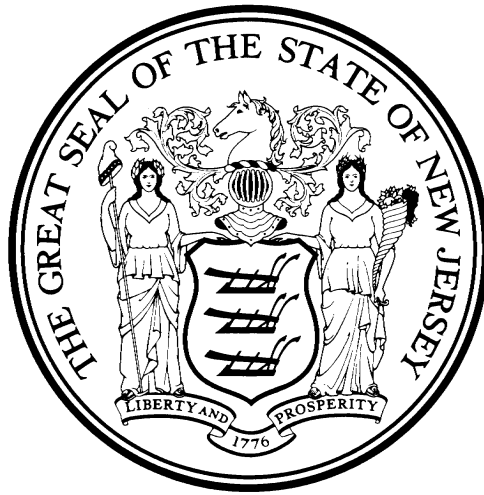


STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 2006 – 2007

Jon S. Corzine, Governor

**Bradley I. Abelow
State Treasurer**

**Carol O’Cleireacain
Deputy State Treasurer**

**Charlene M. Holzbaaur
Director**

**Robert L. Peden
Deputy Director**

**Gary J. Brune
Associate Director**

**Jacki L. Stevens
Assistant Director**

**Office of Management and Budget
March 21, 2006**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of New Jersey

For the Fiscal Year Beginning

July 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of New Jersey, for its annual budget for the fiscal year beginning July 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

TABLE OF CONTENTS

	Page
Governor's Message	i
Organization of New Jersey State Government	
Readers Guide	A-1
Summaries of Appropriations:	
The Budget in Brief	B-1
Major Highlights	B-4
Resources and Recommendations for Fiscal Year 2007 (All State Funds)	B-46
Summary of Fiscal Year 2006-2007 Recommendations	B-47
Summary of Appropriations, by Fund.	B-47
Summary of Appropriations, by Organization	B-48
Summary of Appropriations, by Category or Purpose	B-52
Summary of Appropriations, by Statewide Program	B-54
Summary of Appropriations, Dedicated Funds by Program	B-56
Appropriations Major Increases and Decreases	B-65
State Aid for Local School Districts—Consolidated Summary	B-83
Summaries of Revenues, Expenditures and Fund Balances:	
Combined Summary, Estimated Revenues, Expenditures, and Fund Balances	C-1
Summary of Estimated Revenues, Expenditures, and Fund Balances	C-3
Revenue Forecast and Initiatives	C-4
Statement of Estimated Revenues and Expenditures	C-10
Schedule I State Revenues	C-11
Schedule II Other Revenues	C-18
Schedule III Expenditures Budgeted	C-33
Schedule IV Expenditures Not Budgeted	C-35
Summary, Estimated Revenues, Expenditures, and Fund Balances	C-36
Budget Recommendations	
Department and Branch Recommendations:	
Legislature	D-1
Chief Executive	D-9
Agriculture	D-13
Banking and Insurance	D-23
Children and Families	D-31
Community Affairs	D-43
Corrections	D-65
Education	D-85
Environmental Protection	D-117
Health and Senior Services	D-149
Human Services	D-181
Labor and Workforce Development	D-251
Law and Public Safety	D-267
Military and Veterans' Affairs	D-303
Personnel	D-317
Public Advocate	D-323
State	D-329
Transportation	D-385
Treasury	D-401
Miscellaneous Commissions	D-447
Interdepartmental Accounts	D-453
The Judiciary	D-471
Capital Construction and Debt Service	E-1
Language Provisions-Federal Funds	F-1
Language Provisions-General Fund	F-2
Revolving Funds	G-1

Appendices:

Summary of Special Revenues, Capital Projects, Proprietary, and Private Purpose Trust Funds Appendix 1	H-1
Special Revenue Funds, Appendix 1A	H-2
Capital Project Funds, Appendix 1B	H-38
Private Purpose Trust Funds, Appendix 1C	H-442
Proprietary Funds, Appendix 1D	H-43
Description of Funds	H-44
State Lottery Fund Schedule	H-62
Casino Revenue Fund Schedule and Projection	H-63
911 System and Emergency Response Fee	H-66
Transportation Trust Fund Schedule	H-67
Statement of General Long-Term Debt	H-68
CAP Law	H-69
Population and Personal Income Demographics	H-71
State & Non-State Workforce Summary	H-72
Index	I-1



Governor's Message

JON S. CORZINE
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE FIRST ANNUAL SESSION
OF THE TWO HUNDRED AND TWELFTH LEGISLATURE

March 21, 2006

Senate President Codey, Speaker Roberts, Minority Leaders Lance and DeCroce, Governors Byrne, Florio, distinguished guests, my colleagues in the Cabinet, my fellow New Jerseyans...Good Afternoon.

It is my honor and responsibility to stand before you today and offer my best ideas to meet our state's recurring structural budget crisis. My administration's work over the past two months has surely deepened my understanding of the challenge of fixing our broken fiscal policies.

I must say, Governor Codey was on target when in November he jokingly said, "my transition report can be summed up simply – The state is pretty much broke." Today more than in November, I realize he was pretty much right.

Now more than ever, I appreciate how difficult our work over the next 3 ½ months will be, as together, we arrive at a responsible, negotiated budget.

Most certainly, I am committed to working with all of the Legislature, both Democrats and Republicans, to produce a budget which respects the fundamental values of the people of our great state and the mandate of our Constitution.

I think the values of most New Jerseyans include the expectation that as individuals, and as a community, we must pay our own way in life. New Jerseyans believe that telling the truth is always better than hiding from it, even when it hurts. And boy does this hurt.

And, most New Jerseyans understand that the character of a society can be measured by the support we give to our most vulnerable: our children, the elderly and those left behind developmentally or from other afflictions of life's circumstances.

I am certain the American Dream of a better tomorrow for our children is alive and well in New Jersey. And those of us in Government must promote that promise, not undermine it.

We express our vision of that promise in real terms through our budgets.

Budgets are the numbers, words and choices that capture our values. My words and the proposal before you today will not be about elaborate arguments or fancy rhetoric.

My proposal will be about the hard choices and the numbers that will put our state on a pathway to financial stability and responsibility – allowing, ultimately, for disciplined investments in our future, while fulfilling our responsibilities to provide a secure and sound quality of life for all New Jerseyans.

My proposal to you today is based on four fundamental principles:

1. We must stop spending more than we take in;
2. We must stop borrowing and using gimmicks to pay today's bills;
3. We must rely much more heavily on cuts in spending and savings than new revenues to balance our books;
4. We must be smart in finding ways to mitigate the impact of these cuts to protect the most vulnerable in our state.

GOVERNOR'S MESSAGE

To be successful in the tough negotiating sessions ahead, shared costs and benefits must occur. Our end product must have both the appearance and the reality of being fair.

All of us have been warned that a day of reckoning was near with respect to our troubled state finances. This is that day.

Our problem is simple; we have been spending more than we take in.

Our credit standing in the marketplace has gone from AAA to near the bottom of the class among the states.

Governor Codey made clear last year in his budget address that we had to start the process of cleaning up “the fiscal mess in Trenton,” and with the help of the Legislature, important first steps were taken in fiscal 2006. But we can all agree: there is considerably more to be done.

The task ahead is daunting and not particularly attractive politically, for anyone. That said, the task must go forward — no matter how tough the choices — with a readiness to share the sacrifices.

To this point, let me provide some perspective: if we continue current programs, if we fully fund pensions as we should, and if we increase property tax rebates as I promised, our spending growth in 2007 would exceed our revenues by a minimum of \$4.8 billion.

Let me be clear: that \$4.8 billion reflects what our needs would be if we fully restored property tax rebates to 2005 levels and then grew them 10%.

After the last two months, I'll be the first to acknowledge that some things will have to wait. In this case, while I recommend that we increase existing rebates 10%, we will have to put off restoration of the rebate cuts made last year.

Deferring that restoration will bring the gap to \$4.3 billion, which is still a big hole.

So it is with great reluctance that I am proposing we fund only 70% of the current pension obligation. That equates to almost \$1.5 billion in real spending on pensions. This is an increase of \$1.1 billion over last year – and more cash to pension contributions from the General Fund than in the last nine years added together.

This is a good faith effort to put us on a path toward restored integrity in our state retirement system – a path that will accelerate the benefits of growing investment returns accrued through compound interest.

Make no mistake – our unfunded pension obligation is a real bill, and it has been deferred far too long.

Both of these deferrals are tough, but the cuts to come are even tougher. And I recommend all of them as essential in an overall package of painful choices.

Now, we come to how we meet the remaining billions in mandated, legislated and inflated expenditures from this year to next.

Unfortunately, the bulk of these reductions and constraints on growth have to fall in areas where the state controls spending – areas as sensitive and important as K–12 and higher education, health care and municipal aid.

With no pleasure, I propose cuts and constrained growth in these and other programs of almost \$2 billion. To that end, we have eliminated 75 programs, we have cut funding below current levels for 130 more, and we have cut back the rate of growth of still another 30 programs.

Since the election, I've been working on finding a way to fix the mismatch between our revenues and our expenditures. I've met with the heads of each department, going through their budgets line by line. Our focus has been almost entirely on how to reduce their spending.

We've done a lot, but it hasn't been enough to fill the hole.

Reluctantly, I am forced to seek net new tax revenues of about \$1.4 billion, primarily through a 1 cent increase in the general sales tax along with a modest extension of that tax into some services.

To summarize: if we implement my proposals, at the end of the day, we'll end up with a budget totaling \$30.9 billion, an increase of \$3.5 billion over last year's proposed budget and about \$2.6 billion over the adjusted appropriation for fiscal 2006.

Some critics will attack the size of the budget as too big, and they may be right. But the size of the budget is not the result of new initiatives on services or aid; it is simply a reflection of the true cost of current state services already being provided. It reflects already legislated, mandated, negotiated and inflated costs.

And while this budget is balanced, we still have significant structural problems built in for future years. Consider: if you, my legislative partners, agree to every painful choice proposed for fiscal 2007, the ongoing growth in expenditures already in place for fiscal 2008 will leave us with a minimum starting hole next year of \$1.5 billion before we make one new decision on spending.

Our problem is, unless we change course, we're going to spend that \$1.5 billion. And we won't have anything new to show for it. Just as challenging, every time we use a gimmick or a trick to pay for this year's expenses, all we're doing is making next year's problem bigger.

In the \$30.9 billion budget model I have laid down, I have sharply reduced so-called one-shots and gimmicks.

In the last four years, such one-shot sources have averaged \$2.8 billion per year. We've reduced that figure by over 80% to no more than \$500 million, down from \$1.8 billion in the current year's budget.

This addiction to short-term solutions to long-term problems has continuously compounded the deficit hole for succeeding years' budgets and eroded the state's credit rating as a result. These practices must end. And they will.

Now, for the most part, let me spare you the recitation of locked-in spending increases, revenue enhancements, the holes created by one-shots and the laundry list of spending cuts. The details of these issues are spelled out comprehensively in the Budget-in-Brief, a copy of which is before you and will be available to the public.

But let me be clear, I expect the final budget to cut expenditures more than we raise taxes. And I will not accept any solutions that rely on a greater amount of one-time revenue raisers than I have laid down.

While there can be legitimate arguments on priorities within the proposed budget structure, I will fight for this model of serious cuts coupled with some new revenues.

New Jersey's state finances need to get back onto a sound long-term footing, consistent with the values of our people, and I am determined to deliver that end through our final budget. The continuous use of the state's charge card to pay current operating expenses and stuffing bills into our desk drawers covering up our crisis are over.

Recurring revenues must match recurring spending.

To those who thought my financial background would mean I had some magic bullet in my holster to balance the budget, I am sorry to disappoint you. My answer is as simple as old-fashioned arithmetic. We can't keep spending more than we take in. The solution is simple – stop! We must and we can.

Just as this group of legislators has admirably addressed and supported critical reform at UMDNJ, in the Schools Construction Corporation, in the Transportation Trust Fund and in the organization of our homeland security efforts, together I am sure we will responsibly face our day of reckoning on our budgetary crisis.

I particularly want to thank Speaker Roberts and Senator Codey for their leadership on these and other vital issues. I appreciate the civil and positive dialogue my administration has had with the leadership of both parties as we prepared our budget. In this regard, let me particularly express my appreciation to Senators Bryant, Lance and Littell and Assemblymen Greenwald, DeCroce and Malone.

GOVERNOR'S MESSAGE

But now is the time for decisions – there is no magic bullet. Our budget gap must be closed with hard choices.

School aid for most districts will be flat except for growth in pension contributions, a modest increase for Abbott pre-schools, support for special education in heavily impacted districts and state supported after school programs.

I appreciate that flat-funding in an inflating environment is a real cut. Reality and necessity must be the mother of invention. Just as the state must find spending reductions, other units of government must as well.

We are also imposing the same flat-funding principle with respect to municipal aid. And, we are proposing absolute cuts to higher education institutions offset with very modest increases in student aid.

In combating double-digit percentage growth in health care expenditures, we are holding charity care flat even though we are appropriately no longer tapping the Unemployment Insurance Fund as a revenue source to fund this need.

Additionally, we intend to institute bulk purchases of pharmaceuticals as an important cost-reduction measure. We also propose co-pays in several state-administered health programs, including in Medicaid. I think the public will understand the necessity of such steps.

While we will press for the savings that are noted, we will also push to expand FamilyCare – as you, the Legislature, did last year. Let me congratulate Senator Vitale in particular for his leadership in this important effort. If we are diligent, we will bring 50,000 additional children onto the rolls of FamilyCare with a targeted spending increase of \$5 million. Getting our children out of the emergency room and into the doctor's office will both protect our children and reduce costs.

The last broad area targeted for cost savings is in the category of managerial efficiencies and taking on “waste, fraud, and abuse.” For instance, a substantial Medicaid fraud initiative targets \$50 million in savings.

Additionally, we anticipate eliminating over 1,000 funded employee positions throughout state government primarily through attrition and a reduction in political appointees, saving more than \$67 million.

There are also substantial possibilities for improving efficiencies and achieving savings across departments and agencies, particularly through the implementation of a statewide information technology plan and better management of our real estate portfolio and lease arrangements.

As the Assembly Budget Committee rightly pointed out last month, we need to aggressively implement many of the recommendations of the State Auditor. Those proposals are anticipated to save \$240 million over the next two years.

And of all areas of reform, the well-documented abuses in the public retirement system demand immediate attention. Some initiatives, like requiring 1,000 hours of work for pension eligibility in a given year, seem obvious, as does eliminating tacking and padding at the end of a public career. While many reforms must be negotiated at the bargaining table, I will work with the Legislature on a down-payment on reform that will provide modest current-year savings.

That said, failure to address the obvious abuses of a system designed for career employees will undermine the credibility of government and those of us who are its representatives.

All this considered, let me make one observation clear: Anyone who says we can save \$3 – \$4 billion by eliminating waste, fraud and abuse is selling snake oil. Worse, they are hiding from the painful alternatives and choices that will truly address our failing financial circumstances.

Yes, there are savings, but not in the billions.

Hard savings will come from proposed cuts of about \$2 billion in programs, restructurings and the elimination of political pork. My proposed cuts are real, and the rough total needs to survive our negotiations.

I am confident, as we continuously review government activities, we will find additional savings. We must objectively examine every program, measure each activity's performance, demand more for less, and root out spending that merely serves political, not public, purposes.

GOVERNOR'S MESSAGE

In fact, today I am announcing the formation of a Special Task Force to coordinate our efforts to reengineer state government. I have asked Richard Leone to chair that effort, which will include a senior group of cabinet officers and concerned citizens. The task force will report to me regularly on further cuts and efficiency measures designed to realize substantial additional savings and enhanced performance. And, they will look to apply best practices in efficiencies developed by both Democrat and Republican Governors around the country.

As a last step designed to buttress control of spending, I renew my call for an elected, independent state comptroller. To that end, I will be working with the Legislature in the year ahead to bring an independent check and balance to the state's fiscal affairs. Independent audits are good enough for private business and they should be good for the public's business as well. Many of the recent spectacular failures of state institutions could have been avoided by consistent outside oversight.

All of these measures will help control spending, but as I said earlier, they will not be enough. As much as people may hate the spending cuts, most will hate the taxes more. Governors – I can hear the Bronx cheers already. They are however, forced upon us by the unforgiving arithmetic of our structural deficit. Tax increases are a last resort.

As we studied our financial circumstances, I concluded that the sales tax should be the primary tool for generating new revenue. That recommendation came after carefully considering the potential impact of raising our already high level of income taxes on the state's overall economic competitiveness.

The sales tax extensions and increase I have proposed will retain the exclusion on groceries and clothing. To put the new tax in perspective: the added burden will cost the average New Jersey household with a family of four about \$5 a week – or about \$260 a year. Additionally, we will lighten the burden on those least able to bear this new tax by ending state income taxes for more than 400,000 of our low-income taxpaying residents, with substantial relief for another 200,000.

This income tax cut will directly aid part-time and low-wage workers, particularly seniors, students, teenagers and the working poor.

Our property tax rebates to low- and moderate- income seniors and working families, combined with the proposed income tax cut, goes a long way to maintaining our state's long standing commitment to a progressive tax structure.

One last consideration on taxes should be noted. While we are proposing a 2.5% surcharge for three years on the corporate business tax, we are also letting expire a larger set of anti-growth taxes on businesses, including those on net operating losses. The net result will be stimulative to business and job growth, an objective vital to all New Jerseyans.

Other proposed revenue enhancements are primarily an effort to capture greater federal government matches in health care. The most important of these initiatives relates to a hospital provider tax that will net the state over \$200 million in federal dollars while maintaining an overall neutral cost to our hospitals.

The second effort, already noted, expands FamilyCare to take advantage of federal matching funds. The 65/35 split means that our \$5 million investment will leverage an additional \$9.3 million in federal funds to help insure 50,000 lower income families and children.

As I said in my Inaugural Address, the process of reestablishing our financial integrity will not be painless. We face tough choices. I would have preferred to have a public treasury flush with money to spend on good things for our state or further reduce the people's tax burden. But that is not the hand we've been dealt. And it is our task to do the best we can with today's stark realities. Our State, like every responsible family, must learn to live within its means.

