increased Allocation for State Police Salaries

Revision

2017 Handbook: p. B-127
2018 Budget: p. D-256

Notwithstanding the provisions of any law or regulation to the contrary, receipts and available balances collected pursuant to the New Jersey Emergency Medical Service Helicopter Response Act, subsection a. of section 1 of P.L.1992, c.87 (C.39:3-8.2), not to exceed ~~\$904,000~~\$2,500,000, are appropriated for State Police salaries, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language permits the department to use \$2.5 million in FY 2018 funding from the New Jersey Emergency Medical Service Helicopter Response Act for Division of State Police salaries. This is a \$1.596 million increase from the prior budget year and absorbs a portion of the \$4.4 million decrease in State Police salary appropriations from general State revenues.

The "New Jersey Emergency Medical Service Helicopter Response Act" (C.39:3-8.2) dedicates a \$3.00 motor vehicle registration surcharge toward the New Jersey Emergency Medical Service Helicopter Response Program Fund. This language continues the practice of expanding the use of these funds beyond their statutorily prescribed purposes.

MedEvac Funds - Increased Allocation for State Police Vehicles

Revision

2017 Handbook: p. B-127
2018 Budget: p.D-256

Notwithstanding the provisions of any law or regulation to the contrary, receipts and available balances pursuant to the New Jersey Emergency Medical Service Helicopter Response Act under subsection a. of section 1 of P.L.1992, c.87 (C.39:3-8.2), not to exceed ~~\$7,391,000~~\$8,105,000 are appropriated for State Police vehicles, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language increases the allocation of motor vehicle registration surcharge revenue for State Police vehicle acquisition by \$714,000, from \$7.391 million to \$8.105 million. The increase reflects the expectation of increased revenue from this source.

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)

According to the Office of Management and Budget (OMB) the increased allocation of funds pursuant to this budget language is needed to pay the debt service for vehicles purchased prior to FY 2018 through the line of credit process, and a one half-year payment for FY 2018 purchases. In FY 2018 286 vehicles will be purchased through a three-year line of credit, following purchases of 244 vehicles in FY 2017 and 306 vehicles in FY 2016.

The "New Jersey Emergency Medical Service Helicopter Response Act" (C.39:3-8.2) dedicates a \$3.00 motor vehicle registration surcharge toward the New Jersey Emergency Medical Service Helicopter Response Program Fund. This language continues the practice of expanding the use of these funds beyond their statutorily prescribed purposes.

Vehicle Rental Funds –Increased Allocation for State Police Salaries

Revision

2017 Handbook: p. B-127
2018 Budget: p. D-257

Receipts and available balances from the agency surcharge on vehicle rentals pursuant to section 54 of P.L.2002, c.34 (C.App.A:9-78), not to exceed ~~\$12,105,000~~\$13,305,000 for State Police salaries related to statewide security services, are appropriated for those purposes and shall be deposited into a dedicated account, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This FY 2018 language provision appropriates \$13.305 million, a \$1.2 million increase, for State Police salaries related to Statewide security services from vehicle rental surcharge revenues. The increase reflects the expectation of increased revenue from this source, and absorbs a portion of a \$4.4 million reduction in State Police salary appropriations from general State revenues.

In 2002, a \$2.00 surcharge was established to fund domestic security pursuant to section 54 of P.L.2002, c.34 (C.App.A:9-78). The law states that the fund is exclusively to support medical emergency disaster preparedness for bioterrorism, security coverage at nuclear power facilities, State Police salaries related to Statewide security services, and counter-terrorism programs. The revenue anticipated from this source is \$25.88 million in both FY 2017 and FY 2018 (p. C-14). The original FY 2017 estimate was \$24.1 million (FY 2017 Governor's Budget, p. C-14).

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)

In FY 2018, the funding is recommended to be allocated in the following manner: an amount not to exceed \$278,000 to support the Agro–Terrorism program within the Department of Agriculture (p. D-20); an amount not to exceed \$13,305,000 for State Police salaries related to statewide security services (p. D-257); an amount not to exceed \$8,900,000 for the Office of Homeland Security and Preparedness (p. D-268); and an amount not to exceed \$4,722,000 for the Medical Emergency Disaster Preparedness for Bioterrorism program (p. D-152).

These allocations total \$27.205 million, \$2.9 million more than in FY 2017 and \$1.325 million more than the revenue projected from the Domestic Security account, so prior year balances will be required to fully fund the authorized uses in FY 2018.

Public Financing of 2017 Elections – Administrative Costs

Revision

2017 Handbook: p. B-129
2018 Budget: p. D-261

Of the amount hereinabove appropriated for the Election Law Enforcement Gubernatorial Elections Fund, an amount not to exceed ~~\$480,000~~\$1,080,000 may be used for administrative purposes, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2018 budget increase appropriations from the Gubernatorial Elections Fund for public financing of 2017 gubernatorial general election pursuant to N.J.S.A.19:44A-30. This language revision provides a corresponding increase in the Election Law Enforcement administrative funding.

According to the OMB, the increase in administrative funding will be used for a ballot statement program, which reimburses counties for the printing and distribution of ballots.

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)

Revenues - Juvenile Justice Commission

New

2017 Handbook: - -
2018 Budget: p. D-265

Notwithstanding the provisions of any law or regulation to the contrary, amounts collected by the Juvenile Justice Commission as commissions in connection with the provision of services for residents at resident kiosks, including automated banking, video visitation, electronic mail, and related services, and any unexpended balance at the end of the preceding fiscal year in that account are appropriated to offset departmental costs associated with the provision of such services and other materials and services that directly benefit the resident population, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Recommended new language would permit the Juvenile Justice Commission (JJC) to use the receipts from any commissions earned on resident purchases of services through kiosks for the benefit of the resident population or to offset costs associated with the provision of this service. This language stems from a JJC plan to install kiosks in JJC facilities.

Although it is unknown what specific services will be provided to JJC residents or in which facilities, JPay offers DOC inmates a variety of money related services and other types of services. Money services include electronic deposits to inmate accounts from friends and family members, as well as a lock box feature for friends and family members to continue to mail money orders. Money services also include debit release cards. Other services include video visitation, email and the sale of music through the purchase of an MP3 player and subsequent downloads through the kiosk. A variety of other applications can be provided to the inmate population through the kiosk, such as information pertaining to the inmate's account, educational materials, automated remedy forms, and commissary ordering. According to the OMB, the JJC expects to collect an estimated \$6,000 annually.

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)

Vehicle Rental Surcharge – Office of Homeland Security and Preparedness

Revised

2017 Handbook: p. B-133
2018 Budget: p. D-268

Receipts from the agency surcharge on vehicle rentals pursuant to section 54 of P.L.2002, c.34 (C.App.A:9-78), not to exceed ~~\$7,200,000~~\$8,900,000, are appropriated for the Office of Homeland Security and Preparedness and shall be deposited into a dedicated account, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This FY 2018 language provision appropriates \$8.9 million, a \$1.7 million increase, for the Office of Homeland Security and Preparedness(OSHP) related to Statewide security services from vehicle rental surcharge revenues.

According to the OMB the increase is largely to offset costs associated with the Division of Cybersecurity within OSHP. In FY 2017 the budget reflected the consolidation of the State's investments in cybersecurity from the Office of Information Technology (OIT) to the OHSP.

New Jersey Executive Order No. 178 established the New Jersey Cybersecurity and Communications Integration Cell (NJCCIC) as the central State civilian interface for coordinating cybersecurity information sharing, performing cybersecurity threat analysis, and promoting shared and situational awareness between and among the public and private sectors.