Now, let me assure each citizen of New Jersey, each choice in the proposed budget was a difficult one that came after great care and consideration. But I trust that after honest deliberation – the Legislature, the public, and interested stakeholders will see this proposal contains the responsible fiscal discipline to get us back on a positive financial track – a result beneficial to all New Jerseyans.

GOVERNOR'S MESSAGE

Let me also note, this budget recognizes that we have moral imperatives that dictate we cannot turn our backs on the most vulnerable in our society.

To these imperatives, I'm proposing modest, targeted increases of no more than \$50 million in programs that enhance and advance the values that make our society strong – modest initiatives in special education, after school activities, affordable housing, the provision of health insurance for the uninsured, added tuition assistance grants, spending on food purchases for the poor and homeless and combating domestic and gang violence.

In addition to considering my budget plan, I am asking the Legislature's cooperation as I begin restructuring a number of agencies in ways that should be at a minimum, cost-neutral, but designed to improve performance and outcomes.

First, I propose the creation of the Department of Children and Families in order to sharpen our focus and increase the effectiveness of our child welfare system.

When we cannot keep our children safe, we have failed in one of our most basic responsibilities as a people. This reorganization will allow for the singular focus by all elements of the Department on child safety.

It will also help position us for greater flexibility in dealing with well intended court mandates which sometimes actually limit our ability to protect children. We hope to begin the new fiscal year with the new structure in place. I ask for your support.

Second, we seek financial support for the Office of Homeland Security and Preparedness. In the post 9/11, post-Katrina world, we must require and facilitate total cooperation and coordination across government with respect to homeland and hometown security. In return, the Legislature and the public should expect that risk and threat will be the only metric used in allocating scarce federal and state dollars invested in homeland security.

Under the able leadership of Dick Cañas, this office will work with all levels of government and the private sector to ensure that vital information and resources get where they need to go to keep us safe.

And lastly, economic growth should be the engine to expand revenues, not taxes. To achieve strong growth, we need a favorable investment climate for business.

We must carefully make strategic investments to attract and retain business. Even in this tough budget climate, we must promote economic growth, we must make investments that will help our state prosper. Moving the Business Employment Incentive Program, or BEIP, grants onto a pay as you go basis, for example, is appropriate. But there are also long-term investments funded by long-term borrowing that are both appropriate and necessary to support a growing economy, investments in an economy that will support future taxpayers as well as today's.

Restoring guaranteed funding to the Transportation Trust Fund was one such initiative. Funding stem cell research is another. If we are to be a leader in cutting-edge biotechnology and acquire the accompanying high-paying jobs, we will need to prime the pump. On this issue, it's time to act.

There is much to consider in the days between now and June 30th. We have tough choices to make together.

In fact, as soon as we close out the difficult debates of the budget season, we must move expeditiously to address the most pressing issue on the public's mind: fundamental property tax reform.

While property tax rebates arguably may be one of our most effective tools to ease the heavy tax burdens on New Jersey's homeowners and renters, they are not enough. And even though nearly half of all state spending is passed through for property tax relief including school aid and municipal aid, property tax burdens continue to grow steeply.

That fact alone should motivate those of us in this chamber to consider overall property tax reform as the next major order of business in New Jersey. I assure you it will be my priority once the state budget has been brought into balance. I look forward to working with the Legislature's leadership to set a timetable and process on this fundamental challenge.

When we leave this chamber, when we put aside the political rhetoric, when we look beyond the headlines, we must ask ourselves: are we doing the best in serving all the people of New Jersey – not just today, but over the long run?

GOVERNOR'S MESSAGE

Today, we begin writing a new chapter in the dialogue between government and the people we serve. It is time to start a very frank discussion of what we want our state to be. I intend to do just that over the next few months.

We need an awfully good reason for cutting services that affect millions and adding to our people's taxes. We owe them more than just an honest, balanced budget; they should be able to take that for granted.

We owe them a government that is a true steward, not only of their tax dollars, but also of their hopes and dreams.

This budget is only a starting point, a foundation. But on it, we can build a New Jersey that is strong and rich with opportunity; we can create a legacy that our children and grandchildren, in their own turn, will build on.

Of course the work we have to do together won't all be accomplished this year, or even over four years. But it is our common purpose, I think, to make the most of the time we have in government. Whatever our party affiliation, whatever our regional or local imperatives, whatever our personal predispositions on policy, let us find common ground on the big financial issues at stake.

New Jersey is one community, with one future.

If you don't like what I've proposed, then give me an alternative that is as far-reaching and as fair.

If you don't like the taxes, give me more cuts.

If you don't like the cuts, then you're out of luck – because there are already more taxes than I want.

We've got a tough few months ahead of us. I am sure there will be a temptation to duck some of the hard questions we must face. But in our hearts, we know better.

And most of all, we recognize that one course is not open to us – just doing more of the same.

So, let's get at it – together.

Thank you, and God Bless New Jersey and America.



Organization of New Jersey State Government

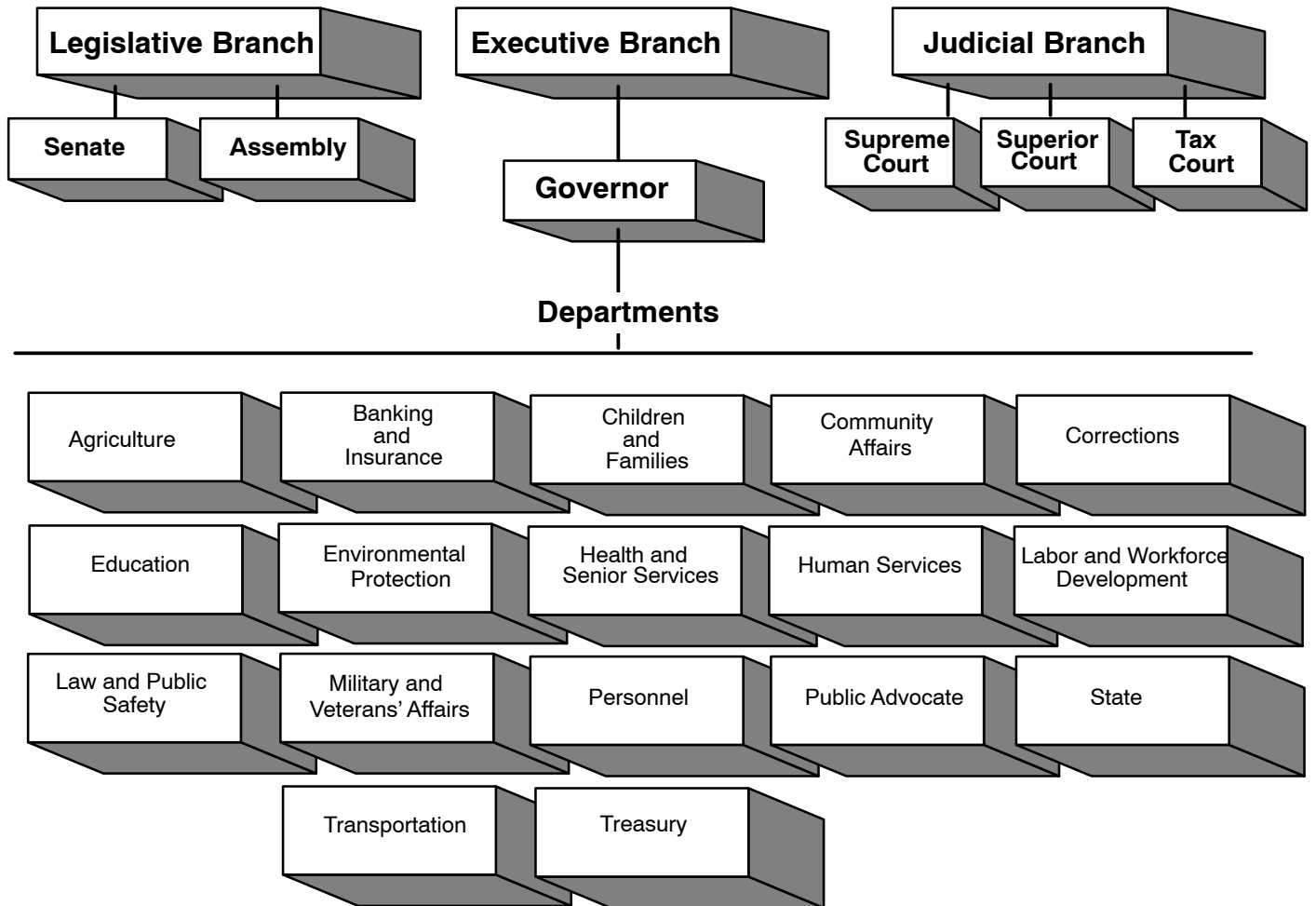
This section of the budget displays the many Departments, Agencies, and Organizations that comprise New Jersey State Government. Included is a brief background statement on the history of New Jersey Government which is followed by individual displays of the sixteen Executive Branch Departments and the proposed Department of Children and Families.

BACKGROUND

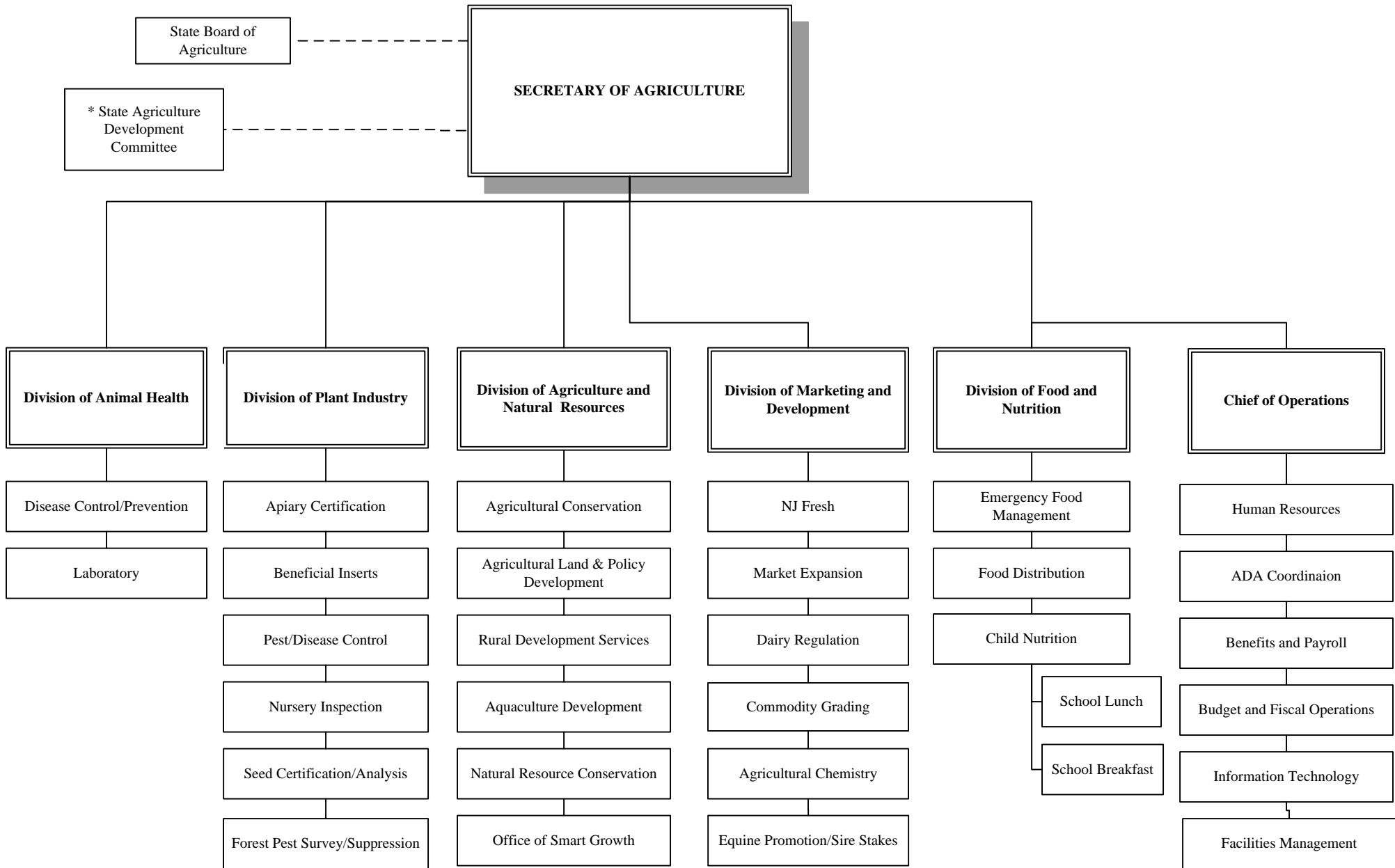
The State of New Jersey was one of the original thirteen colonies and was the third state to ratify the United States Constitution in 1787. New Jersey's governmental structure is similar to the federal model, with three separate branches of government: a Legislative Branch, a Judicial Branch, and an Executive Branch. The original State Constitution was adopted on July 2, 1776, and was subsequently superseded in 1844 and 1947.

The Constitution of the State requires a balanced budget and restricts State long-term borrowing to 1% of total appropriations, unless higher amounts are specifically approved by voters at a general election. Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within the same fiscal year, is not prohibited by the Constitution and is authorized in the Annual Appropriations Act.

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT

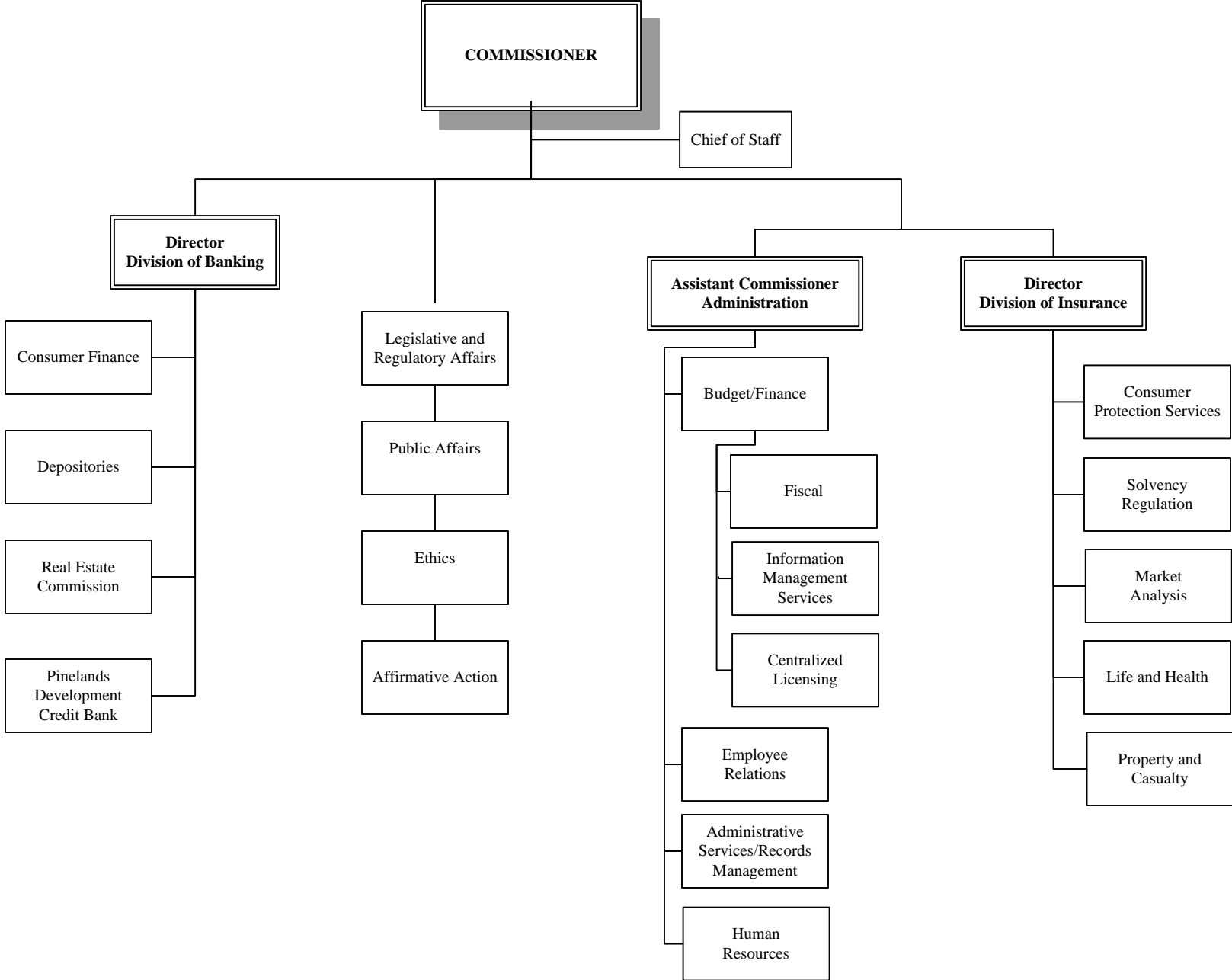


AGRICULTURE

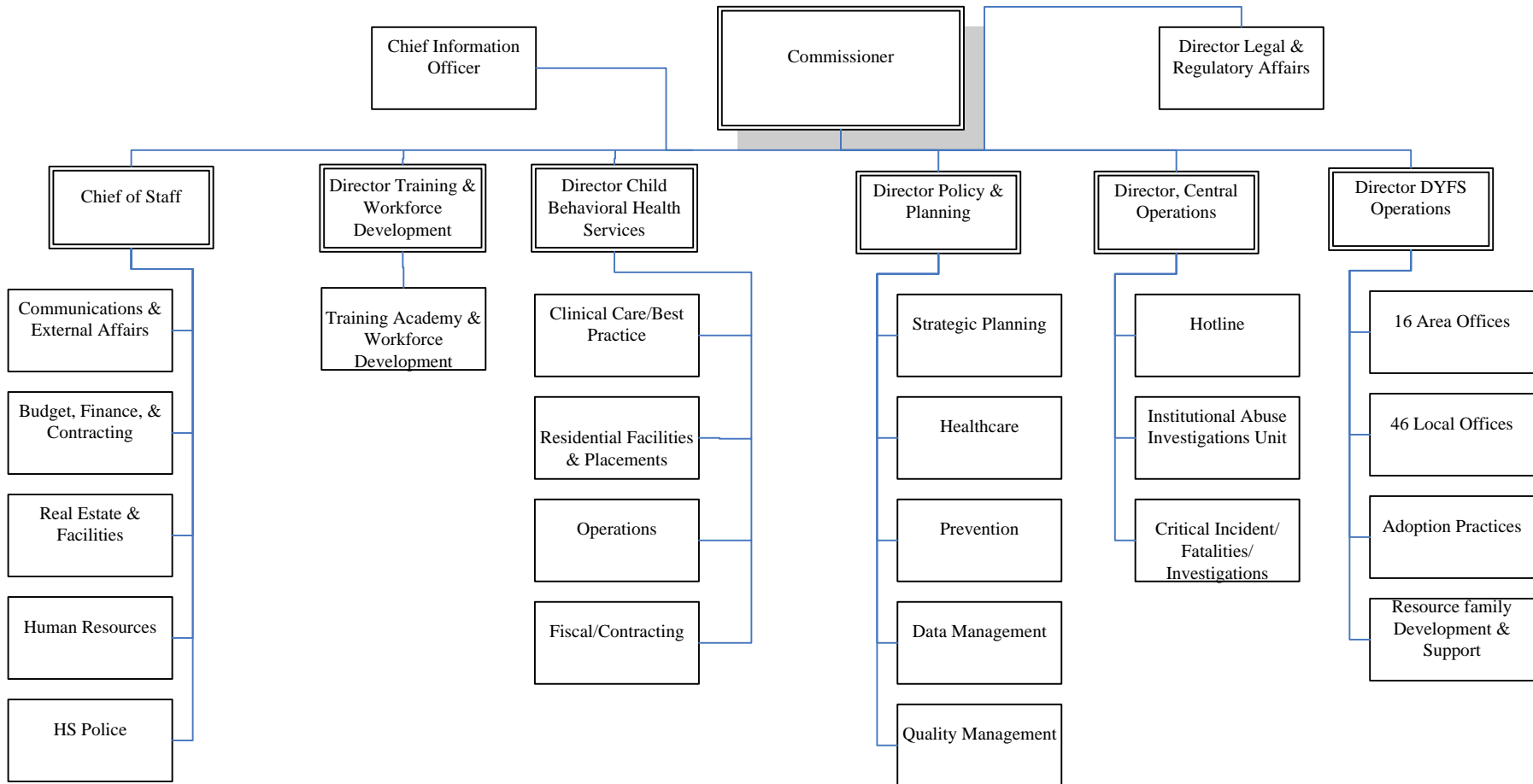


*** In but not of the Department of Agriculture**

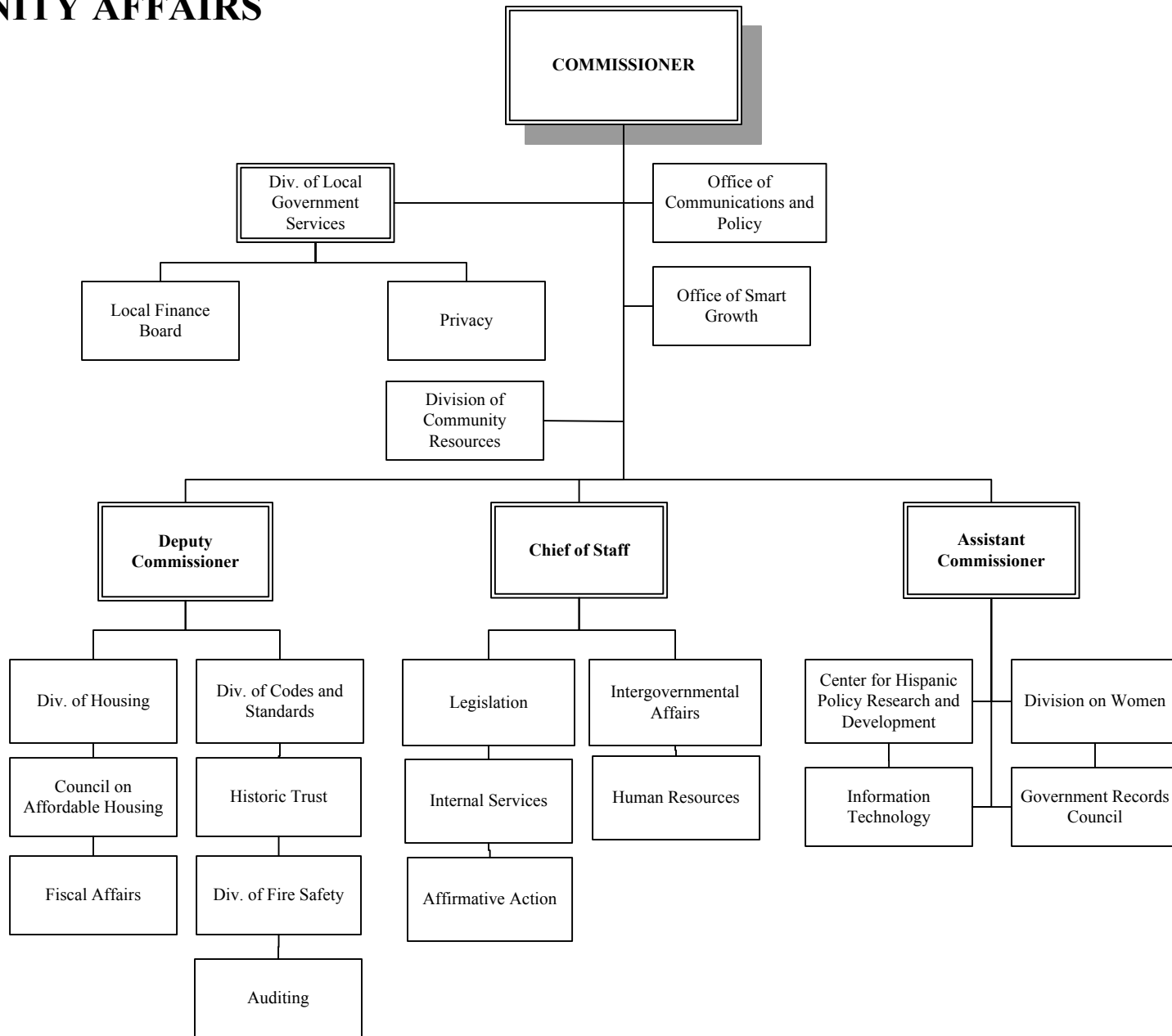
BANKING AND INSURANCE



PROPOSED CHILDREN & FAMILY SERVICES



COMMUNITY AFFAIRS



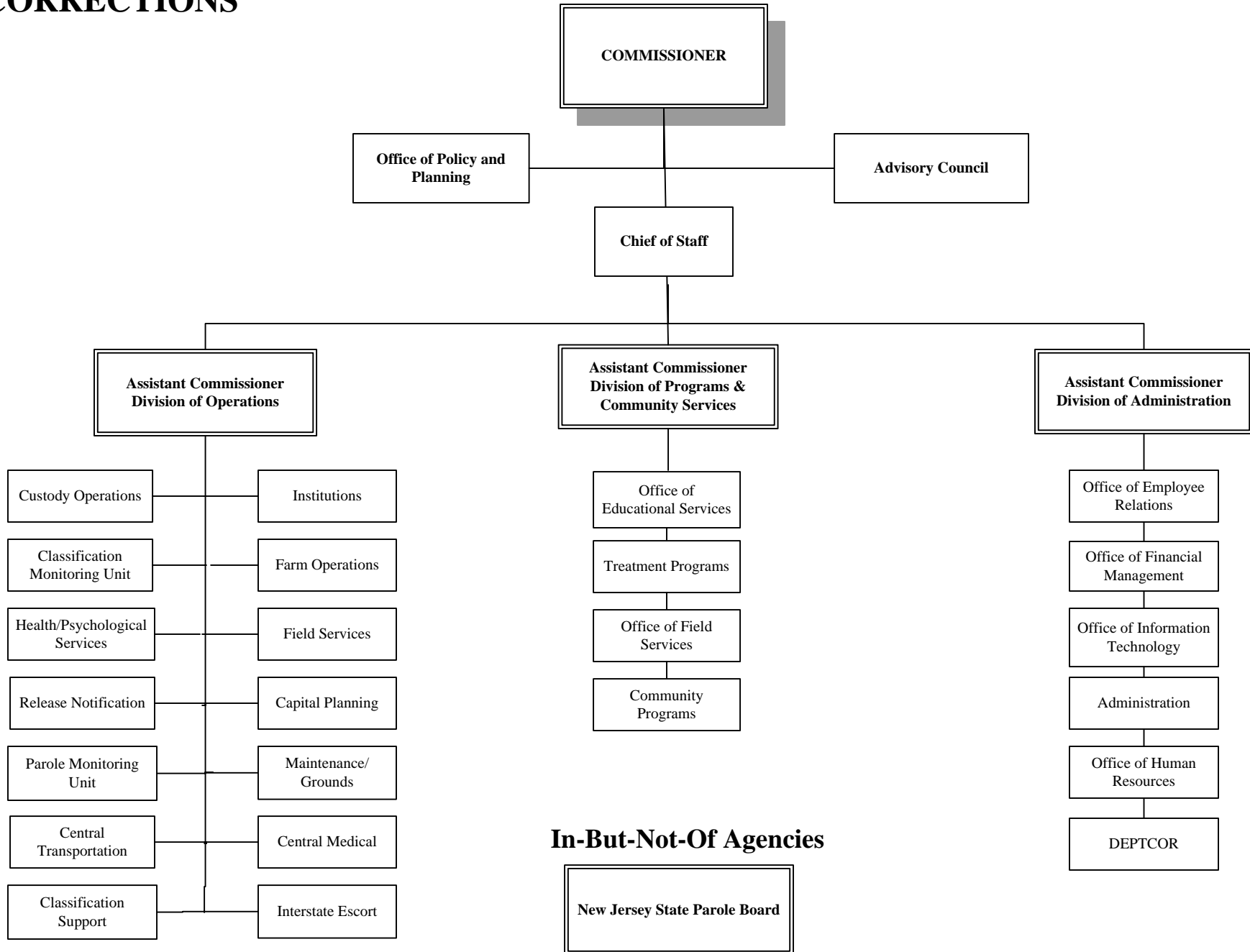
In-But-Not-Of Agencies

**NJ Meadowlands
Commission**

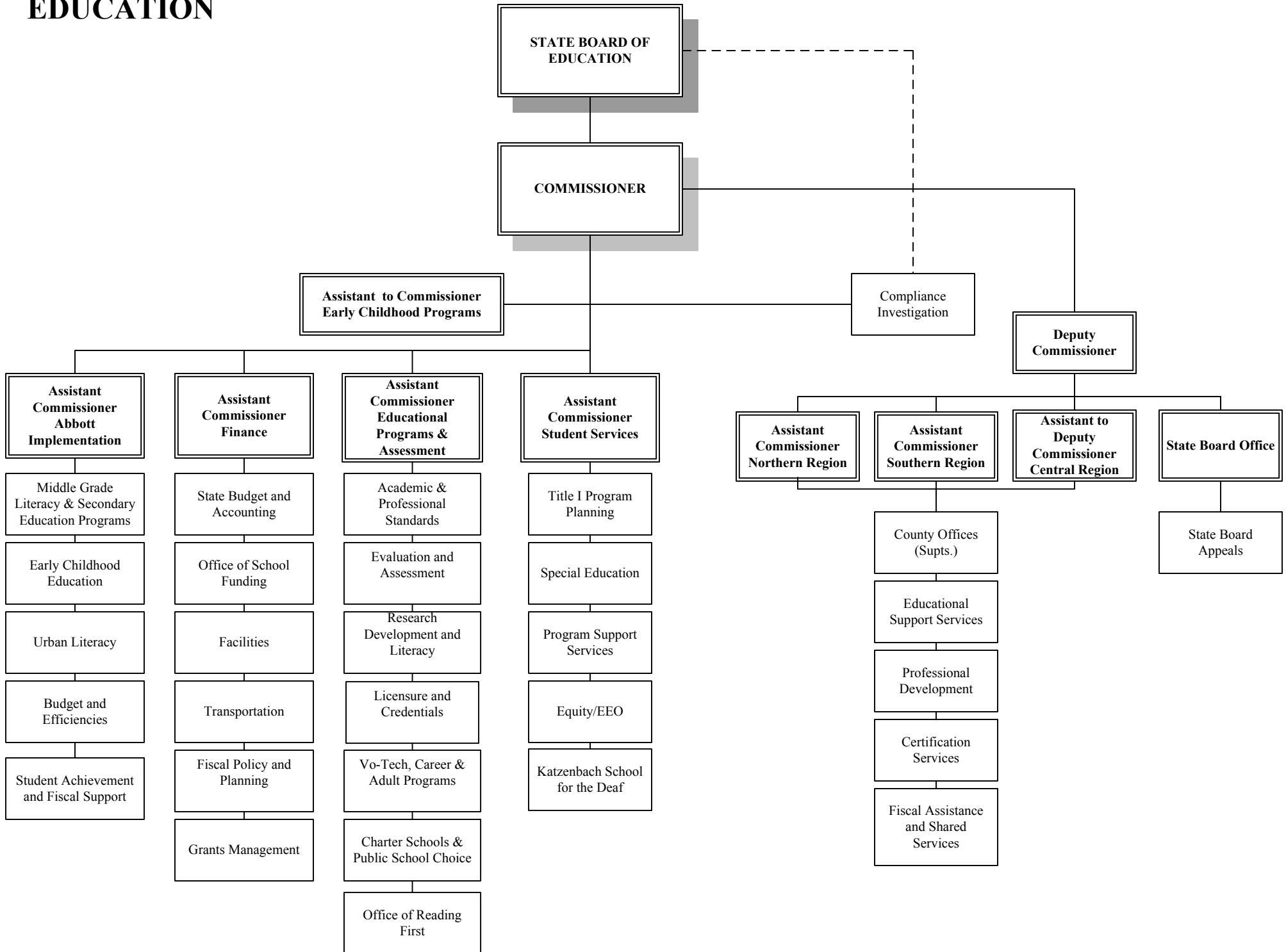
**NJ Redevelopment
Authority**

**Housing Mortgage
Finance Agency**

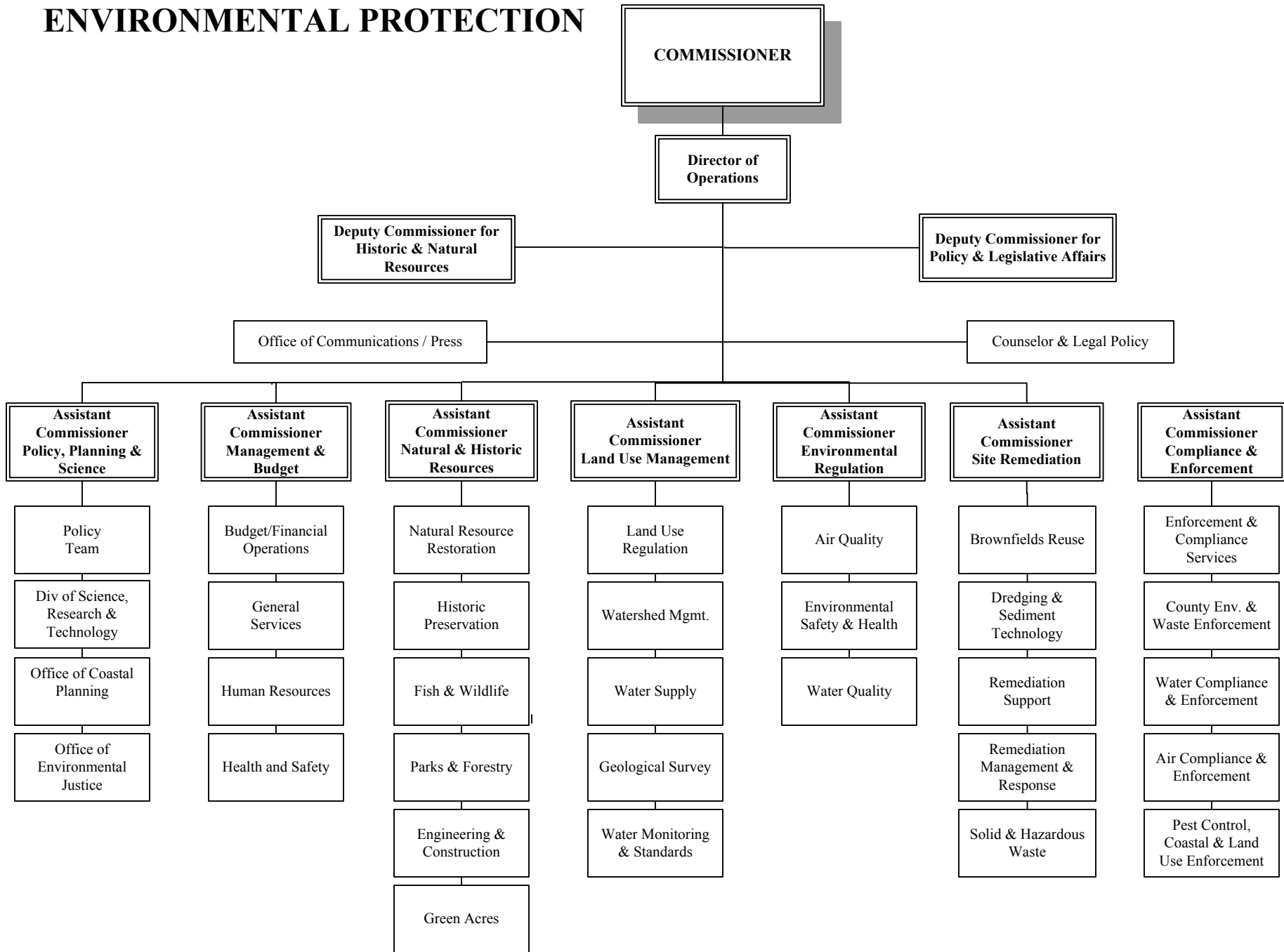
CORRECTIONS



EDUCATION