In 2002, a \$2 surcharge was established to fund domestic security pursuant to section 54 of P.L.2002, c.34 (C.App.A:9-78). The law states that the fund is exclusively to support medical emergency disaster preparedness for bioterrorism, security coverage at nuclear power facilities, State Police salaries related to Statewide security services, and counter-terrorism programs. The revenue anticipated from this source is \$25.88 million in both FY 2017 and FY 2018 (p. C-14). The original FY 2017 estimate was \$24.1 million (FY 2017 Governor's Budget, p. C-14).

In FY 2018, the funding is recommended to be allocated in the following manner: an amount not to exceed \$278,000 to support the Agro-Terrorism program within the Department of Agriculture (p. D-20); an amount not to exceed \$13,305,000 for State Police salaries related to statewide security services (p. D-257); an amount not to exceed \$8,900,000 for the Office of Homeland Security and Preparedness (p. D-268); and an amount not to exceed \$4,722,000 for the Medical Emergency Disaster Preparedness for Bioterrorism program (p. D-152).

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)

These allocations total \$27.205 million, \$2.9 million more than in FY 2017 and \$1.325 million more than the revenue projected from the Domestic Security account, so prior year balances will be required to fully fund the authorized uses in FY 2018.

Distribution of Public Safety Grants

New

2017 Handbook: –
2018 Budget: p. D-275

Notwithstanding the provisions of any law or regulation to the contrary, the amounts appropriated for public safety grants shall be distributed to state and local entities as determined by the Attorney General.

Explanation

This language permits the Attorney General to determine eligibility, distribution, and possibly other criteria, such as matching funds requirements and administrative allowances, for department public safety grant programs, notwithstanding current laws and regulations governing those programs. In the absence of a definition of “public safety grants” or appropriations that include that term in their title, it is unclear to which appropriations controlled by the Attorney General this language is intended to apply.

According to the OMB, public safety grant programs that would fall under this language are those listed as State grant programs on the website of the Office of the Attorney General: Safe and Secure Communities, Body Armor Replacement, Victim Witness Advocacy, and State/Community Partnership.

The Safe and Secure Communities Program is designed to provide municipalities with funding to add law enforcement personnel vital to effective police operations and other crime related strategies as warranted by the needs of the community. Pursuant to the Safe and Secure Communities Act, 52:17B-159 et seq., eligible municipalities are those with a police department or force, in which the number of violent and nonviolent crimes per police officer exceeds 70% of the Statewide average of municipalities with a municipal police department or force, as reported in the 1991 Uniform Crime Report published by the Division of State Police. No more than 50% of the total dollar amount of grants awarded from the fund shall be allocated to municipalities eligible to receive State aid pursuant to subsections a., b. and c. of section 1 of P.L.1985, c.170 (C.52:27D-118.11). A maximum \$375,000 shall be allocated to the Attorney General to enable the Division of Criminal Justice to provide technical and operational assistance to grantees. 75% of the fund’s resources are for approved law enforcement projects, with 25% for

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)

the purchase of law enforcement equipment. Any municipality which receives an equipment grant shall contribute a cash match of no less than 25% of the grant amount. Municipal grant ceilings are \$200,000 for a project or \$50,000 for equipment.

The Body Armor Replacement Fund established pursuant to section 1 of P.L. 1997, c.177 (C.52:17B-4.4), is used in making grants to local and State law enforcement agencies for the purchase of body vests. The grant program shall be designed by the Attorney General to effectuate a five-year vest replacement cycle, to the extent practicable, for local law enforcement officers, the officers and troopers of the State Police, investigators in the Division of Criminal Justice and State corrections and probation officers. In establishing a distribution schedule for State corrections and probation officers, the Attorney General shall give first priority to those State corrections officers assigned inmate supervision and control responsibilities in the State's maximum security correctional facilities and second priority to those officers assigned inmate supervision and control responsibilities in the State's medium security correctional facilities. The number of probation officers, the replacement of whose vests shall be funded from grants under this section, shall not exceed 200. Of the moneys deposited into the fund, up to \$75,000 may be used by the department exclusively for administering the grant program.

The Victim and Witness Advocacy Fund is used to support the State Office of Victim Witness Advocacy in the Division of Criminal Justice and the county Victim Witness offices. The fund is to be used for the benefit of victims and witnesses of crime as provided in section 20 of P.L.1991, c.329 (C.52:4B-43.1) and for related administrative costs. Any remaining funds may be granted to eligible municipal or nonprofit agencies.

State/Community Partnership grants supports services for juveniles adjudicated, or charged delinquent, and programs aimed at the prevention of juvenile delinquency, through grants to County Youth Services Commissions. Pursuant to N.J.S.A. 52:17B-180, in order to qualify for award of State/Community Partnership Grant funds, a county must, among other things, establish a county youth services commission in accordance with regulations promulgated by the Juvenile Justice Commission, submit and obtain Juvenile Justice Commission approval of a triennial comprehensive plan for services and sanctions for juveniles adjudicated or charged as delinquent and programs for the prevention of juvenile delinquency. No county may use funds received pursuant to this section to supplant or replace existing funds or other resources from federal, State or county government for existing juvenile justice-related programs or for purposes of capital construction or renovation. If a county elects not to participate in the State/Community Partnership Grant Program, the commission is authorized to allocate and expend that county's share of Partnership funding in a manner consistent with the commission's Juvenile Justice Master Plan.

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)

Further, OLS notes that there may be additional programs such as the Law Enforcement Officers Training and Equipment Fund, the Drunk Driving Enforcement Fund, or new programs established, which the Attorney General could interpret as providing public safety grants, and under this language establish eligibility and distribution criteria differing from those statute or regulation.

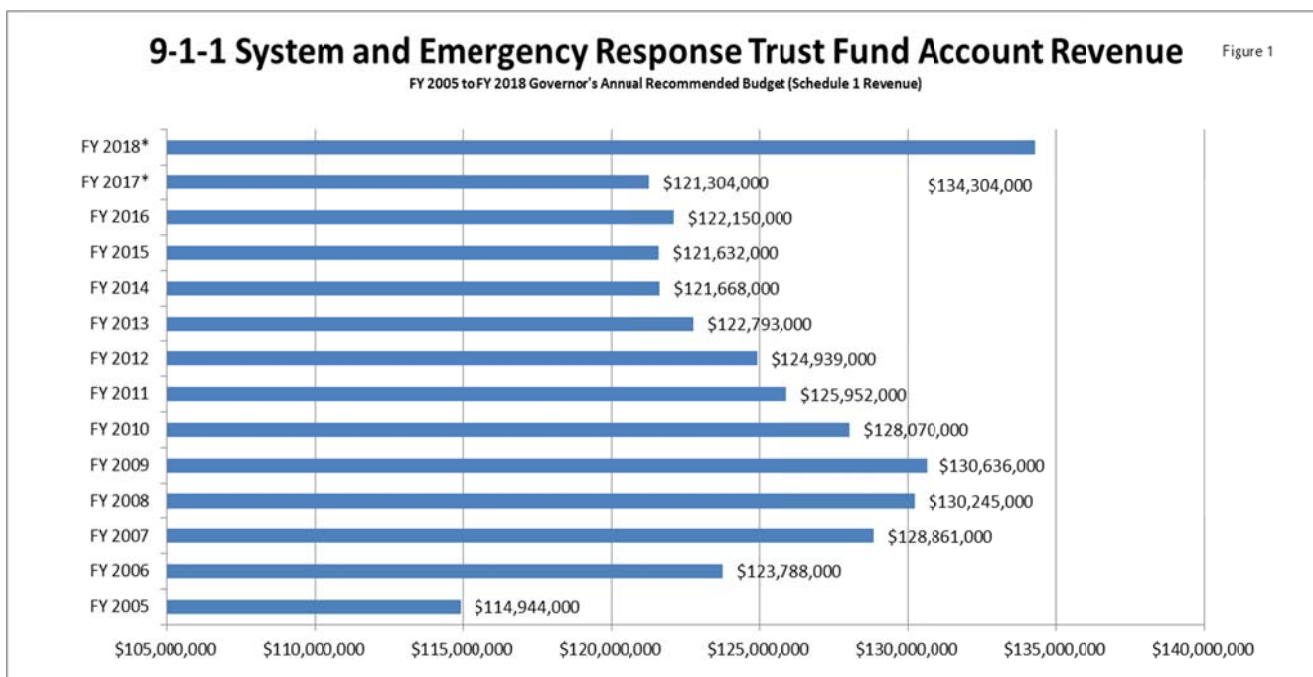
EXPLANATION: FY 2017 language not recommended for FY 2018 denoted by strikethrough.
Recommended FY 2018 language that did not appear in FY 2017 denoted by underlining.