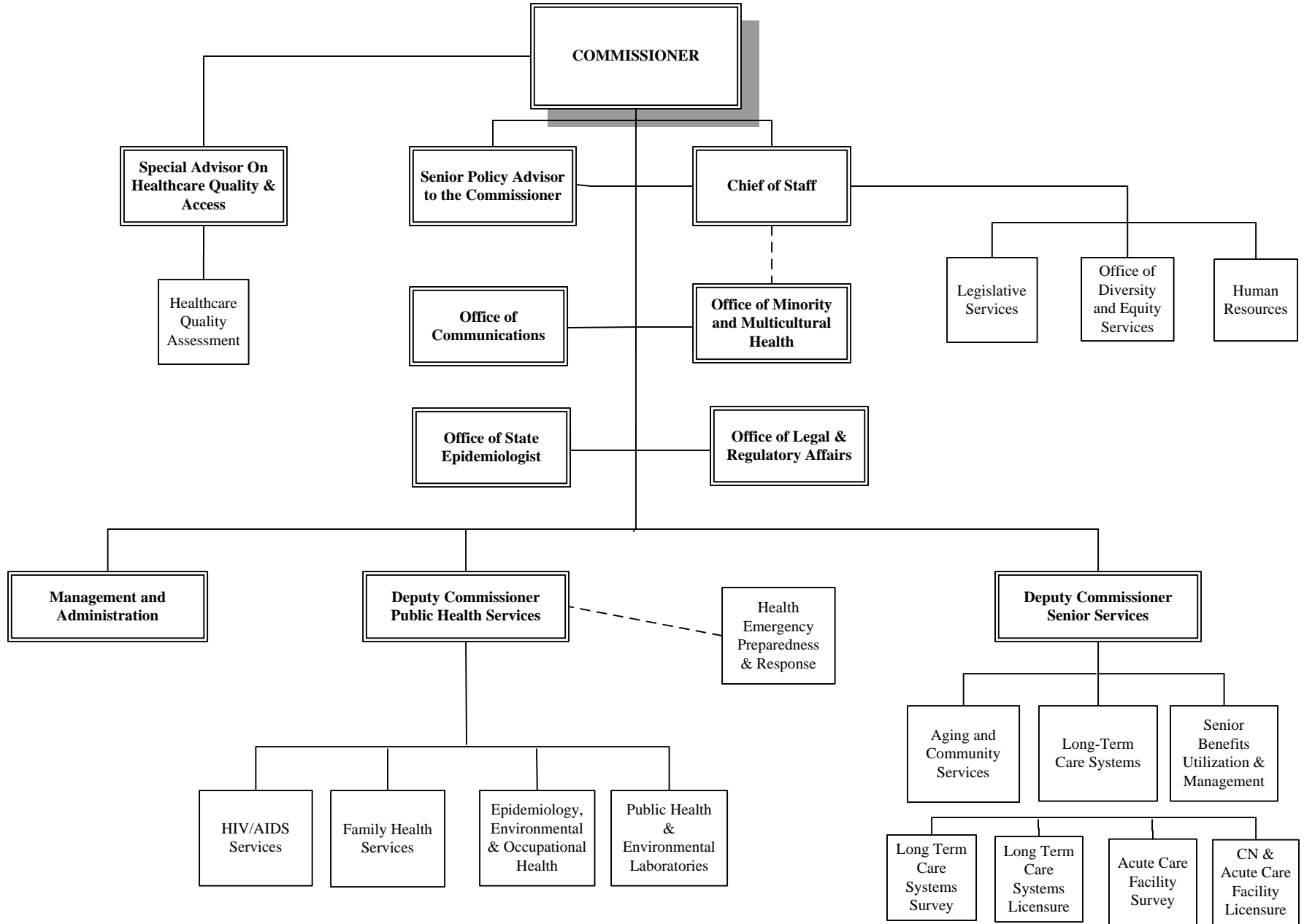
ENVIRONMENTAL PROTECTION



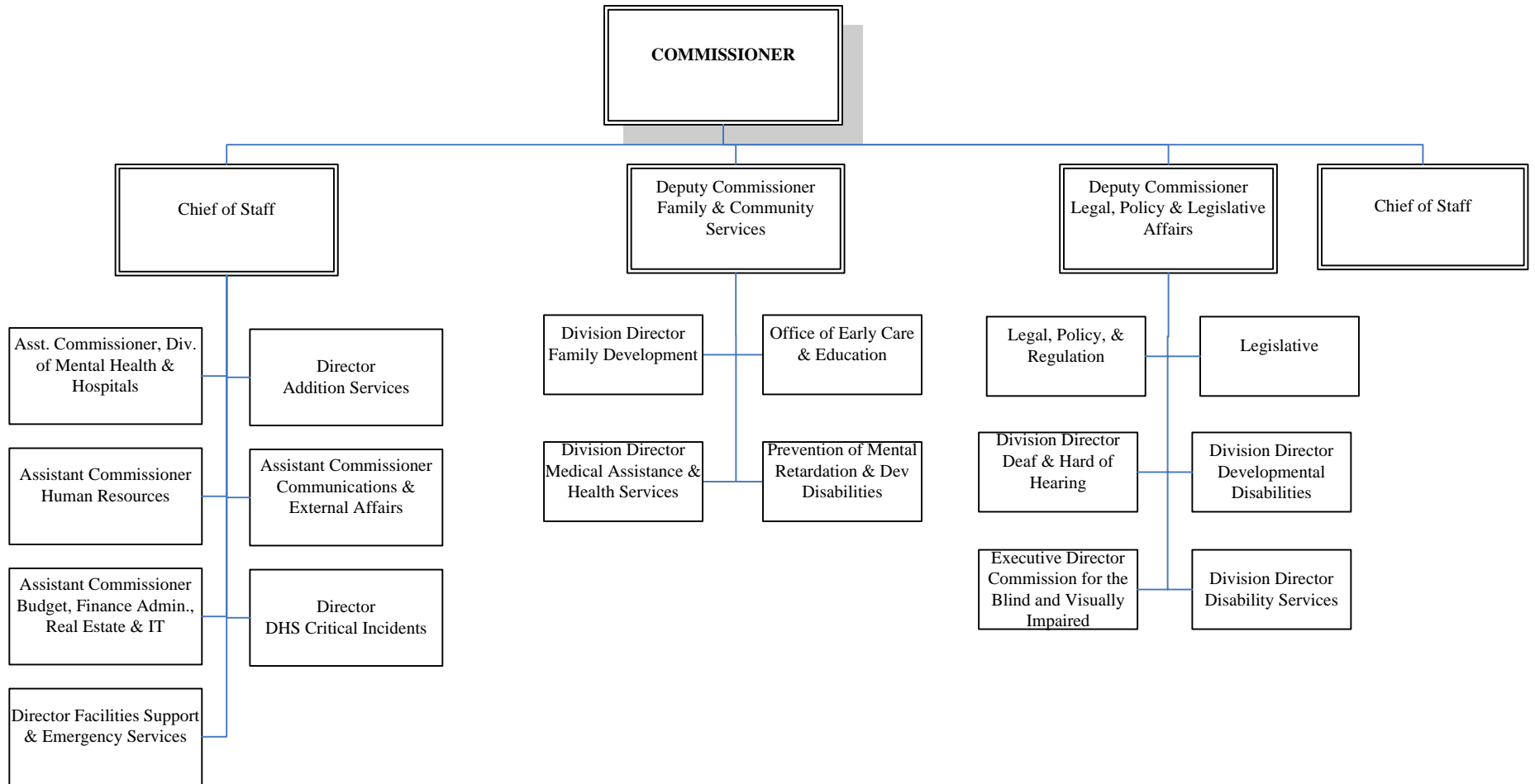
In-But-Not-Of Agencies



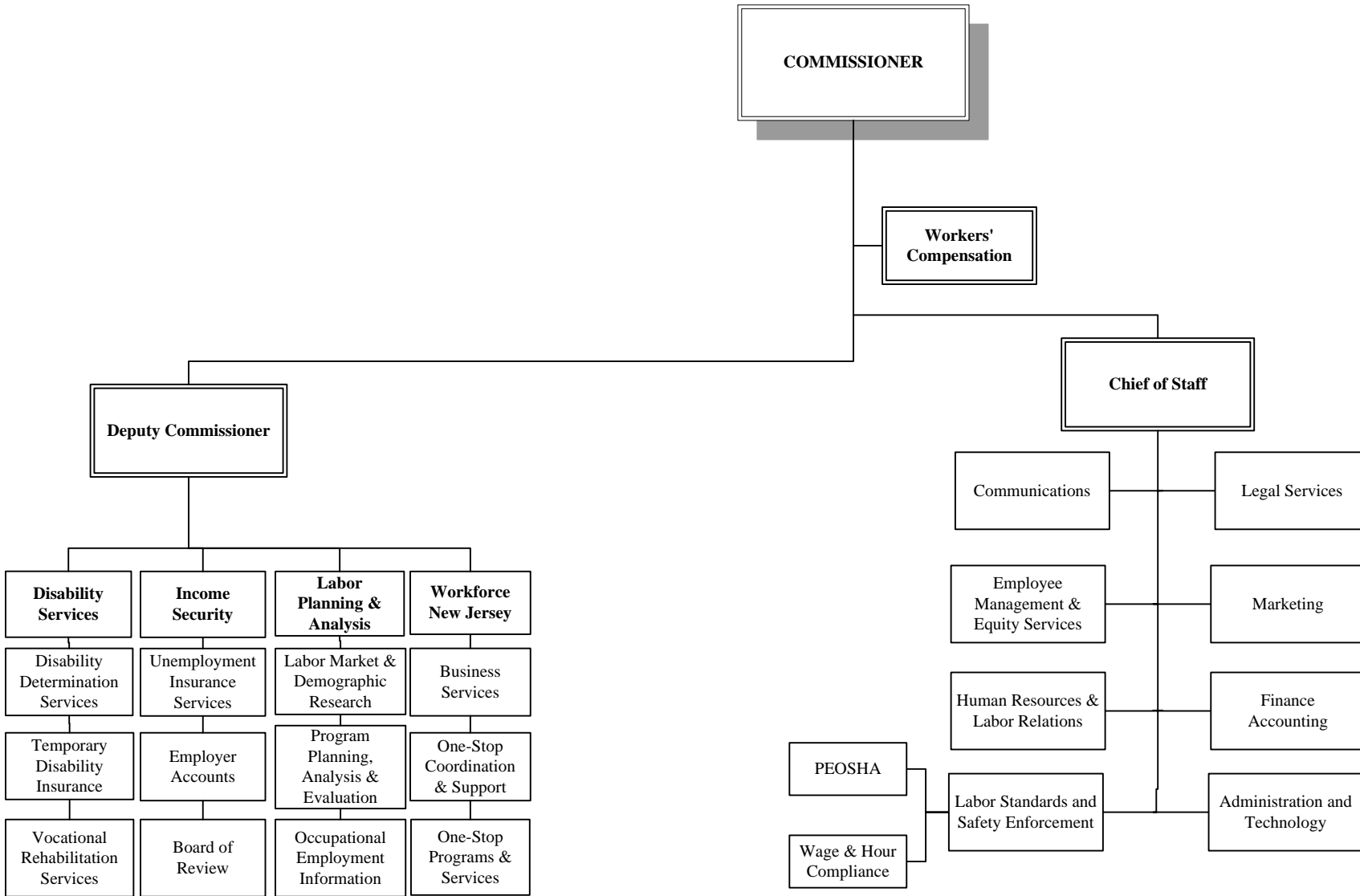
HEALTH AND SENIOR SERVICES



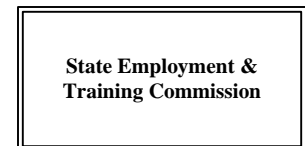
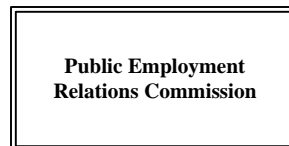
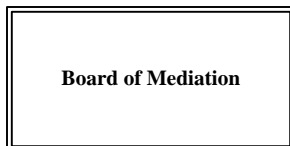
HUMAN SERVICES



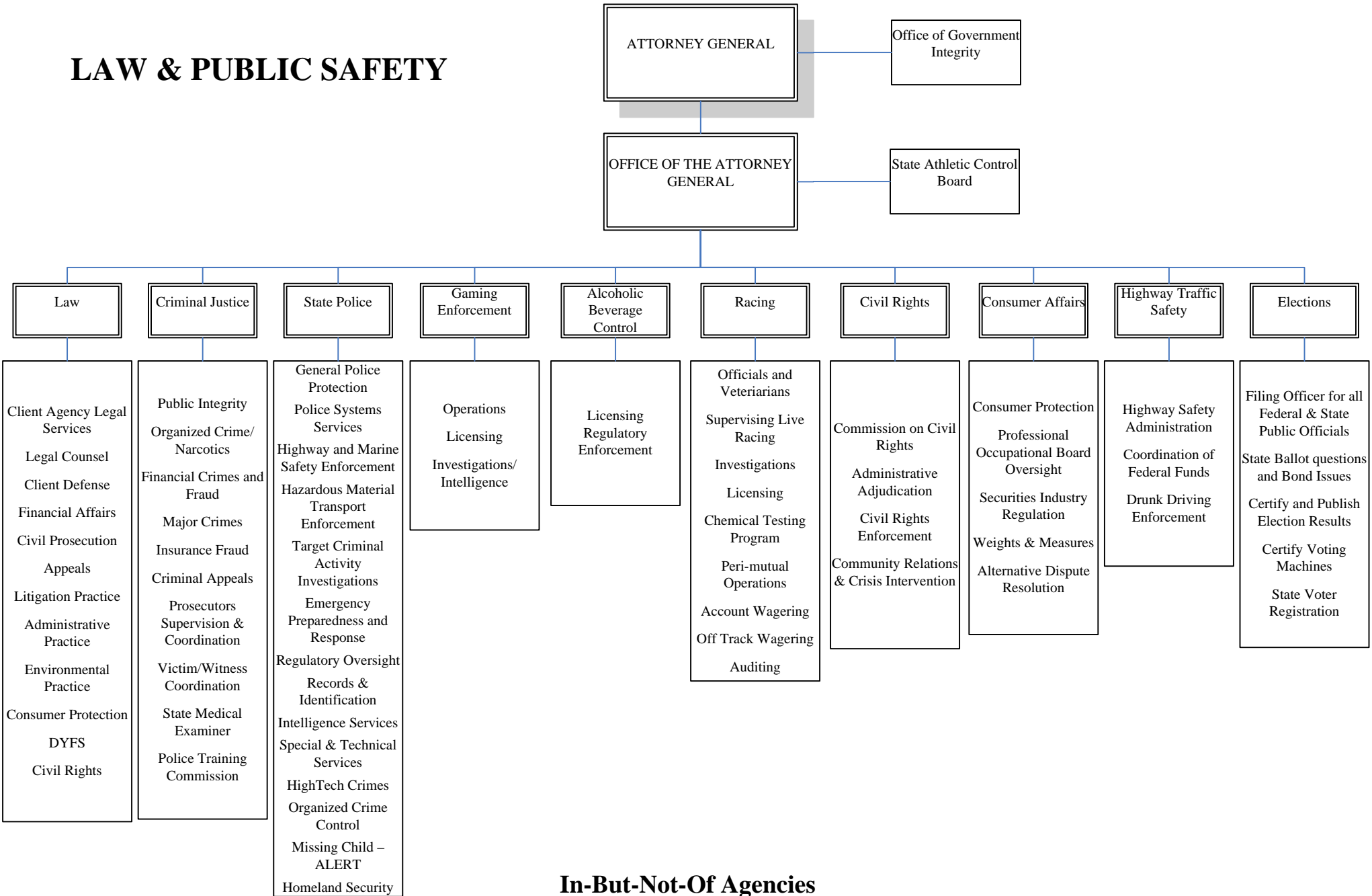
LABOR AND WORKFORCE DEVELOPMENT



In-But-Not-Of Agencies



LAW & PUBLIC SAFETY



In-But-Not-Of Agencies

Office of Homeland Security and Preparedness

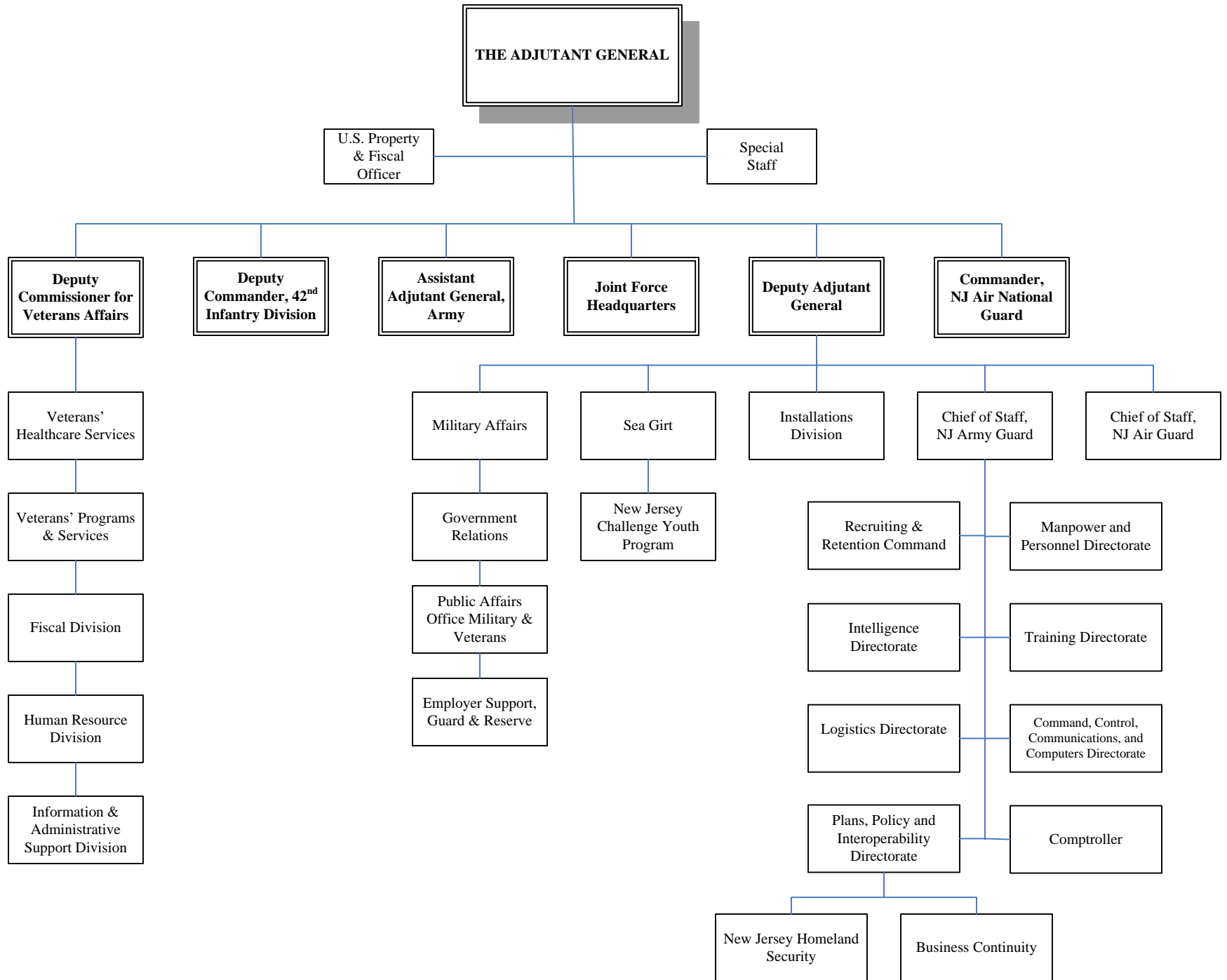
Executive Commission on Ethical Standards