Background Paper: The 9-1-1 System and Emergency Response Fee

Budget Pages.... C-7; H-6

Since 2005, a \$0.90 mobile telecommunications service and telephone exchange service fee has been imposed on certain New Jersey mobile telecommunications service customers' bills (N.J.S.A.52:17C-18). These fees are deposited into the 9-1-1 System and Emergency Response Trust Fund Account (trust fund) which is administered by the Department of the Treasury. The 9-1-1 System and Emergency Response Trust Fund account offsets a portion of the General Fund expenditures in support of various emergency response efforts, such as the operating budget of the Division of State Police and the Office of Homeland Security and Preparedness (p. H-6).

The FY 2018 Governor's proposed budget anticipates \$134.304 million from this fee in FY 2018 (p. C-7), up from \$121.304 million in FY 2017, an increase of \$13 million. The projected increase assumes enactment by law of an extension of the \$0.90 telephone assessment fee to pre-paid cellular phones. Under current law, only landline and monthly cell phone subscribers pay the assessment.



*FY 2018 and FY 2017 are estimated revenues provided by the Governor's Recommended Budget.

Figure 1 reflects an annual accounting of the total revenues as noted in the Governor's proposed budget from FY 2005 to FY 2018 (\$1.75 billion). The total amount of actual revenue generated from the 9-1-1 System and Emergency Response fee since FY 2005, excluding the estimated FY 2018 and FY 2017 collections, is \$1,495,678,000. Since FY 2006, \$6.4 billion in appropriations could be attributed, as reported by the

Background Paper: The 9-1-1 System and Emergency Response Fee (Cont'd)

Governor's annual proposed budgets, to various 9-1-1 system and emergency response purposes. A majority of the trust fund has been directed to State operations related to emergency response, e.g. Division of State Police Operations.

In addition to the Governor's proposal to extend an assessment fee to pre-paid cellular phones, there have been several initiatives to allocate more funding from the trust fund to county, municipal, and regional public safety answering points to provide for technology upgrades and maintenance.

- Assembly Bill No. 1821 of 2016 temporarily increases the 9-1-1 System and Emergency Response Fee by 10 percent, and requires the increase be used only to fund the 9-1-1 service facilities with the enhanced Next Generation 9-1-1 systems. The bill creates prioritization for equipping public safety answering points with Next Generation 9-1-1 system, by requiring funding to be distributed to county, regionalized, or other large centralized public safety answering points before funding other public safety answering points.
- Assembly Bill No. 4210 of 2016 requires at least 10 percent of the trust fund be allocated to public safety answering point technology upgrades and maintenance.
- Senate Concurrent Resolution No. 133 of 2016 and Assembly Concurrent Resolution No. 212 of 2016 propose an amendment to the State Constitution prohibiting money from being drawn from the fund for any purpose or in any manner other than as established under current law.
- Assembly Concurrent Resolution No. 211 of 2016 proposes that a larger amount of the fund be allocated to counties and municipalities, noting that only 11 percent of the monies in the fund are directed to counties and municipalities to operate the 9-1-1 system.

STATE LAW

In the early 2000's an influx of calls originating from wireless phones was placing a strain on the 9-1-1 emergency response system and hampering emergency response. There had been several incidents in other states in which the lack of the enhanced wireless technology had resulted in the inability of public safety personnel to respond in a timely manner to the proper location of need. The 9-1-1 infrastructure was becoming obsolete and New Jersey was encountering increasing difficulties in maintaining the system, which at the time only served landline customers, not wireless cell phone users. This system was unable to process wireless calls at the same service level as calls originating from land line telephones, and required significant Statewide enhancement.

Background Paper: The 9-1-1 System and Emergency Response Fee (Cont'd)

Assembly Bill No. 3112 of 2004, as enacted, imposed an "Emergency Preparedness and 9-1-1 System Assessment" fee of \$0.90 on customers. The fee is itemized and separately identified on each periodic billing statement as an "Emergency Preparedness and 9-1-1 System Assessment." Pursuant to N.J.S.A.52:17C-18, customers affected are those individuals with a landline phone, individuals with a cellular phone plan, and businesses with voice grade access. The Division of Taxation 2014 Annual Report (pages 37-38) describes to whom the program does and does not apply:

Mobile telecommunications companies for each voice grade access service number as part of mobile telecommunications service provided to a customer billed by or for the customer's home service provider and provided to a customer with a place of primary use in this State; and

Telephone exchange companies for each telephone voice grade access service line provided as part of that telephone exchange service.

The fee is not applicable to the Federal government, its agencies, or instrumentalities. The law also provides an exemption for State, county and municipal governments, and school districts from the fee imposed on telephone exchange services.

In addition, pursuant to N.J.S.A.52:17C-18, individuals who qualify as low-income consumers for the Lifeline Program, part of the Universal Service Fund administered by the Universal Service Administrative Company, are also exempt from the fee on certain qualifying bills.

The funds in the 9-1-1 System and Emergency Response Trust Fund account are dedicated by law. The fee revenue is not placed into a dedicated account in which specific spending of the funds may be tracked. Instead, the Governor's proposed budget annually provides information in the Appendix as to how the money is being applied to offset a portion of the cost of related programs.

Pursuant to N.J.S.A.52:17C-19, funds in the trust fund account are allocated for the following purposes:

(1) the costs incurred in the initial installation of the Statewide enhanced 9-1-1 network and for the costs incurred by a county for the employment of a county 9-1-1 coordinator in an amount not to exceed \$25,000 per county 9-1-1 coordinator (N.J.S.A.52:17C-13) as well as the installation, operation, and maintenance costs required to

**Background Paper: The 9-1-1 System and Emergency Response Fee
(Cont'd)**

provide wireless enhanced 9-1-1 services (N.J.S.A.52:17C-14);

(2) the costs of funding the State's capital equipment (including debt service), facilities, and operating expenses that arise from emergency response;

(3) the cost of emergency response training, including any related costs or expenses of the Office of Emergency Management in the Division of State Police in the Department of Law and Public Safety;

(4) the cost of operating the Office of Emergency Telecommunications Services;

(5) the cost of operating the Statewide Public Safety Communications Commission;