Election Law Enforcement

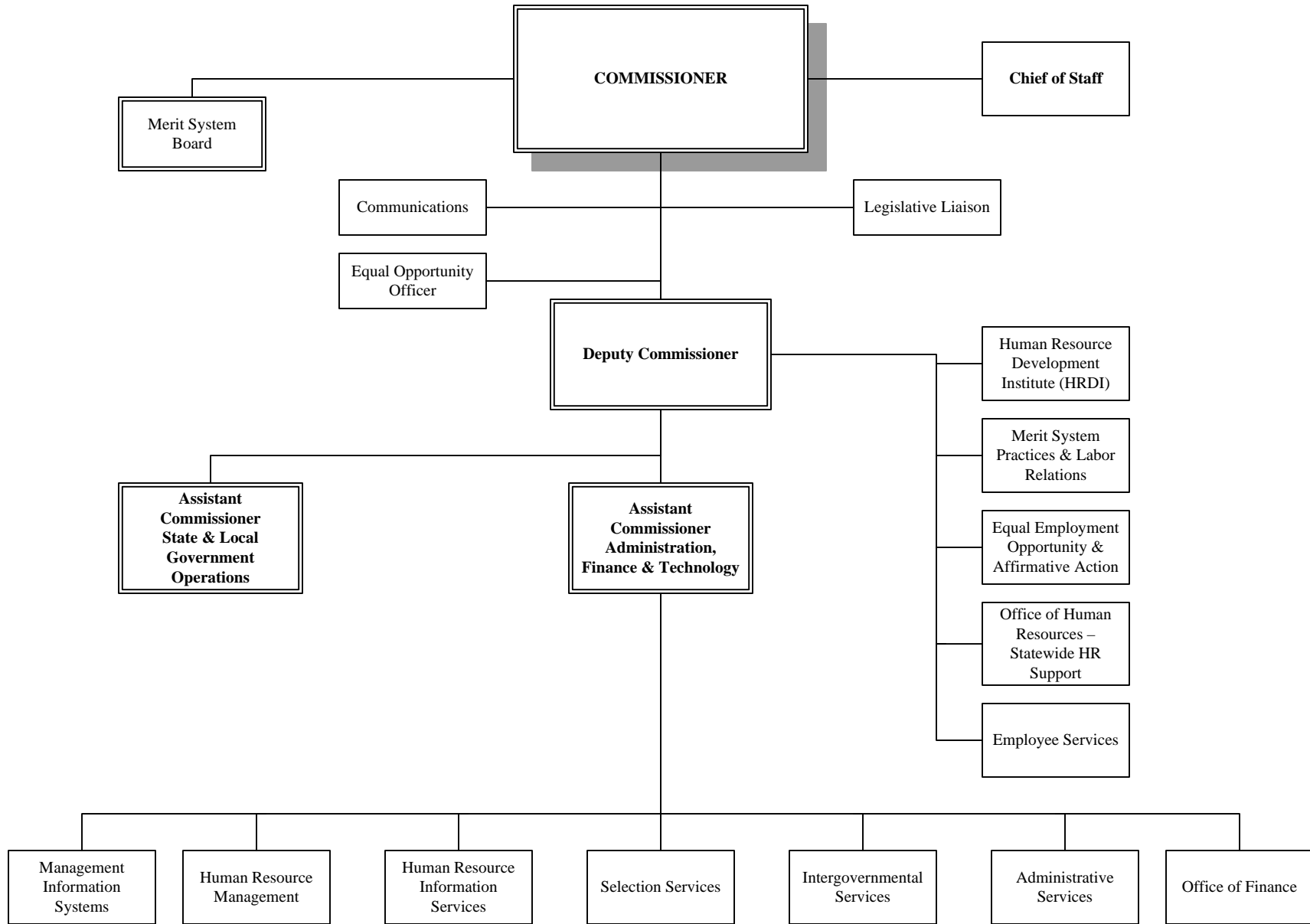
Victims of Crime Compensation Board

Juvenile Justice Commission

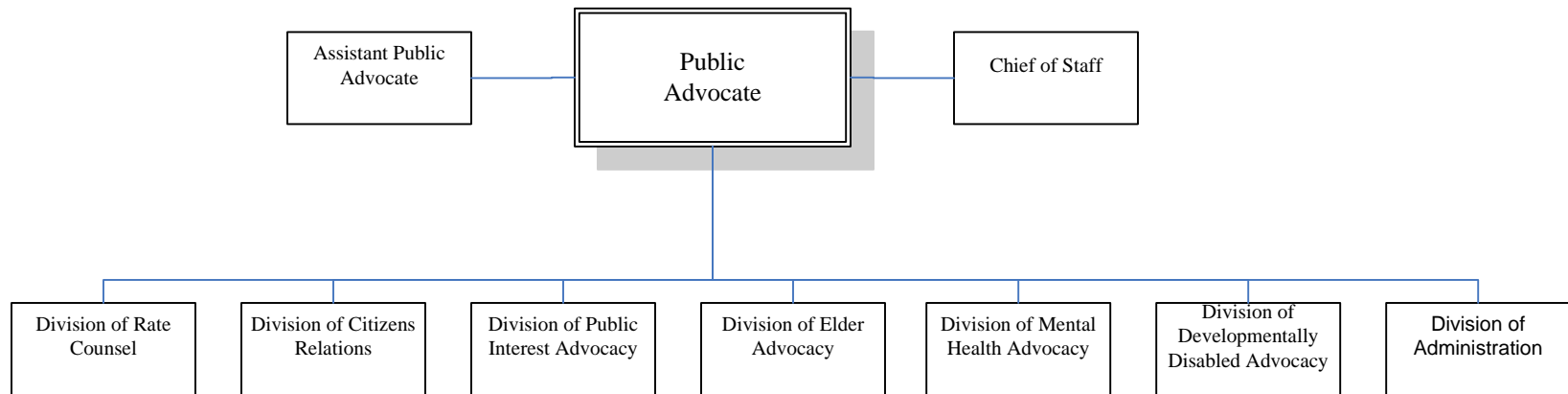
MILITARY AND VETERANS' AFFAIRS



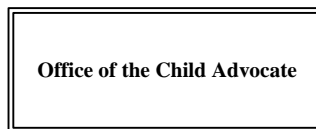
PERSONNEL



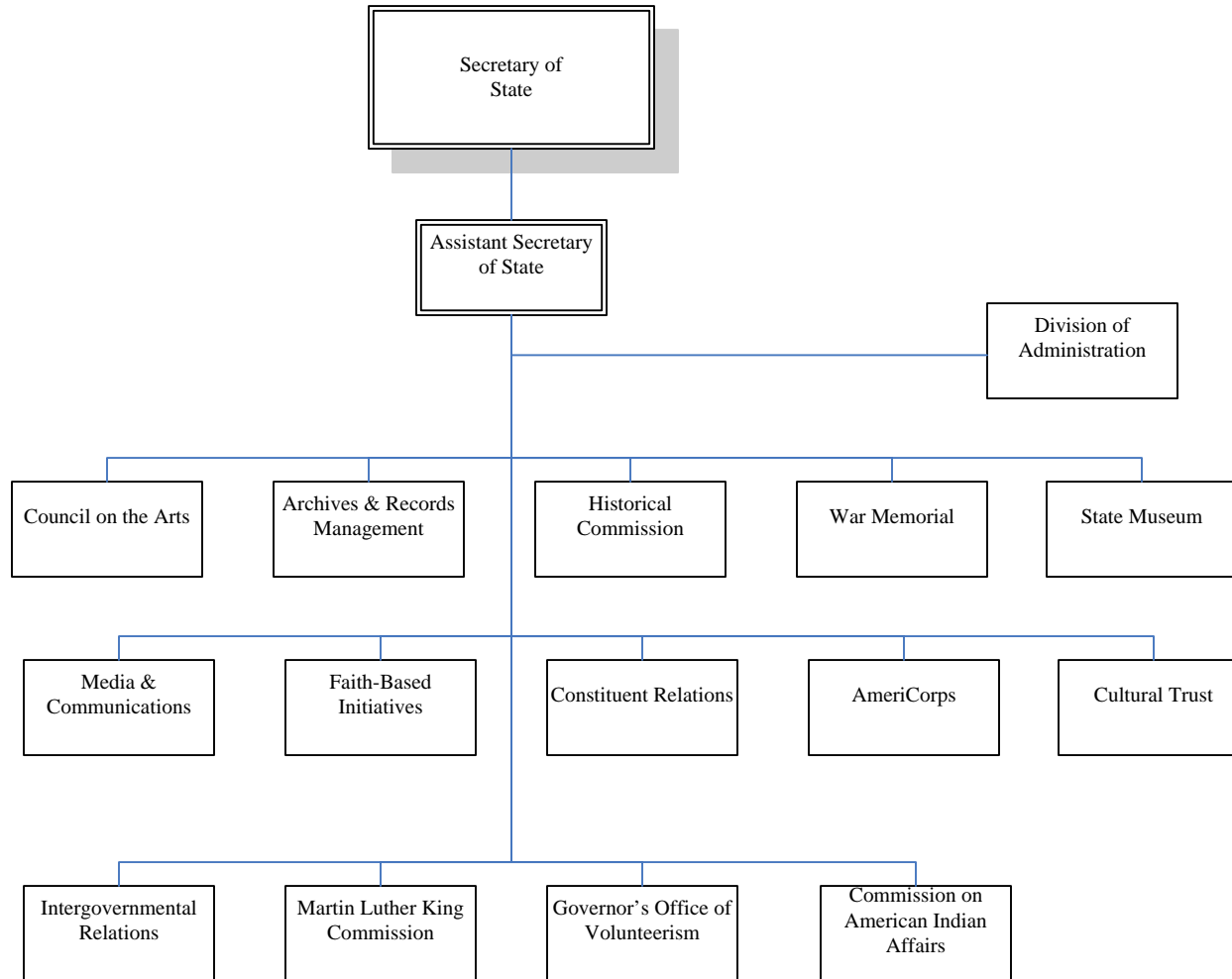
PUBLIC ADVOCATE



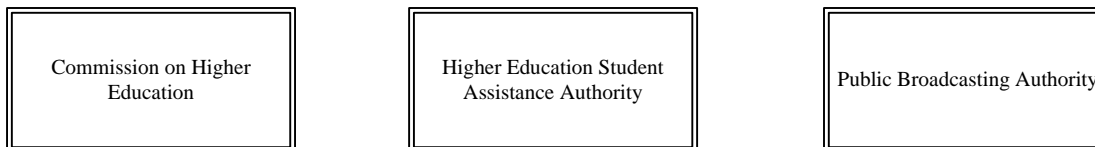
In-But-Not-Of Agencies



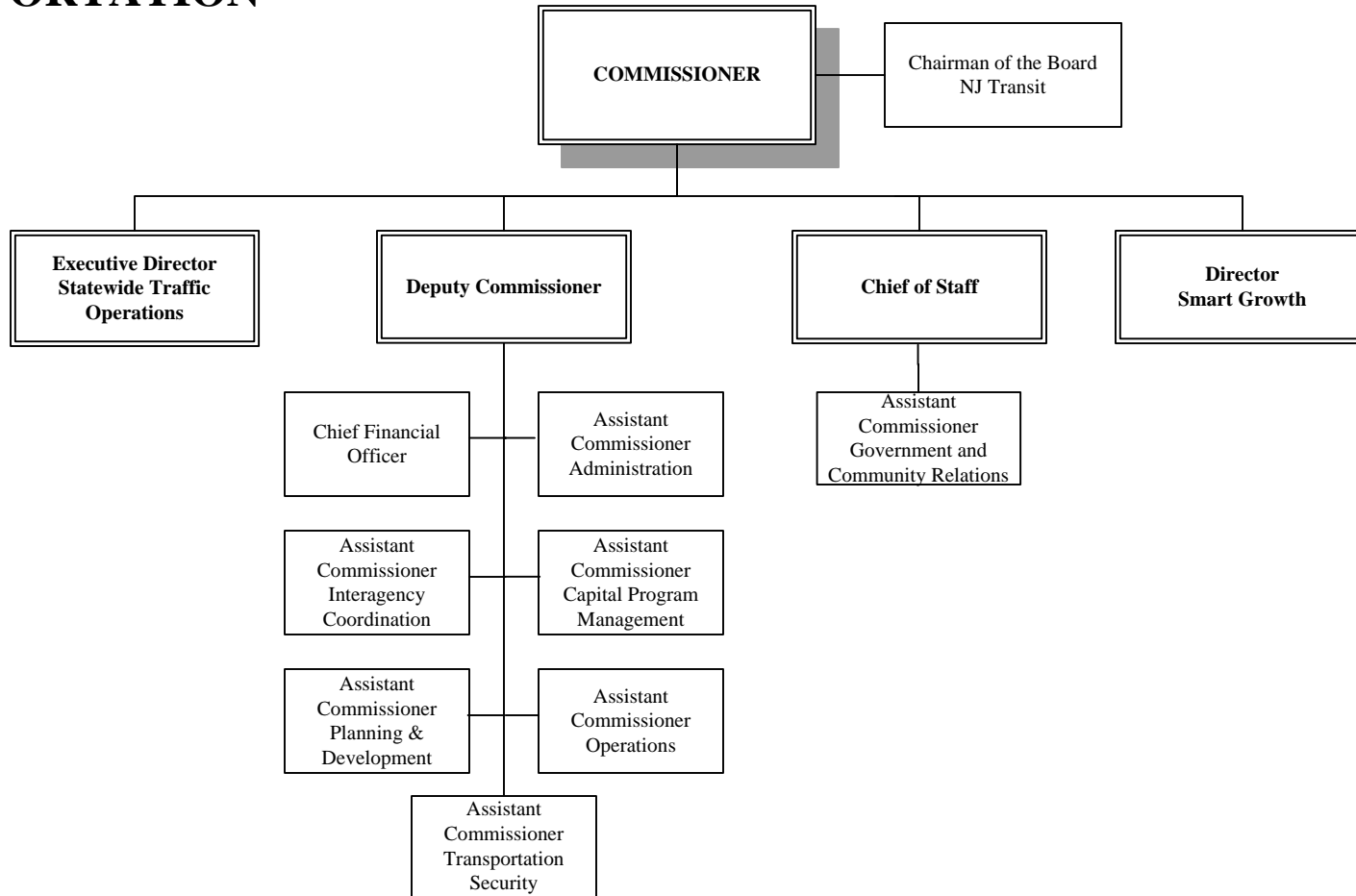
STATE



In-But-Not-Of Agencies



TRANSPORTATION

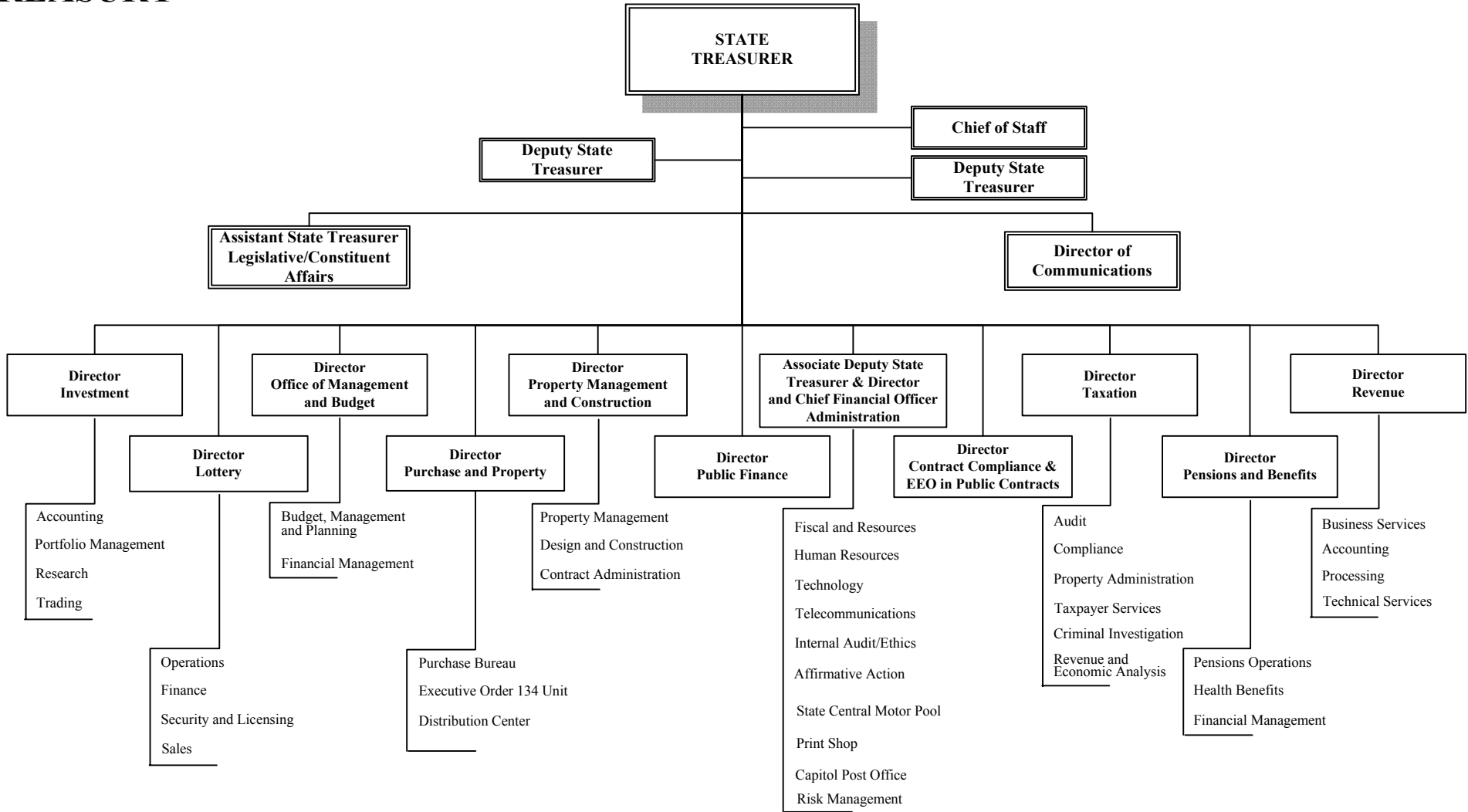


In-But-Not-Of Agencies

New Jersey Motor Vehicle Commission

NJ Transit Corporation

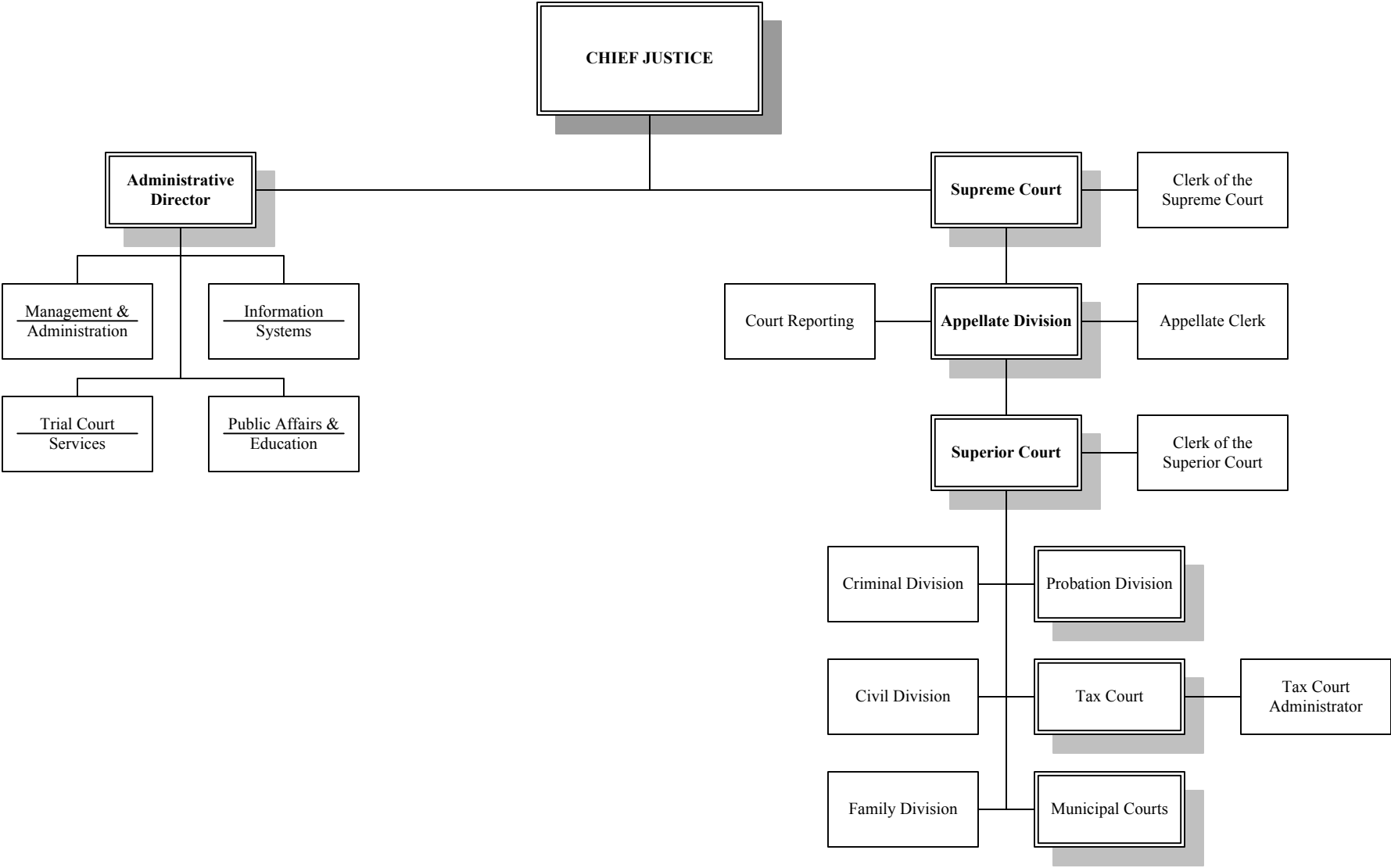
TREASURY



In-But-Not-Of Agencies



THE JUDICIARY



NOTES



Reader's Guide

This section of the Budget is designed to assist readers with interpreting and understanding the content of the Governor's annual budget proposal. Included are brief descriptions of the major sections of the Governor's Budget, a guide to reading the financial tables included in the budget summaries, and a brief description of New Jersey's budget process.

WHAT'S NEW IN THE GOVERNOR'S BUDGET

The Fiscal 2007 Governor's Budget Message continues changes made in format, content and design that are meant to improve its usefulness as a communications device and to ease the reader's ability to navigate the document. Specifically, the document includes the following changes:

Upgraded Index

Typically, readers who are interested in information on a particular program or organization turn to the index. Heretofore, the Budget index was limited to accounts totaling \$10 million or more, as well as major areas of spending such as departments, divisions, programs, and fund categories. In the Fiscal 2007 Budget, the index has been expanded to include entries for:

- All special revenue funds, trust funds, and capital project funds, including their analogous appropriations and budget language;
- All accounts valued at \$3 million or more (i.e., threshold reduced from previous \$10 million);
- Re-ordered index titles to place the most likely object of a reader's search at the front (e.g., "Pharmacy Services, Consulting");
- Programs mentioned in previous Budget-in-Briefs but not in the index, as well as common program terms that differ from the title of corresponding appropriations (e.g., Charity Care).

Organization Charts

A series of high-level organization charts are included in the front this document not only for the major programs operated by the seventeen departments but also the existence of "in-but-not-of" agencies that are housed within that organization for display purposes. These charts immediately precede this Reader's Guide.

Enhanced 911

Similar to the existing charts depicting the potential use of revenues from the Lottery or the Casino Revenue Fund, a new display has been added to the Appendix identifying the 911 Technology and Homeland Security programs that are eligible to be supported from the Enhanced 911 surcharge originally implemented in fiscal 2005. This summary chart can be found in the Appendix of this document.

Besides providing a context for key budget decisions, these changes are designed to quickly pinpoint desired information, clarify how major services are organized, and improve the transparency of the document.

THE STATE BUDGET PROCESS

The current budget process, the Integrated Planning and Budgeting Process, was first implemented for the production of the fiscal year 1990 – 1991 State budget, replacing other systems such as Zero-Based Budgeting (ZBB) and the Planning, Programming, and Budget System (PPBS). It uses several key features from previous budget processes and is designed to result in planning-driven budgets. Implementation of the budget process usually begins during the month of April, some 15 months prior to the year for which the budget will be effective. The State Budget cycle is set on a fiscal year basis, which extends from July 1 to June 30 of the following year.

To formally initiate the process, the Office of Management and Budget (OMB) provides salary projection reports and technical budget instructions to the departments in August. Among other things, this enables the agencies to determine how their base budgets, including any desired reallocations, should be arranged in the coming budget year. Any recommended changes, later identified in the budget process, are then applied to this base.

The ensuing planning process includes reviews of the Governor's program priorities, economic forecasts, demands assumptions, and analyses of selective program areas. General guidance is provided by OMB to each State agency in September, including preliminary budget targets.

Agencies prepare planning documents that describe: (1) their ability to provide current services within the budget target (including projections of mandatory growth); (2) the agencies' priorities for reduction of current services if requested; and (3) priority packages representing either expansion of current programs or new programs. OMB reviews the planning documents with the agencies from November through mid January, when preliminary recommendations are agreed upon.

During the months of January and February, the Director of OMB reviews budget recommendations with the State Treasurer, the Governor, and the Governor's staff. Normally, the Governor makes the final decisions in February.

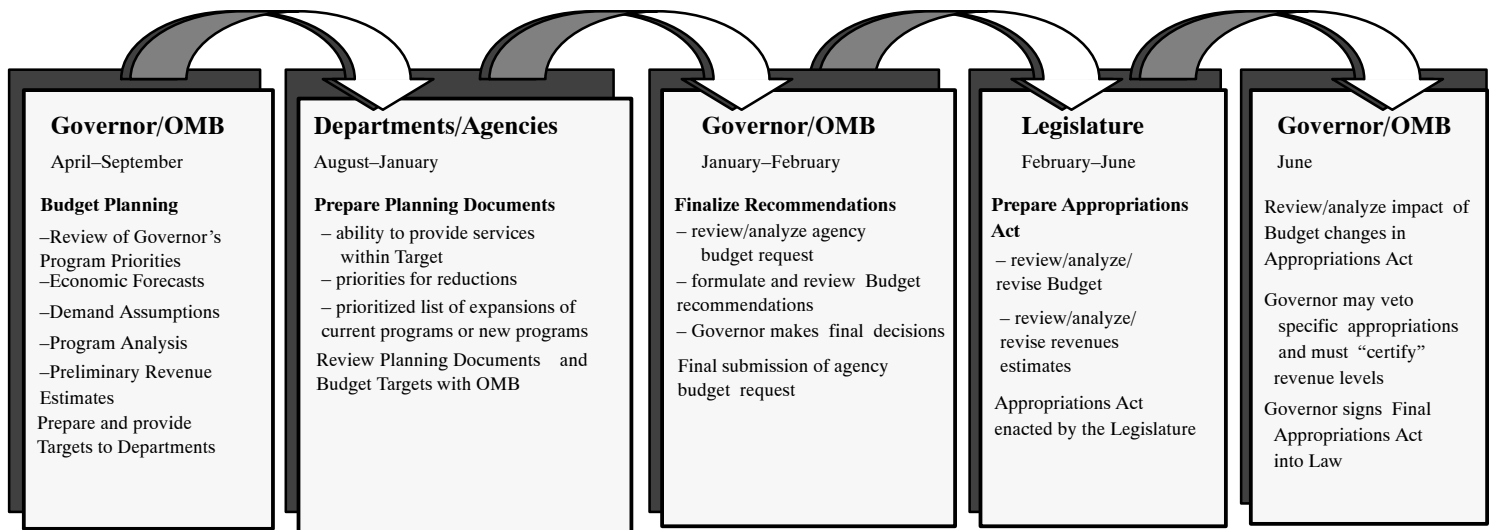
The planning portion of the budget process culminates in the final submission of the agency budget request to OMB in February which is forwarded to the Legislature. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the Legislature on or before February 24th of each year (unless superceded by legislation). From year to year, the Budget is the single most important policy statement that the Governor makes as it allocates the State's resources for programs and services.

The annual review process for capital spending requests and recommendations, which runs somewhat parallel to the process described above, has several stages. All State departments requesting capital funding must submit a seven-year Capital Improvement Plan to the New Jersey Commission on Capital Budgeting and Planning. Each capital project request requires an operating impact statement. Departments must document whether a project will have an effect on operating budgets and must quantify such information. The Commission schedules public hearings for each agency, analyzes the capital requests, and recommends projects to the Governor. The Governor, in turn, selects projects to be recommended in the annual Budget.

The Legislature, through a series of hearings conducted by its Appropriations Committees, reviews the Budget and makes changes. The Legislature also reviews the revenue estimates included in the Governor's Budget and, based upon several additional months of actual revenue collections in the current fiscal year, makes adjustments to the Budget's revenue projections and surplus estimates.

The Budget, including changes made by the Legislative Committees, then must be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced Budget must be approved as an Appropriations Act and signed by the Governor before July 1. After the Legislature passes the Appropriations Act, the Governor has the power to veto specific appropriations (line items), or appropriation language segments, some of which may have been added by the Legislature as a result of its review. The line-item veto allows the Governor to reshape the final Budget and ensure that appropriations do not exceed the certified level of revenues. (As part of the final Appropriations Act, the Governor must "certify" the level of revenues in order to meet the constitutional requirement of a balanced budget.) The final approved Budget, which includes the Governor's line-item vetoes and certification of revenues, is the Appropriations Act. Once the budget is enacted, it becomes an effective tool for fiscal control and monitoring program effectiveness.

Throughout the course of the fiscal year, the Legislature has the authority to pass legislation that provides funding for programs and projects above and beyond those provided for in the Budget. The additional amounts of funding provided by these acts of the Legislature are referred to as "supplemental appropriations." The Director of Management and Budget also has statutory authority to authorize supplemental appropriations at any time during the fiscal year by virtue of authorizing budget language contained in the Appropriations Act. This is accomplished and documented by the issuance of Directory Letters from OMB.



HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections that provide information on a broad range of budget related topics, including anticipated state revenues, gubernatorial policies and new initiatives, and agency programmatic achievements. The major sections are described below:

1. The ***Governor’s Budget Message*** describes in general terms the policies and new initiatives, as well as the reductions and efficiencies, proposed in the Budget. The Governor’s Message generally includes a description of the economic situation within the state and the expected impact of projected economic trends on the state’s fiscal condition. The Governor’s Message may also include broad programmatic goals for each of the individual State departments or major segments of the government as well as policy directions for the upcoming fiscal year.
2. The ***Summaries of Appropriations Section*** of the Budget includes a selection of tables and charts designed to summarize the Governor’s recommendations and highlight the major changes included within the proposed Budget. For instance, the *Budget in Brief* provides a summary of total revenues and recommendations for each of the State’s major fund categories, such as the General Fund, Casino Revenue Fund, and Property Tax Relief Fund. This section also includes a number of tables that explain the Governor’s recommendations at various, significant levels of aggregation:

Summary of Appropriation Recommendations:

Summary of Appropriation Recommendations by Fund

Summary of Appropriation Recommendations by Organization

Summary of Appropriations by Category or Purpose

Summary of Appropriations by Statewide Program

Major Increases and Decreases of State Appropriations

Also included within the summaries of appropriations section is the *Budget Highlights*, a narrative that discusses the major programmatic and operational impact of the budget proposals. Additional summaries, charts, and graphs depicting significant programmatic or fiscal trends included at the end of this section.

3. The ***Summaries of Revenues, Expenditures and Fund Balances Section*** provides an overview of the economy, revenue outlook, and the impact that anticipated economic trends will have on the State’s revenue estimates. The tables included within this section highlight the State’s major revenue sources (i.e. income tax, sales tax, and corporation tax), and provide year-to-year comparisons and projections for the fiscal 2007. Most of the schedules and exhibits in this section are displayed by fund. For the purposes of State financial accounting, funds are accounting entities that segregate financial resources according to the purposes for which they may be used.

READER'S GUIDE

This section also includes four “major schedules” that provide detail of actual and estimated revenues and expenditures by department. Within each department, individual revenue sources are shown, including those which are dedicated to support specific functions or programs and are derived from fees, fines, or charges for services, which are established by law or agency regulation.

Schedule I depicts anticipated revenue which, together with estimated beginning Undesignated Fund Balance (Surplus), provides the resources for the recommended appropriations summarized in **Schedule III** (Expenditures Budgeted).

Schedules II & IV enumerate estimated revenues and expenditures on an as received basis over and above the general revenues and specific line item appropriations shown in **Schedules I & III**.

4. The **Budget Recommendations Section** is the largest section of the Budget and includes the greatest detail on proposed appropriations. It is divided into categories based on the source and use of appropriations which is then organized by Governmental Branch, and sorted in alphabetical order by agencies or executive departments. The major subdivisions of this section are summarized below:

Department and Branch Recommendations (Direct State Services, Grants–In–Aid, State Aid, and Capital Construction)

Debt Service

General and Federal Fund Language Provisions

Revolving Funds

Appendices

- a. **Budget Recommendations Overview**

For fiscal 2007, the Budget displays all of a department’s non–debt appropriations in a single subdivision of the document. The separate subdivisions for Direct State Services (i.e. funds to support operations), Grants–In–Aid, State Aid, and Capital Construction are illustrated together in a consolidated display. Appropriations for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) are also included in the consolidated departmental presentation. An aggregate view of appropriation recommendations effecting State Aid, the Casino Revenue Fund, etc., are presented in new summaries in the *Summaries of Appropriations* section.