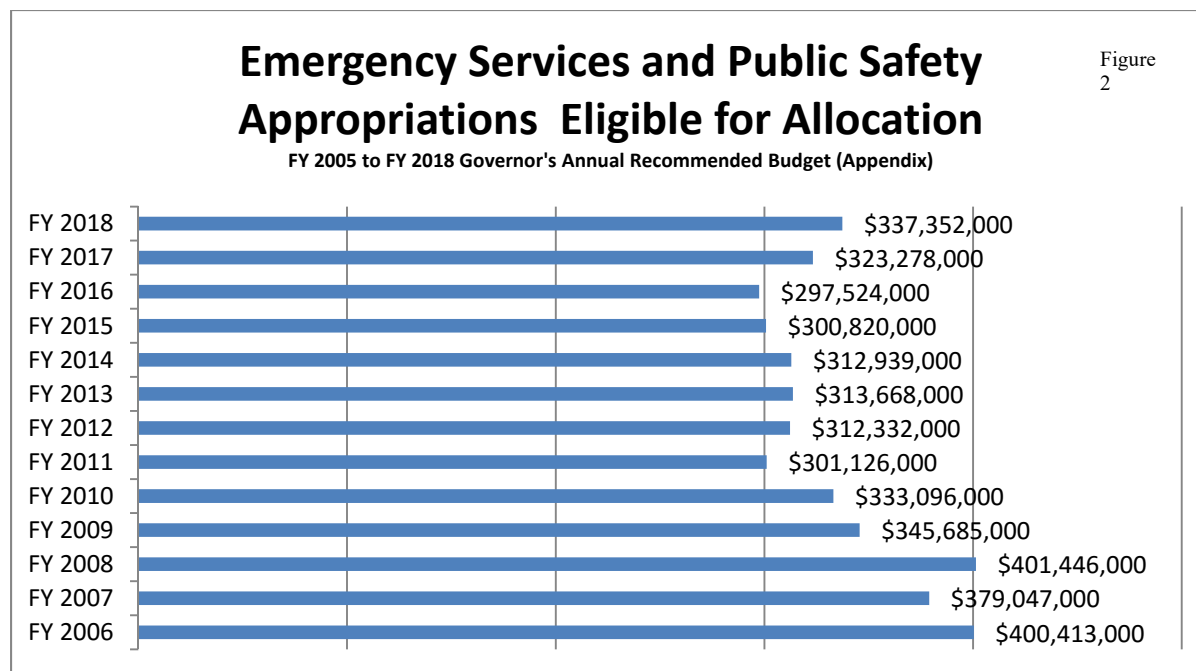
(6) any costs associated with implementing any requirement of the Federal Communications Commission concerning 9-1-1 service that is not otherwise allocated to a carrier and not eligible for reimbursement under law or regulation;

(7) any costs associated with planning, designing or implementing an automatic location identification technology that is not otherwise allocated to a wireless carrier and not eligible for reimbursement under law or regulation; and

(8) any costs associated with planning, designing or acquiring replacement equipment or systems (including debt service) related to the enhanced 9-1-1 network.

Per the Governor's annual proposed budgets, the total allocated from the 9-1-1 System and Emergency Response Trust Fund account to the various 9-1-1 systems and public safety programs since FY 2006 is nearly \$4.3 billion (Figure 2 below).

**Background Paper: The 9-1-1 System and Emergency Response Fee
(Cont'd)**



The FY 2018 Governor’s proposed budget indicates that the funding from the 9-1-1 System and Emergency Response Trust Fund account will be allocated to partially offset the cost of the following programs (p.H-7):

Department of Law and Public Safety

Emergency Operations Center and Hamilton TechPlex Maintenance	\$ 3,773,000
Office of Homeland Security and Preparedness	\$ 9,478,000
Rural Section Policing	\$ 53,398,000
Urban Search and Rescue	\$ 1,000,000
Division of State Police - Remaining Operating Budget	\$238,174,000

Department of Military and Veterans' Affairs

Military Services - National Guard Support Services	\$ 3,807,000
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Department of the Treasury

Office of Emergency Telecommunication Services (OETS)	\$ 900,000
Statewide 9-1-1 Emergency Telecommunication System	\$ 26,822,000

Total **\$337,352,000**

Appropriations for the purposes which can be funded by this dedicated revenue source far exceed the substantially lower revenue.

Background Paper: The 9-1-1 System and Emergency Response Fee (Cont'd)

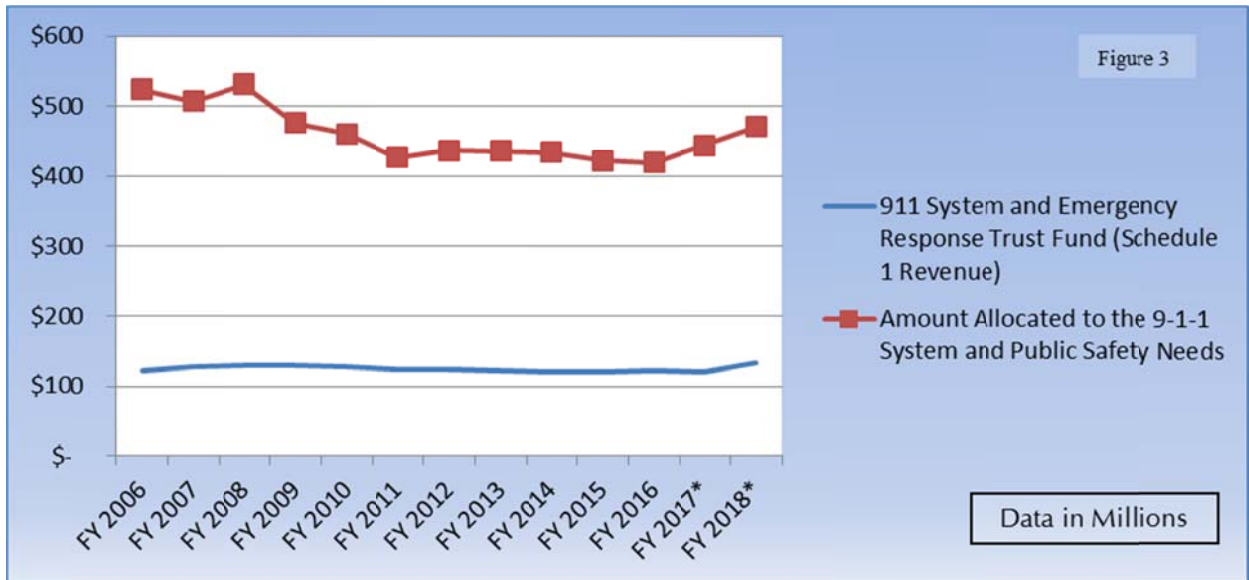


Figure 3 provides the comparison of both the revenues and expenditures attributed to the fund as noted in the Appendix from the Governor’s proposed budget since 2006. The total amount of revenue generated from the 9-1-1 System and Emergency Response fee since FY 2005 is \$1,751,286,000, versus the expenditures on fund-related purposes which total \$4,358,726,000.

FEDERAL LAW

Over the past two decades, there has been a growing nationwide movement to modernize the 9-1-1 system. The goal of this initiative, referred to as Next Generation 9-1-1 (NG9-1-1), is updating the 9-1-1 service infrastructure in the United States in an effort to improve public emergency communications services by utilizing current and emerging telecommunication technologies. To facilitate the modernization, the “New and Emerging Technologies 911 Improvement Act of 2008,” Pub. L. No. 110-283, 122 Stat. 2620 (2008) (NET 911 Act) was enacted on July 23, 2008 to require that Internet Protocol-enabled voice service providers deliver 9-1-1 and E9-1-1 services. The law was intended to facilitate the rapid deployment of IP-enabled 9-1-1 and E9-1-1 services, and to encourage the nation's transition to a national IP-enabled emergency network in order to upgrade the nation’s system to NG9-1-1.