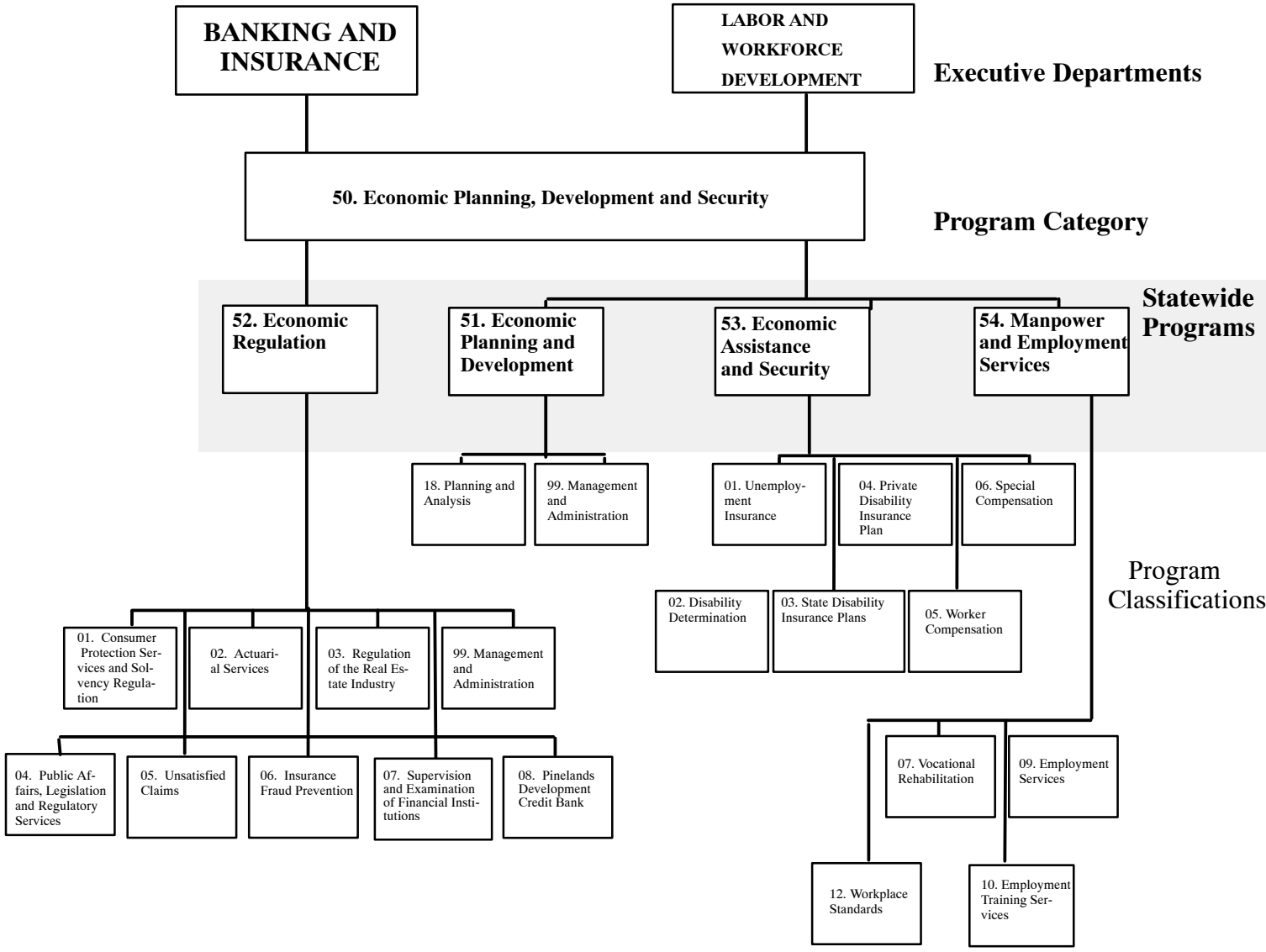
This consolidated presentation provides readers with a comprehensive view of all of a department’s operations, across all spending categories and funds and provides New Jersey citizens with a better understanding of the relationships between all of the recommendations affecting departmental programs.

Each of the subsections of the *Budget Recommendation* section follows a consistent hierarchical order: Department, Program Category, Statewide Program, Organization, and/or Program Classification. Individual departmental presentations are grouped by “Statewide Program” which represent a high–level, functional grouping of related programs contributing to a broad statewide objective. Statewide Programs generally span several departments. Examples of Statewide Programs include Public Safety and Criminal Justice, Natural Resource Management, and Parole and Community Programs.

Below Statewide Programs, the Budget presentation is further broken down into “Program Classifications,” which represent a lower level, operating program function consisting of closely related activities with identifiable objectives or goals. Examples of program classifications in the Department of Environmental Protection include Water Supply Management, Forestry Management, and Shellfish and Marine Fisheries Management. Detailed descriptions of agency program classifications are provided at the beginning of each statewide program presentation within a department along with objectives for the entire statewide program.

For example, in the Department of Labor and Workforce Development all programs are grouped under the broad “Program Category” of *Economic Planning, Development, and Security*. They are further divided into the following four Statewide Programs: (1) *Economic Planning and Development*, (2) *Economic Regulation*, (3) *Economic Assistance and Security*, and (4) *Manpower and Employment Services*. Each of these Statewide Programs are made up of a number of individual program classifications. Program Categories and Statewide Programs generally span multiple departments.

The programmatic hierarchy of two State departments, Banking and Insurance and Labor and Workforce Development, is shown on the facing page. Note that the Statewide Program, Economic Regulation, is common to both.



READER'S GUIDE

b. Budget Recommendations – Descriptions of Subdivisions

Detailed descriptions of the subdivisions of the *Budget Recommendations Section* are provided below:

- i. *Department and Branch Recommendations* is the subdivision of the Budget that relates to the appropriations and expenditures that support operations of State agencies, grants to individuals, and aid to local government jurisdictions. In addition to appropriation and expenditure data, agency objectives, descriptions of agency programs and programmatic evaluation data are detailed. Federal and non-State funds are also included here.

Each statewide program presentation includes relevant evaluation data, which provide comparative measurements of agency workload, effectiveness, and/or efficiency. This information shows the impact of the recommended funding level on an agency's activities.

Information is provided on the number of employees and funded positions within each department. The actual number of employees reported may be less than the number of positions allocated to an agency and is dependent upon authorized hiring levels and other factors. Position and personnel data are summarized by funding source and to the program classification, and include information on the current year, two prior years, and a projection for the budget request year.

The appropriations data includes detailed funding recommendations from the General Fund and Dedicated Funds by program classification, fund category (Direct State Services, Grants-In-Aid, State Aid, and Capital Construction), and object of expenditure. The General Fund represents the collection of all State revenues, not otherwise restricted by statute. There are four major funds dedicated by the Constitution for specific purposes. The Property Tax Relief Fund, financed by the personal income tax, provides aid to local schools and municipalities as well as the Homestead Rebate Program, which offsets a portion of an individual's property taxes. The Casino Revenue Fund, the proceeds of a tax upon casino revenues, funds new or expanded programs for the elderly and the disabled. The Casino Control Fund represents the cost of regulating the casino industry as charged to that industry. And the Gubernatorial Elections Fund consists of designated contributions by taxpayers for the public financing of gubernatorial elections. By examining changes in the program classification recommendations vis-à-vis prior year spending levels and other programs, readers will be able to ascertain savings and efficiencies as well as the relative priority that is being placed on specific agency program activities.

Various fund appropriations are broken down into categories based on how the appropriations will be used. Direct State Services represents funding to support the administration and direct operation of State programs. Objects of expenditure such as state employee salaries, materials and supplies, (paper, printing, etc.), services other than personal (telephones, postage, software, consultant services), maintenance, equipment, and special purpose accounts are included in this category. Contracted services, such as the operations of motor vehicle agencies, are also paid out of Direct State Services.

Grants-In-Aid appropriations represent funding of grants made to individuals and various public and private agencies for services that are considered the overall responsibility of the State, but that are provided for by third parties. The largest grant-in-aid program is Medicaid, but others include block grants to senior public colleges and universities, subsidy assistance to New Jersey Transit, and tuition assistance programs. The State's Homestead Rebate program and the Direct School Tax Relief program are also funded in the Grants-In-Aid component.

State Aid is the recommendation for payments by the State to or on behalf of a local unit of government (county, municipality, or school district) to assist this local government in carrying out its responsibilities. The largest state appropriations are for aid to local schools.

Capital Construction contains the recommendations, by capital project within department, for current (pay-as-you-go) projects, as opposed to those funded by long-term bonds. A capital project includes the acquisition of land, new structures and equipment, and other projects whose estimated cost of land, planning, furnishing, and equipping is estimated to be \$50,000 or more. Projects or acquisitions under \$50,000 are appropriated in the maintenance accounts in Direct State Services.

Language Recommendations, the final, significant item of this budget subdivision are included at the end of statewide program or departmental presentations. These language provisions are as significant as the fiscal recommendations because they provide the Department, the Legislature, or the Director of the Division of Budget and Accounting with specific budget and/or spending authority or establish limits on such authority. It is through budget language that prior year balances are appropriated for current year expenses or lapsed, and that departments are incentivized allowing retention of fine or fee revenue above a specific predetermined amount.

- ii. The *Debt Service* subdivision depicts the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing of capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current Debt Service appropriations. Historically, New Jersey Debt Service payments average approximately three percent of the total General Fund appropriations.
- iii. The *Language Provisions* subdivision of the Budget establishes authority beyond the specificity of the detailed line-item budgets for both general and federal funds. They apply to broad areas of the budget such as entire funds, appropriations

in general and in some cases mandate additional administrative requirements related to the enactment of the budget. Language also authorizes adjustments for reorganizations and corrections to the appropriations act after its enactment.

- iv. *Revolving and Other Funds* is the subdivision of the Budget that depicts programs or agencies not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.
5. The *Appendix* includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 2005, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 2006 and fiscal 2007.

Special Revenue Funds (Appendix 1A) are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds (Appendix 1B) are used to account for financial resources to be used for the acquisition or construction of major capital facilities for State use. Funds granted to other units of government for facilities are not classified as Capital Project Funds and are included as expenditures of Special Revenue Funds. Various Capital Projects Funds include funds both for capital facilities for State use and for grants to other units of government.

Trust Funds (Appendix 1C) are used to account for assets held by the State in a trustee capacity for individuals, private organizations, other governments and/or other funds.

Other exhibits in the appendix include a listing of programs eligible for support from the Lottery Fund in addition to other special summaries.

BASIS OF BUDGETING

An annual budget is prepared for the General Fund and certain special revenue funds (Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief funds). The Legislature enacts the Budget through passage of specific departmental appropriations, the sum of which may not exceed estimated revenues, and the Governor is responsible for the final certification of revenue.

The Governor's budget is prepared in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when susceptible to accrual; that is, when they are both measurable and available to finance expenditures of the fiscal period. Significant revenue sources which are susceptible to accrual include sales tax, individual income taxes, corporate income taxes, and federal grants.

Appropriations are recommended at a level sufficient to recognize all accrued expenditures applicable to the fiscal period. Expenditures are recorded on an accrual basis when the related liability is incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded when expenditures are incurred. Expenditures for principal and interest on general obligation long-term debt are recognized when due.

The use of the term "expended" to report the most recent actual year activity in the budget is not in strict accordance with GAAP, in that this amount includes encumbrances which under GAAP are reservations of fund balance, not expenditures.

RELATIONSHIP TO THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Department of the Treasury, OMB, issues the Comprehensive Annual Financial Report (CAFR) which includes all funds. The State's budgetary basis differs from that utilized to present financial statements in conformance with GAAP. The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, the federal revenue related to such encumbrances is also recognized, and the budgetary basis reflects transactions only for the current fiscal year. In addition, the budgetary basis does not accrue the value of food stamps.

BUDGETARY CONTROL

Budgetary control is maintained at the item of appropriation level. "Item of appropriation" means the spending authority associated with an organization, appropriation source, and program classification, as identified by line-items in the Appropriations Act. Internal transfers within programs are permitted within certain constraints; transfers between program or over designated levels require the approval of the Legislature. In cases where appropriations are based on anticipated revenues, spending authority will be reduced by the amount of the deficiency. Other changes to the budget not authorized by specific language provision must be approved by the Legislature in a supplemental appropriation.

YEAR END BALANCES

Appropriations are authorized for expenditures during the fiscal year and for a period of one month thereafter, and unencumbered appropriations lapse at year end, unless otherwise specified by the Appropriations Act. Non-lapsing balances are considered automatically reappropriated as authorized by statute or by the appropriations act.

THIS PAGE INTENTIONALLY LEFT BLANK

10. PUBLIC SAFETY AND CRIMINAL JUSTICE
12. LAW ENFORCEMENT

OBJECTIVES

PROGRAM CLASSIFICATIONS

1. To prosecute all criminal appeals.

09. **Criminal Justice.** Exercises functions pertaining to enforcement and prosecution of criminal activities in the State.

EVALUATION DATA

	Actual FY 2004	Actual FY 2005	Revised FY 2006	Budget Estimate FY 2007
PROGRAM DATA				
Criminal Justice				
Complaints, Inquiries, Other Matters (Closed)	3,343	5,571	6,000	6,000
PERSONNEL DATA				
Position Data				
State Supported	359	368	354	424

APPROPRIATIONS DATA
(thousands of dollars)

Year Ending June 30, 2005					Year Ending June 30, 2007				
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	Prog. Class.	2006 Adjusted Approp.	Requested	Recom- mended	
Distribution by Program									
22,507	4,646	712	27,865	27,121	Criminal Justice	09	21,601	28,291	28,291
22,507								1	28,291
690								5	625
447								7	477
2,321								1	4,631
2,321								1	4,631
17,559								1	23,691
								0	1,000
								0	1,000
4,948								0	3,600
4,948								0	3,600
<u>1,000</u>	<u>—</u>	<u>—</u>	<u>1,000</u>	<u>1,000</u>	<i>Total Capital Construction</i>		<u>—</u>	<u>—</u>	<u>—</u>
23,507	4,646	712	28,865	28,121	TOTAL STATE APPROPRIATIONS				<u>—</u>
Federal Funds									
59,655	14,486	-151	73,990	31,803	Criminal Justice	09	42,574	33,350	33,350
59,655	14,486	-151	73,990	31,803	Total Federal Funds		42,574	33,350	33,350
All Other Funds									
—	1,136	—	—	—	Criminal Justice	09	34,850	34,760	34,760
—	16,125 ^R	1,975	19,236	8,583	Total All Other Funds		34,850	34,760	34,760
—	17,261	1,975	19,236	8,583	GRAND TOTAL				99,115
83,162	36,393	2,536	127,091	68,507					96,401

Reading the Budget Tables

The Appropriation summaries and individual agency Budgets included in the New Jersey Budget document generally follow a consistent format, an annotated version of which is shown on the following pages.

Notes — Direct State Services – General Fund

(a) The fiscal 2006 appropriation has been adjusted for the allocation of salary program.

Language Recommendations — Direct State Services – General Fund

The unexpended balance at the end of the preceding fiscal year in the Victim Witness Advocacy Fund account, is appropriated for the same purposes derived.

A statement of specific, measurable accomplishments related to the need, problem or opportunity the program is designed to address

Program Classification Account code.

Evaluation Data provides measurements of workload effectiveness and efficiency.

The Original and Supplemental column represents the original appropriation for fiscal year 2005 as enacted by the Legislature on July 1, 2004. This column also includes the total of all supplemental appropriations which were enacted by the Legislature and signed into law by the Governor during fiscal year 2005.

Reappropriations and Receipts column contains two separate items: Reappropriations, which represent funds that remained unexpended from a prior fiscal year and were made available for spending purposes in the budget year. Reappropriations are usually restricted to certain programs or accounts with multi-year obligations, such as Capital Accounts, where rehabilitation or construction projects typically take several years. Receipts represent dedicated taxes or fees which are credited to a specific account or agency. An example of receipts are funds collected for Hunters and Anglers' programs from license fees Receipts are indicated by a superscript "R".

Transfers and Emergencies are either Transfers, which represents monies which were either transferred between departments and agencies or between fund categories, or Emergencies, which represent an allocation of funds to an agency from the State Emergency Fund to meet unanticipated spending requirements. In the tables within the Budget Recommendation section, emergency transfers are indicated by a superscript "E".

Total Available is the total of the original and supplemental appropriations plus any reappropriations and receipts plus or minus transfers and emergency funds.

The Expended Amount represents total disbursements and obligations made in fiscal year 2005.

10. PUBLIC SAFETY AND CRIMINAL JUSTICE

12. LAW ENFORCEMENT

OBJECTIVES

1. To provide statewide law enforcement services.

PROGRAM CLASSIFICATIONS

09. Criminal Justice. Exercises functions pertaining to enforcement and prosecution of criminal activities in the State.

EVALUATION DATA

PROGRAM DATA	Actual FY 2004	Actual FY 2005	Revised FY 2006	Budget Estimate FY 2007
Criminal Justice				
Complaints, Inquiries, Other Matters (Closed)	6,027	6,689	7,000	7,000
PERSONNEL DATA				
Position Data				
State Supported	3,158	3,236	3,216	3,387

APPROPRIATIONS DATA
(thousands of dollars)

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended	Prog. Class.	2006 Adjusted Approp.	Requested	Recommended
DIRECT STATE SERVICES								
Distribution by Fund and Program								
17,559	4,646	682	22,887	22,143	09	18,091	23,691	23,691
<u>17,559</u>	<u>4,646</u>	<u>682</u>	<u>22,887</u>	<u>22,143</u>		<u>18,091^(a)</u>	<u>23,691</u>	<u>23,691</u>
Total Direct State Services								
Distribution by Fund and Object								
Personal Services:								
152,359	5,514 ^R	3,315	161,188	144,517		142,686	154,537	154,537
<u>152,359</u>	<u>5,514</u>	<u>3,315</u>	<u>161,188</u>	<u>144,517</u>		<u>142,686</u>	<u>154,537</u>	<u>154,537</u>
Total Personal Services								
GRANTS-IN-AID								
Distribution by Fund and Program								
—	—	—	—	—	09	—	1,000	1,000
Total Grants-in-Aid								
Distribution by Fund and Object								
—	—	—	—	—	09	—	1,000	1,000
STATE AID								
Distribution by Fund and Program								
4,948	—	30	4,978	4,978	09	3,600	3,600	3,600
<u>4,948</u>	<u>—</u>	<u>30</u>	<u>4,978</u>	<u>4,978</u>		<u>3,600</u>	<u>3,600</u>	<u>3,600</u>
Total State Aid								
Distribution by Fund and Object								
4,948	—	30	4,978	4,978	09	3,600	3,600	3,600
CAPITAL CONSTRUCTION								
Distribution by Fund and Program								
1,053	1,177	(14)	2,216	665	06	7,425	15,741	5,831
<u>1,053</u>	<u>1,177</u>	<u>(14)</u>	<u>2,516</u>	<u>665</u>		<u>7,425</u>	<u>15,741</u>	<u>5,831</u>
Total Capital Construction								
Distribution by Fund and Object								
1,053	1,177	(14)	2,516	665	11	7,425	15,741	5,831
<u>218,368</u>	<u>21,359</u>	<u>3,992</u>	<u>243,719</u>	<u>236,439</u>		<u>243,975</u>	<u>274,046</u>	<u>264,136</u>
Grand Total State Appropriation								
OTHER RELATED APPROPRIATIONS								
Federal Funds								
59,655	14,486	(151)	73,990	31,803	09	42,574	33,350	33,350
<u>59,655</u>	<u>14,486</u>	<u>(151)</u>	<u>73,990</u>	<u>31,803</u>		<u>42,574</u>	<u>33,350</u>	<u>33,350</u>
Total Federal Funds								
All Other Funds								
—	1,136	1,975	19,236	8,583	09	34,850	34,760	34,760
<u>—</u>	<u>17,261</u>	<u>1,975</u>	<u>19,236</u>	<u>8,583</u>		<u>34,850</u>	<u>34,760</u>	<u>34,760</u>
<u>295,785</u>	<u>108,360</u>	<u>21,821</u>	<u>425,966</u>	<u>347,051</u>		<u>403,717</u>	<u>428,317</u>	<u>418,407</u>
GRAND TOTAL ALL FUNDS								

Notes — Direct State Services — General Fund

(a) The fiscal year 2006 appropriation has been adjusted for the allocation of salary program.