The 9-1-1 system has long been governed and funded by state and local governments. Accordingly, the NET 911 Act provides that states and certain government entities retain the authority to collect fees and charges from commercial mobile service users to support 9-1-1 systems. Specifically, the NET 911 Act states in relevant part that none of

Background Paper: The 9-1-1 System and Emergency Response Fee (Cont'd)

its provisions, the provisions contained in several other specified federal laws, or any FCC regulation or order:

shall prevent the imposition and collection of a fee or charge applicable to commercial mobile services or IP-enabled voice services specifically designated by a State . . . for the support or implementation of 9–1–1 or enhanced 9–1–1 services, *provided that the fee or charge is obligated or expended only in support of 9–1–1 and enhanced 9–1–1 services, or enhancements of such services*, as specified in the provision of State or local law adopting the fee or charge.

47 U.S.C. § 615a–1(f)(1). (Emphasis added.)

While it would appear this provision obligates states to expend the fees collected only in direct support of 9–1–1 and E9–1–1 services, a number of states continue to divert these funds, and thus far Congress and the FCC have been silent concerning the ongoing diversion and transfer of funds to other state expenditures.

Concerning the collection and disbursement of these funds, the NET 911 Act requires the FCC to submit an annual report to Congress on the use of the funds by states and other reporting authorities. Following publication of the annual report, the FCC formally solicits public comment. As part of its annual review, the FCC is required to report whether 9-1-1/E9-1-1 fees and charges collected by states and other reporting entities are being used for any purpose other than to support 9-1-1/E9-1-1 services. Beginning in 2009, there have been seven annual reports submitted and in each year several states (as few as four and as many as 12) have reported diversion or transfer of 9-1-1/E9-1-1 funds to other state purposes.

According to the latest report submitted in 2015, eight states reported diverting or transferring 9-1-1/E9-1-1 funds. Five states (California, New Hampshire, New Jersey, Virginia, and West Virginia) used a percentage of their 9-1-1/E9-1-1 funds to support other public safety or emergency response-related programs. Three states (Illinois, New York, and Rhode Island) diverted a portion of their 9-1-1/E9-1-1 funds to support non-public safety or unspecified programs. None of the states reporting diversion or transfer have been subject to penalties by the FCC or any other federal authority. As currently enacted, the NET 911 Act only provides the FCC with authority concerning the reports to “ensure efficiency, transparency, and accountability in the collection and expenditure of a fee or charge for the support or implementation of 9–1–1 or enhanced 9–1–1 services,” but does not provide an enforcement mechanism.

The E9-1-1 federal grant program, established pursuant to the “Next Generation 911 Advancement Act of 2012,” Pub. L. No. 112-96 (2012), provides an incentive for states to limit use of the funds to support 9-1-1/E9-1-1 by premising grant eligibility on an applicant certifying “that during the time period 180 days preceding the application

Background Paper: The 9-1-1 System and Emergency Response Fee (Cont'd)

date, the State has not diverted any portion of designated E-911 charges imposed by the State" 47 C.F.R. § 400.4. However, it is unclear whether this requirement has deterred any states from diverting funds.

Industry groups, such as the New Jersey Wireless Association (NJWA) have urged Congress and the FCC to clarify that diversion and transfer of funds away from direct support of 9-1-1/E9-1-1 is a violation of the NET 911 Act. In its March 7, 2016 reply comment to the FCC's 2015 annual report, the organization wrote, "NJWA believes the FCC and Congress should clarify the definitions within or related to the [NET 911 Act] of what expenditures are intended under the [NET 911 Act] as originally contemplated and subsequently adopted." The NJWA concludes its comment with the final statement, "Congress and the FCC have the authority and responsibility to correct this situation and promote public safety, part and parcel to their respective charters." T-Mobile and the New Jersey Association of Counties, among other groups, also submitted letters to the FCC with a similar position. These concerns and suggestions are echoed in the March 20, 2013 report, "Current State of 911 Funding and Oversight" by the National 911 Program Blue Ribbon Panel on 911 Funding.

The United States Department of Transportation's "NG9-1-1 Transition Plan," published in February 2009, also addresses the issue of state diversion of 9-1-1/E9-1-1 funds. Concerning options to preserve funds for emergency communications, the plan calls on the federal government to:

1. Consider expanding and strengthening existing federal requirements that state and local 9-1-1 authorities only use 9-1-1 funds, surcharges, and fees for costs attributable to 9-1-1 operations, services, and equipment;
2. Consider providing guidance regarding what constitutes minimum 9-1-1 features and functions that are appropriate uses of 9-1-1 revenues; and
3. Implement and oversee existing requirements concerning eligibility for 9-1-1 grant funding to states that do not divert 9-1-1 funds (e.g., 9-1-1, E9-1-1, NG9-1-1, and related future upgrades).

The plan further urges state governments to:

1. Consider requiring that 9-1-1 funds be used exclusively for the provision of 9-1-1 emergency communication services;
2. Review statutory provisions to ensure funding policies support next generation goals and visions (i.e., shared infrastructure and economies of scale); and
3. Identify the appropriate uses of 9-1-1 funds, then monitor collected funds and 9-1-1 authorities to ensure 9-1-1 funds are used for costs solely related to 9-1-1.

However, despite these and many other suggestions by industry members, federal government entities, and other interested parties, at the present time it does not appear that Congress or the FCC is poised to act in this regard. Though a plain reading of the relevant provisions of the NET 911 Act support the conclusion that a state is in

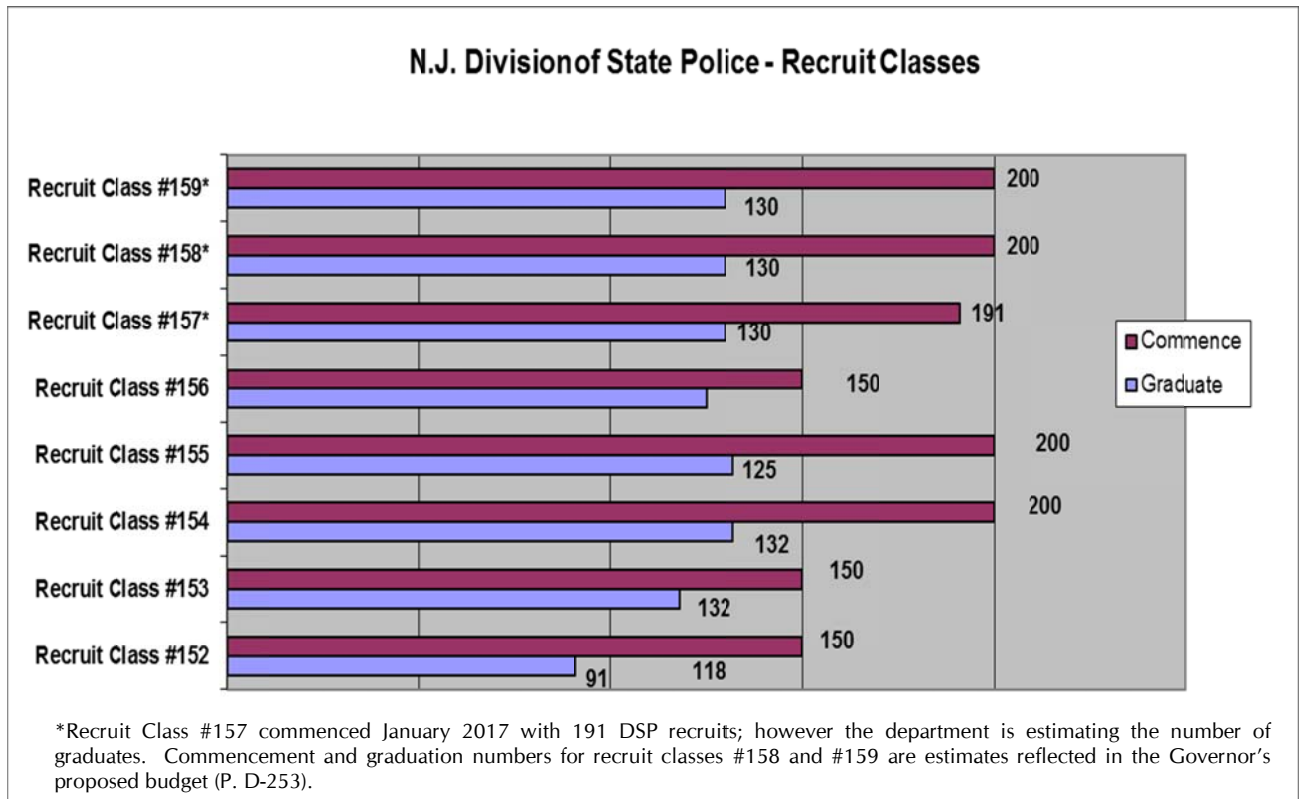
**Background Paper: The 9-1-1 System and Emergency Response Fee
(Cont'd)**

violation of the law when it diverts or transfers funds collected to support 9-1-1/E9-1-1, states have apparently been doing so without repercussions from the federal government since the law's enactment. Without further action on the part of Congress or the FCC, it remains unclear which expenditures are permitted under the law and whether there will be consequences from a violation.

Background Paper: Division of State Police Recruiting and Retirements

Budget Pages.... D-243; D-253 to D-257

The FY 2018 Governor’s Budget includes funding of \$4.5 million for recruitment of the 159th State Police recruit class (\$500,000) and the training of the 158th State Police recruit class (\$4 million) which is provided from the New Jersey Emergency Medical Services Helicopter Response Program Fund (p. C-14).



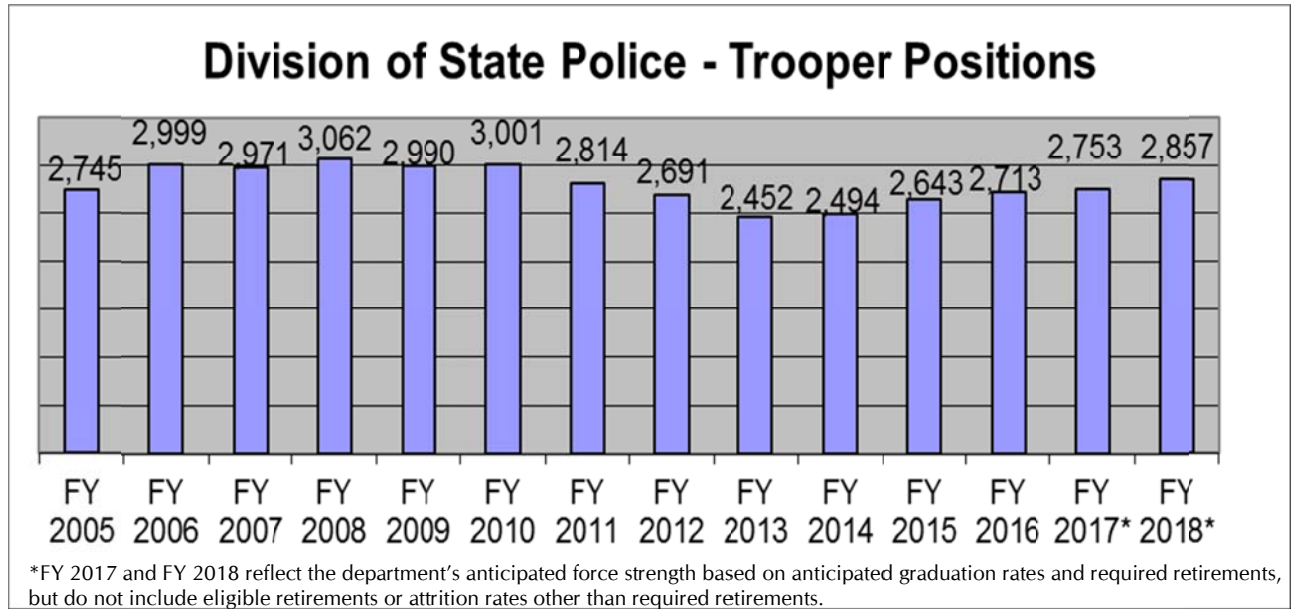
According to the Department of Law and Public Safety the 159th State Police recruit class will be selected in FY 2018, but will not commence training until January 2019. The FY 2018 budget includes \$500,000 to be expended on recruitment.

Additionally, the Office of Management and Budget (OMB) confirmed that the FY 2018 budget will support the training (\$4 million) of the 158th recruit class which will commence in January 2018 and graduate June 2018. The department estimates that 200 recruits will enter the program with the expectation of graduating 130 members.

According to the department the 157th recruit class began in January 2017 with 191 recruits. It is expected that at least 130 members will graduate June 23, 2017.

Background Paper: State Police Recruiting and Retirements (Cont'd)

Recruit class funding will be appropriated in accordance with the New Jersey Emergency Medical Service Helicopter (EMSH) Act under subsection a. of Section 1 of P.L.1992, c.87 (C.39:3-8.2). This act dedicates a \$1.00 surcharge on motor vehicle registrations for the costs of recruit classes, or about \$7.6 million annually, although historically some of the funds have been used for Division of State Police salaries and vehicles.



It is estimated that another 260 State troopers will join the force by the close of FY 2018, and the enlisted staffing level could be close to 2,857 at that point. In FY 2017 there are 52 staff members eligible to retire, however only four of them are required to do so. In FY 2018 an additional 61 staff members are eligible for retirement, with 26 required to retire. There is no guarantee that members eligible to retire will leave the force immediately upon gaining eligibility. Attrition for reasons other than retirement may also affect FY 2017 and FY 2018 position strengths.

Background Paper: New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR) MedEvac Program

Budget Pages.... C-14; D-147; D-252; D-256

BACKGROUND

The New Jersey Emergency Medical Services Helicopter Response Program, also referred to as the Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR) program and known as MedEvac, provides emergency transport and care for trauma patients in New Jersey using medically-equipped helicopters to provide medical transport from trauma scenes and inter-facility transfers. The helicopters are staffed by flight paramedics and nurses and are flown and maintained by the New Jersey Division of State Police (DSP). Established by P.L.1986, c.106 (C.26:2K-35 et seq.), air medical service began in 1988 under the operation of the DSP in the Department of Law and Public Safety (DLPS) and the Office of Emergency Services in the Department of Health (DOH).

The FY 2018 budget indicates an anticipation of \$31.110 million in revenues from the New Jersey Emergency Medical Services Helicopter Response Program Fund (p. C-14). Of this funding, the Office of Management and Budget (OMB) stated that \$28.6 million will be allocated to the DSP (p. D-256). According to OMB, of the \$31.1 million anticipated, \$24.1 million will be allocated to the DSP MedEvac Operations, \$4.5 million to DSP recruit classes 158 and 159, and the remaining to the Department of Health MedEvac Operations (estimated \$2.5 million).