Language Recommendations — Direct State Services — General Fund

The unexpended balance at the end of the preceeding fiscal year in the Victim Witness Advocacy Fund account, is appropriated for the same purpose.

Program Category—The broadest grouping of programs presented in the Budget document.

Statewide Program—A high level, functional grouping of related programs.

Program Classes—low level, operating program functions grouped together under statewide programs. It is the level at which Appropriations are made.

Adjusted Appropriation represents the current fiscal year appropriation, adjusted to include any distributions made from central, interdepartmental accounts to cover employee cost of living adjustments, etc., as well as any supplemental appropriations which were enacted prior to the printing of the Budget or anticipated through year end.

The Requested column represents the amount requested by the various Executive departments, and agencies and other branches of government.

The Recommended Budget column represents the Governor's proposal to the Legislature.

Other Related Appropriations, also called below-the-line appropriations, are summarized in the Direct State Services presentation in order to provide an overview of agency budgets encompassing all spending categories and funding sources.

Appropriation Language is as important as the fiscal recommendations. It sets limits and conditions on the use of appropriations.

READER'S GUIDE

GLOSSARY

This glossary contains definitions of terms used in this budget, or in State budgeting and accounting procedures. It is not intended to be an exhaustive dictionary of accounting and budgeting terms, but does define the most commonly used terminology.

ACT — A bill passed by the Legislature and signed into law by the Governor.

ADDITIONS, IMPROVEMENTS, AND EQUIPMENT — Additions and improvements that are less than \$50,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment. Any addition and improvement that is \$50,000 or more or is for a new structure is classified as Capital Construction.

ADJUSTED APPROPRIATION — The total of an original appropriation, all supplemental appropriations, certain allotments from interdepartmental appropriations, and other budgetary adjustments.

ALL OTHER FUNDS — Revenues, other than Federal, that are not anticipated as resources to support the annual State budget. Upon receipt, these funds become appropriated, as provided by the language of the Appropriations Act.

ALL OTHER POSITION — A position specifically approved and funded by non-state, non-federal sources in a salary object account.

ALLOTMENT — An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter.

ANTICIPATED RESOURCES — For each fiscal year, is the sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental and interfund transfers.

ANTICIPATED REVENUE — That portion of estimated revenues to be realized in any fiscal year that have been anticipated as General Fund resources to support the appropriations made, or undesignated fund balance projected, in the annual Appropriations Act. Such revenues are not available for expenditure unless appropriated by the Legislature.

APPROPRIATED REVENUE — Those revenues not previously anticipated or budgeted, which upon receipt increase appropriation balances as authorized in the Appropriations Act, and from which agencies may incur obligations or make expenditures for specific purposes.

APPROPRIATION — The sum of money authorized by an act of the Legislature for expenditure for a particular fiscal year.

APPROPRIATIONS ACT — The Act passed by the New Jersey Legislature to appropriate, on an annual basis, the resources of the State for state operations, grants-in-aid, state aid, capital, and debt service expenses.

ATTRITION — A means of reducing the number of employees by not refilling positions vacated through resignation, reassignment, transfer, retirement or means other than layoffs.

BEGINNING BALANCE — The resources available at the start of a state fiscal year that are carried over from the prior fiscal year.

BILL — A proposed law.

BLOCK GRANT — An amount allotted by the Federal government to the State to be allocated to a particular program area within general guidelines as the State determines.

BOND — A funding tool representing a written promise to pay a specific sum of money in the future plus interest.

BOND FUND — A fund into which the proceeds from the issuance of bonds are received, and from which all proper expenditures for the purposes for which the bonds were authorized are paid.

BUDGET — The proposed financial plan of the State government for the fiscal year, setting forth the anticipated resources from all sources and proposed appropriations.

BUDGET CYCLE — The four major phases that constitute the traditional budget cycle: (1) central and agency planning, (2) agency/executive preparation, (3) legislative review, and (4) execution and evaluation.

BUDGET REQUEST — The request, required by law, of each spending agency for an appropriation or permission to spend during the next ensuing fiscal year.

CAPITAL CONSTRUCTION — This category includes funds budgeted for:

1. Acquisition of or option to buy land and right-of-way and existing improvements therein, regardless of cost.
2. New buildings and structures not attached to or directly related to any existing structures, regardless of cost.
3. Projects whose estimated cost, including land, planning, furnishing, and equipping, is usually \$50,000 or more, regardless of the construction involved, with a useful life of at least ten years.
4. Any addition or improvement that is \$50,000 or more.

CAPITAL PROJECT FUNDS — Account for financial resources for the acquisition, construction, or renovation of major capital facilities.

CASINO CONTROL FUND — Accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

CASINO REVENUE FUND — Accounts for the taxes imposed on the casinos and other related activities. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

CATEGORICAL GRANT — An amount allotted by the Federal government to the State to be allocated to a particular program area for a specific purpose or mandate of the Federal government.

CHART OF ACCOUNTS — A systematic structure for appropriating and recording accounting information pertaining to the financial activities of the State.

CONTINGENCY APPROPRIATION — An appropriation to provide for unforeseen expenditures or for anticipated expenditures of uncertain amounts.

DEBT SERVICE — One of the major subdivisions of the State budget, this category provides the resources to finance payment of general long-term debt principal and interest, such as bond issues or other long-term financing.

DEDICATED FUND — A fund normally contained in the General Fund, consisting of resources owned by the State, the use of which is constrained, either by statutory specification, dedication or other restriction, or a particular purpose or program. Receipts from a specific revenue source may be dedicated by the annual Appropriations Act or other legislation, to be used for some specific purpose.

DIRECT STATE SERVICES — One of the major subdivisions of the State budget, this category includes all general operating costs of State government, including programs that provide services directly to the public.

DISBURSEMENT — Payment of money out of any public fund or treasury. (See also EXPENDITURE.)

EMERGENCY FUND — A sum appropriated, within the Contingency Appropriation, for allotment to agencies to meet emergency conditions.

ENCUMBRANCE — A reservation of funds for future payment (disbursement) to liquidate an obligation incurred, usually supported by the issuance of a purchase order or the execution of a contract calling for payment in the future.

GLOSSARY

ENDING BALANCE — The amount of funds remaining in an account or fund at the end of the fiscal year.

EVALUATION DATA — The quantitative expression of the end products produced or other elements involved in the work of an organization.

EXCESS RECEIPTS — Any receipts collected by an agency in excess of anticipated resources in the annual Appropriations Act. Such excess receipts may either be appropriated for the agency's use by the annual Appropriations Act, or may be considered as an overrun of anticipations and, therefore, credited to the General Fund undesignated fund balance.

EXPENDITURE — Denotes charges incurred, whether paid or unpaid, thus including both disbursements and liabilities. (See also DISBURSEMENT and ENCUMBRANCE.)

EXPENDITURE ACCOUNT — An appropriation account in which expenditure transactions are recorded, normally termed an object account.

FEDERAL POSITION — A position specifically approved and funded by Federal Funds in a salary object account.

FISCAL YEAR — A twelve-month period of time to which the annual budget applies and at the end of which the State determines its financial position and the results of its operations. New Jersey State government has a July 1 to June 30 fiscal year.

FRINGE BENEFITS — Payments made by the State for retirement, social security, health and dental insurance contributions, workers' compensation, unemployment, survivors' and disability insurance.

FUND — A fiscal and accounting entity established for the purpose of achieving specified objectives or carrying on certain activities.

FUND BALANCE—DESIGNATED — Unexpended and unencumbered appropriations that are authorized to continue into the subsequent fiscal year. (See also REAPPROPRIATION.)

FUND BALANCE—UNDESIGNATED — Fund equity unrestricted and available for appropriation.

GAAP — Generally Accepted Accounting Principles—The rules and procedures necessary to define uniform accounting and financial reporting standards, including broad guidelines and detailed practices. The Governmental Accounting Standards Board (GASB) promulgates accounting principles for state and local governments.

GENERAL FUND— The funds into which all State revenues, not otherwise restricted by statute, are deposited and from which appropriations are made. The largest part of the total financial operations of the State are accounted for in the General Fund. Revenues received from taxes, most Federal revenue and certain miscellaneous revenue items are recorded in the General Fund. The Appropriation Acts enacted by the Legislature provide the basic framework for the operation of the General Fund.

GENERAL TREASURY— Consists of all funds over which the State Treasurer is custodian and/or funds of which the State of New Jersey is the owner or beneficial owner.

GRANTS-IN-AID — One of the major subdivisions of the State budget, this category includes all payments not otherwise defined as State Aid, made to individuals, public agencies, or private agencies for benefits or services of three types:

1. Benefits to which the recipient is entitled by law or regulation.
2. Services for which the State has primary responsibility.
3. Subsidies and provision of services for which the State has no responsibility, but which it elects to provide.

ITEM OF APPROPRIATION — The spending authority identified by an organization code, appropriation source, and program code, unique to the item, and may include a number of object accounts within a program or specific appropriations made to Special Purpose, Grants-In-Aid, State Aid, Capital Construction or Debt Service line items.

INTERDEPARTMENTAL ACCOUNTS — A group of accounts to which are appropriated funds for payment for or on behalf of all State agencies of rent, employee benefits, and contingency funds or for certain specified purposes.

INTERFUND TRANSFER — An amount transferred from one fund to another, normally authorized by the annual Appropriations Act.

LANGUAGE RECOMMENDATIONS — Language located at the end of a statewide program, department or in the General Provisions section, that provides specific spending or budget authority and/or places limitations on such authority.

LAPSE — The automatic termination of an appropriation. Appropriations are made for a single fiscal year. At the end of this period, any unexpended or unencumbered balances revert (lapse) to undesignated fund balance in the General Fund, or to the fund from which originally appropriated, unless specifically appropriated again in the succeeding fiscal year.

LIABILITY — Debt or other legal obligation arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

LINE OF CREDIT — The State's line of credit program, which was first implemented in 1995, provides the State with competitively bid, low interest cost funding for the procurement of the State's short term (3 yrs) equipment needs, specifically computers, furniture, and vehicles.

LINE ITEM — Any single line account for which an appropriation is provided in an Appropriations Act. Includes appropriations made to specific object accounts, such as Materials and Supplies, or any Special Purpose, Grants-In-Aid, State Aid, Capital Construction or Debt Service account.

MAINTENANCE AND FIXED CHARGES — Constitute the routine repair and maintenance of buildings, property, and equipment required to keep them in operation and prevent deterioration.

MATCHING FUNDS — Provisions in a grant agreement that require the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.

MATERIALS AND SUPPLIES — Tangible consumable items used for operations but not for the maintenance of machinery or equipment.

NON-STATE FUND (ACCOUNT) — Any fund (or account within a fund) within the General Treasury, the proceeds of which arise from a source other than the General Fund, typically from Federal or foundation grants, pooled inter-governmental funds, or service charges. (See also REVOLVING FUND.)

OBJECT ACCOUNT — Part of the chart of accounts to classify articles purchased or services obtained.

OBJECT CATEGORY — A group of objects of similar character categorized for classification purposes. Examples are personal services, materials and supplies, services other than personal, and maintenance and fixed charges.

OBJECTIVE — A statement of specific, intended, measurable accomplishments related directly to the need, problem or opportunity the services to the client are designed to address.

OBLIGATION — An amount that the State may be required legally to meet out of its resources. It includes not only an actual liability, but also an unliquidated encumbrance, established by the issuance of a purchase order, the execution of a contract calling for payment at some future date, or a liability established in any other lawful way for future payment of a specified amount of money. An obligation normally results in an encumbrance in an appropriation account.

ORGANIZATION — Any State government entity that is established by statute, executive order, or departmental order, to carry out one or more programs, for which a separate appropriation is made.

ORIGINAL APPROPRIATION — An appropriation made in the annual Appropriations Act.

GLOSSARY

PERSONAL SERVICES — An appropriation supporting State employee salaries and wages and other employee benefits.

PROGRAM — A group of related activities directed toward the accomplishment of an identifiable objective; it is established by statute, executive order, or departmental order; it is distinguishable by its clientele, organization, subject matter or process.

PROGRAM CLASSIFICATION — An operating program function, consisting of closely related activities with an identifiable objective or goal, that is treated as an identifiable appropriation item.

PROPERTY TAX RELIEF FUND — Accounts for revenues from the New Jersey Gross Income Tax. Revenues realized from the Gross Income Tax are dedicated by the State Constitution. All receipts from taxes levied on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. Annual appropriations are made from the fund, pursuant to formulae established by the Legislature, to individuals, counties, municipalities, and school districts.

REAPPROPRIATION — The appropriation in any fiscal year of funds remaining unexpended at the end of the preceding fiscal year that are specifically appropriated in the succeeding fiscal year. (See also FUND BALANCE—DESIGNATED.)

RECEIPTS — A general term for cash received, which may either satisfy a receivable, be a conversion of another asset or a refund of a prior expenditure; it may also represent revenues earned or realized.

RECEIVABLE — An anticipated sum of money that is treated as revenue because it has been earned and is due. Such sums are available for expenditure by State agencies when properly authorized.

REFERENCE KEY (REF. KEY) — A columnar heading in the appropriation data section of each program budget which identifies a program classification to which a particular account relates.

REQUEST YEAR — The fiscal year for which a budget request is made.

REVENUE ACCOUNT — An account established for the purpose of recording the receipt of revenues from a specific source.

REVENUES — Funds received from taxes, fees or other sources that are treated as income to the state and are used to finance expenditures.

REVOLVING FUND (ACCOUNT) — A fund (or an account within any fund) established to finance (1) State activities of a business or commercial nature or (2) the operation of an intragovernmental service agency or enterprise that generates receipts (income) from the sale of commodities or services. Such receipts are available for the continuing operation of the activity or enterprise.

SERVICES OTHER THAN PERSONAL — The cost of purchased services that are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

SPECIAL PURPOSE APPROPRIATION — A type of appropriation that includes monies for personal services, non personal services, maintenance, etc., but which is appropriated as a single amount and which does not specify amounts for individual objects of expenditure.

SPECIAL REVENUE FUNDS — Funds used to account for resources legally restricted to expenditure for specified purposes in accordance with enabling legislation.

SPENDING AGENCY — Any department, board, commission, officer, or other State agency to or for which an appropriation is made.

STATE AID — One of the major subdivisions of the State budget; this category shall mean:

1. Monies paid by the State to a local government or to a nongovernmental agency for:
 - a. Assistance distributed to local governments according to a formula.
 - b. Assistance provided to aid local governments in carrying out activities that are the responsibility of the local unit.
 - c. Aid to non-governmental agencies for functions carried out on behalf of a local unit of government.
 - d. Payments specifically designated by law as State Aid.
2. Expenses incurred by a State department or agency on behalf of a local unit of government. Such expenditures may include:
 - a. Monies budgeted by the State to make payments on behalf of local government.
 - b. Administrative costs of State Aid programs.
 - c. Costs of State personnel engaged in services normally provided and paid for by a local government.

STATE APPROPRIATIONS LIMITATION ACT — The Act that limits the growth of the Direct State Services subdivision of the State budget based upon the average annual percentage increase in per capita income over the four fiscal years prior to the base year.

STATE SUPPORTED POSITION — A position specifically approved and funded by a State appropriation in a salary object account.

STATE TREASURY — A term used generally to refer to all funds (monies) deposited to the credit of the State of New Jersey. It includes the General Fund and funds from all other sources.

STATEWIDE PROGRAM — A functional grouping of related program classifications that contribute to satisfaction of some broader objective or objectives. Each Statewide program is presented as a separate component of the total budget of a department or agency.

STATUTE — A written law enacted by a duly organized and constituted legislative body.

STRATEGIC PLANNING — The process of making present decisions on the allocation of people, assets and priorities to reach an agreed upon objective, after consideration of needs and constraints.

SUPPLEMENTAL APPROPRIATION — An appropriation made in addition to (or supplemental to) the annual Appropriations Act.

SURPLUS — Revenue exceeding expenditures over a given period of time. (Also see FUND BALANCE.)

SURPLUS REVENUE FUND — A reserve into which certain revenues are deposited when the amount collected exceeds the amount anticipated. The balance in this fund may be appropriated upon certification by the Governor that anticipated revenues are less than those certified or to meet emergencies.(Rainy Day Fund)

TRANSFER (OF APPROPRIATION) — A transaction that reallocates all or part of any item in an appropriation to another item in that appropriation.

TRUST AND AGENCY FUNDS — Funds used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

UNEXPENDED BALANCE — The remaining appropriation balance in an account after charging all disbursements and encumbrances.

VETO — An official action by the Governor to nullify legislative action.

NOTES