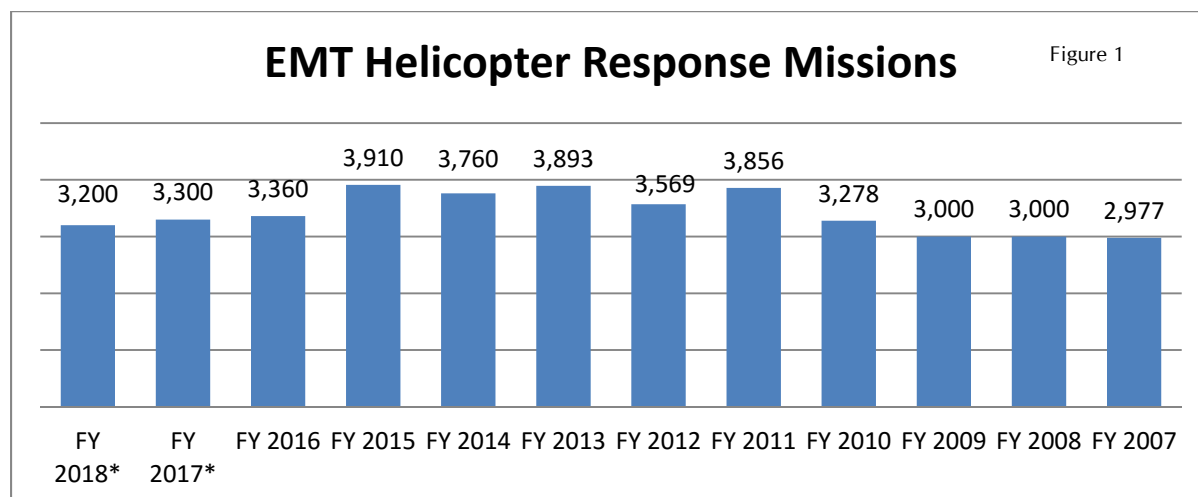
JEMSTAR/MedEvac was comprised of two units providing service Statewide through FY 2016. NorthSTAR, operating in the northern part of the State, is currently stationed at Somerset Airport with medical direction provided at University Hospital in Newark. SouthSTAR, which operated in the southern portion of the State, was stationed at the West Jersey Health System hospital in Voorhees with medical direction provided by the Mobile Intensive Care Unit Program of Virtua Health System and direction for trauma patients provided by the Level I trauma center located at Cooper Hospital/University Medical Center, Camden.

State regulations supplementing the law establishing JEMSTAR/MedEvac provide for the operation of private air medical services, also known as air medical units (AMUs). The first private license was issued in July 2005. Several privately-operated air medical providers are licensed to provide inter-facility transports and, while they initially served to backup JEMSTAR/MedEvac helicopters, are now providing medical transport from trauma scenes in certain circumstances. The State regulates both JEMSTAR/MedEvac and private AMUs.

Every AMU is required to be staffed by two medical professionals: either two flight nurses or a flight nurse and a flight paramedic. Under JEMSTAR/MedEvac, the DSP provide the aircraft and two pilots per helicopter and the DOH provides funding for

Background Paper: New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR/MEDEVAC) Program (Cont'd)

two flight nurses or one flight nurse and one flight paramedic. The DSP also provides JEMSTAR/MedEvac aircraft maintenance and fuel.



*FY 2018 and FY 2017 reflect estimated EMT Helicopter Response Missions as noted in annual Governor’s Budgets. OLS is unclear how many of these flights are considered JEMSTAR/MedEvac flights.

Figure 1 identifies the number of helicopter response missions, according to DOH Emergency Medical Services evaluation data in the annual Governor’s Budgets from FY 2006 through FY 2018 (p. D-147). OLS is uncertain how many of these flights are considered JEMSTAR/MedEvac flights.

FUNDING

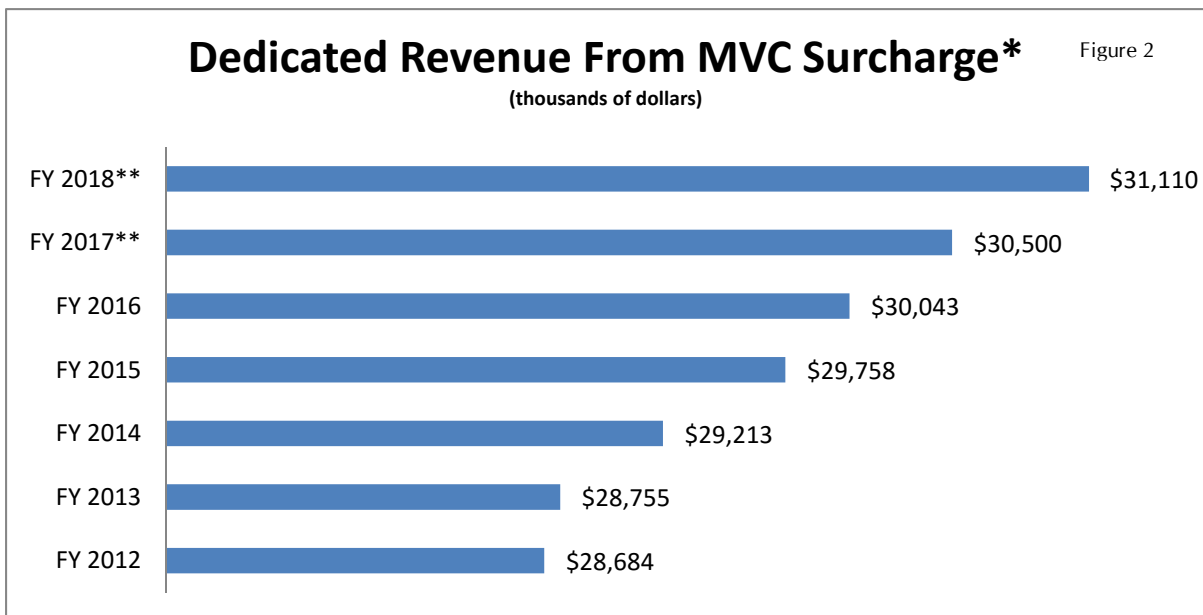
Prior to 1992, the JEMSTAR/MedEvac program was supported through the General Fund. The program was first provided a dedicated funding source pursuant to P.L.1992, c.87 (C.39:3-8.2 et al.), which directed the New Jersey Motor Vehicle Commission (MVC) to collect a \$1.00 surcharge on motor vehicle registrations. The surcharge generated an annual average of \$7.2 million for fiscal years 2001 through 2005. At the time of enactment, the Legislature anticipated the \$1.00 surcharge would cover the operational costs of the program, and generate a surplus that could be utilized for helicopter replacement and maintenance. However, annual expenditures grew over the years and the surcharge became insufficient to cover the actual operational and maintenance costs of the program.

Annually, revenues generated by the surcharge were allocated between the DOH and DLPS; however, the expenditures exceeded the revenue generated by the surcharge and additional appropriations from the General Fund were required to cover the program’s operational costs, with no remaining funds to replace or retrofit the aging helicopter fleet. To respond to growing costs and fleet replacement needs, the motor vehicle registration surcharge was increased to \$4.00, pursuant to P.L.2005, c.311,

Background Paper: New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR/MEDEVAC) Program (Cont'd)

which became effective July 1, 2006. \$3.00 of the surcharge are now dedicated to the JEMSTAR/MedEvac Program, and \$1.00 for funding of Division of State Police recruit classes.

Figure 2 illustrates the revenues collected (through the MVC surcharge) for the JEMSTAR/MedEvac Program which included the \$1.00 surcharge collected for the Division of State Police recruit class program.



*Includes \$1 surcharge for State Police recruit classes.

**Estimated according to the Governor’s FY 2018 recommended Budget.

Air Medical Transport Cost

According to the August 2007 *EMS System Review* report submitted to the DOH, a charge of \$1,337 was imposed for each JEMSTAR/MedEvac transport, regardless of third-party coverage. The report noted that emergency medical service providers and organizations expressed concerns that the collection and distribution of this funding was inefficient and the funding insufficient to cover the EMS costs. The report indicated that hospitals supplying medical personnel claimed the fixed rate of \$1,337 to be far below the break-even point. JEMSTAR/MedEvac did not cost anything out-of-pocket to those individuals requiring the service.

Unlike JEMSTAR/MedEvac, private AMUs are not limited as to how much they charge, but receive no State funding. The 2007 report noted that the average cost per private helicopter transport was \$10,000, and Medicare reimbursed providers approximately \$5,800 per transport.

Background Paper: New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR/MEDEVAC) Program (Cont'd)

A flight in a private medical helicopter could be thousands of dollars, and news reports have indicated some insurance companies are refusing to cover those costs. The Association of Air Medical Services, an industry-trade group, has publicized its asking federal lawmakers to help increase Medicare payments to the helicopter companies, thereby reducing the cost.

Discontinuation of SouthSTAR

In 2016, Virtua announced its SouthSTAR program was “no longer sustainable,” and ceased SouthSTAR operations on July 1, 2016, the first day of Fiscal Year 2016 - 2017. While Virtua’s SouthSTAR service has ceased operations, air medical service still exists in southern New Jersey through private AMUs. In a statement, Virtua cited the increasing number of private AMUs serving South Jersey, over the past 10 years, contributed to fewer SouthSTAR flights. Virtua indicated the number of its flights declined over time, from an average of 75 per month in 2006 to an average of just 20 per month in 2015, and just 14 per month during the first quarter of 2016.

Virtua declined to submit an application to the DOH in response to its Notice of Fund Availability (NOFA), EMS Helicopter Response Program-JEMSTAR/MEDEVAC/Dispatch grant. The DOH acknowledged a \$3 million grant would be made available through the NOFA, which is for a three-year period beginning July 1, 2016 and ending June 30, 2019. There is no requirement an existing grantee provide notice it will not apply for a subsequent grant.

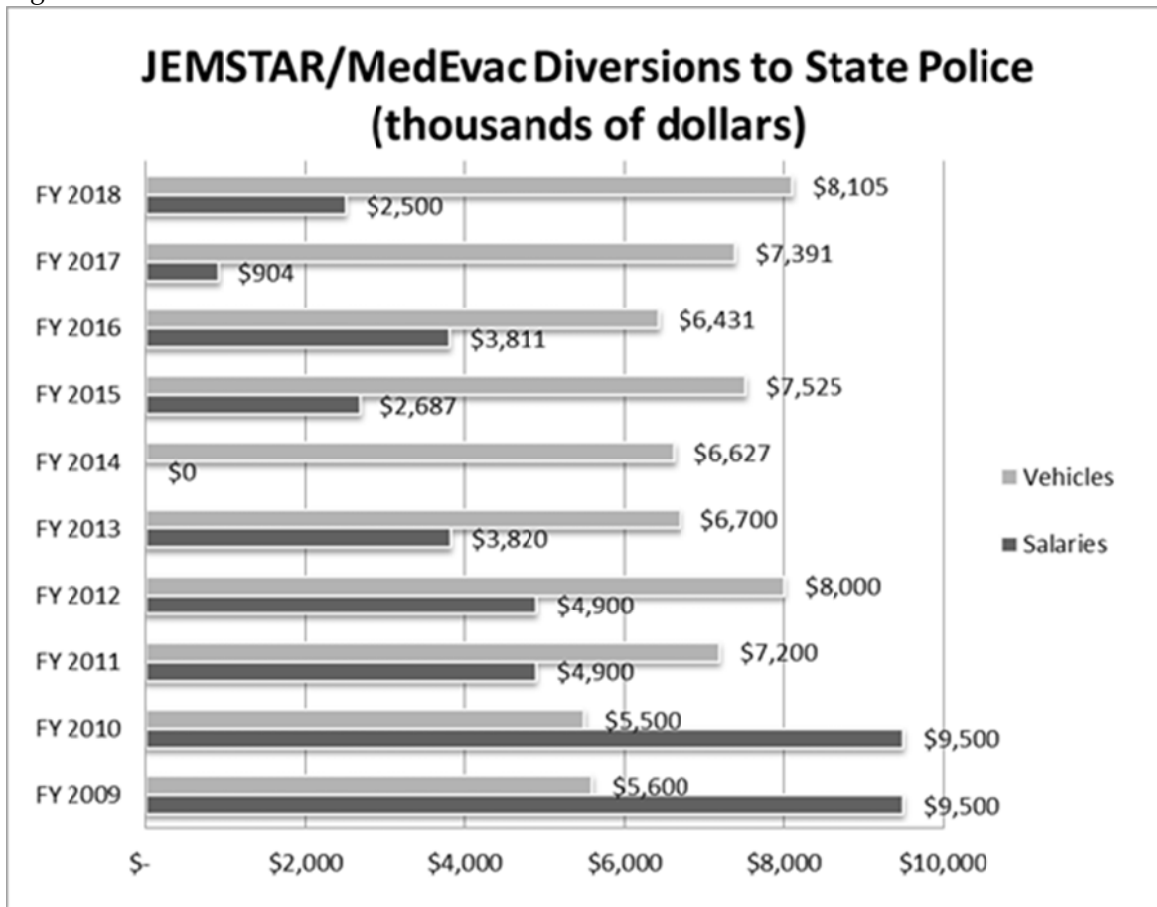
Although Virtua did not submit an application for the grant funding available, the DOH is not obligated to direct these otherwise unallocated funds to NorthSTAR. The \$3 million could be made available as a grant again, in a subsequent DOH NOFA. Alternatively, the funds intended to be granted to SouthSTAR could be reallocated within the DOH or could be utilized by the Division of State Police for general aviation costs, or allocated to the program’s capital maintenance reserve.

Diversions

According to appropriation language in the annual Governor’s Budgets from FY 2009 to FY 2018, JEMSTAR/MedEvac funding has continued to be diverted, often for related but dissimilar purposes. See Figure 3 for the amounts diverted from the fund, per year, since FY 2009. This fiscal year funding will again be diverted, with up to \$2,500,000 appropriated for DSP salaries and up to \$8,105,000 appropriated for DSP vehicles. No diversions were indicated in FY 2008 and any diversions since that time have been specified for DSP salaries or vehicles.

Background Paper: New Jersey Emergency Medical Shock Trauma Air Rescue (JEMSTAR/MEDEVAC) Program (Cont'd)

Figure 3



In FY 2011 and FY 2012, the DSP anticipated receipt of two of five new MedEvac helicopters, to be purchased by the State. Two older DSP helicopters were to be sold, for \$7 million estimated revenue which would offset the new purchase. However, language in the annual appropriations law provided that the receipts derived from the sale of a DSP helicopter were to be appropriated for the purposes of offsetting salary costs.

CONCLUSION

It appears that the MVC surcharge more than adequately funds the remaining operating and maintenance costs of the JEMSTAR/MedEvac program, which is now comprised only of the NorthSTAR program. Those individuals requiring medical service in the southern part of the State are now limited to service by private AMU's. The \$4.00 registration surcharge continues to be imposed by the Motor Vehicle Commission as required by law, but may increasingly be allocated to State Police costs unrelated to the JEMSTAR/MedEvac program. The Legislature may want to reevaluate whether the statutory allocation of the surcharge revenue should be revised to clarify priorities for its use.