

STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 1992 – 1993

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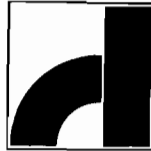
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JANUARY 28, 1992

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, 1991.

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.

The 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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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State of New Jersey

For the Fiscal Year Beginning

July 1, 1991

President

Executive Director

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**FISCAL YEAR 1993 BUDGET
 OF
 JIM FLORIO
 GOVERNOR OF NEW JERSEY
 TRANSMITTED TO THE FIRST ANNUAL SESSION
 OF THE TWO HUNDRETH AND FIFTH LEGISLATURE**

Mr. President, Mr. Speaker, Members of the Legislature and the Cabinet. Good afternoon. Before I start, let me acknowledge some people who are with us today.

We heard in the news recently that the Speaker of the Japanese Parliament described American workers as lazy and unskilled.

Well, I'm sure I express everyone's views about how insensitive and, more importantly, how inaccurate those views are.

Our people can out-work and out-produce any workers anywhere in the world!

We have invited some of New Jersey's auto workers, building tradesmen, fire fighters and public employees to the Chambers today.

I want to acknowledge them. Let's give them a hand.

Two weeks ago in this Chamber, I made a pledge to the people of this State. I said I would work for them, with all of you, to help guide our State through these tough times.

I urged us to begin moving at once with a common sense agenda to put people to work, to expand our economy and to renew trust between the people and their government.

That agenda takes a first step toward creating new jobs and opportunities for New Jersey. Our seven points of common sense are rooted in a commitment to grow an abundant crop of opportunities for all our citizens in the Garden State.

I know each of you shares that essential goal.

Someone once said that a budget is really a reflection of our values, expressed in dollars and cents.

In the State of the State message, we began the discussion about our shared values of hard work, common opportunity and hope.

Today, we take the second step of charting our vision for a better New Jersey. We begin to chart a course that will put those values to work in dollars and sense — common sense.

The kind of common sense I'm talking about is the kind we see every day in homes across New

Jersey. The kind that husbands and wives talk about when they take stock of what they have, and start to plan for what they need.

In the past two weeks, I've heard many positive comments about our proposals. And I've had good discussions with a variety of people about how all of us can work together for the good of New Jersey.

I think that's a good sign. It means people want to be a part of the discussion—if only their government will let them.

They want to get our economy back on track—if only their government will help them.

And when it comes to their money, they want to be heard—if only their government will listen to them.

But we also know people are scared. And many don't trust government.

The best way to begin rebuilding trust is to begin successfully rebuilding for our future.

Budgets are about choices.

We have already made one important choice — to put aside politics and work together.

Now, we must define our common agenda.

In doing so, I look forward to working with the new Chairmen of the Appropriations committees, Senator Littel and Assemblyman Frelinghuysen.

I have instructed my Cabinet to work with them to craft a budget for our people.

We'll keep up the dialogue with our Legislature every step of the way.

Today, I offer you our framework for progress.

The budget we propose gives our people the tools they need to climb the ladder of opportunity. Sadly, in today's economy, the first rung of that ladder is too high for too many hard-working people to reach.

Government can't do everything. But if opportunity is on the second floor and people are on the first floor, government can be the ladder and it should be.

GOVERNOR'S MESSAGE

Our budget proposals are designed to meet the challenge of this national recession by especially addressing the economic needs of New Jersey's long-forgotten middle-class.

Unlike the situation in every other State in the Nation, for the second year in a row, this New Jersey budget contains no tax increases.

This New Jersey budget reflects our belief that government must invest in people and communities. We're easing our people's cost of living by reducing property taxes again.

We're shoring up the foundation of New Jersey's quality of life—but holding the line on spending for the government bureaucracy.

Our budget lowers the budgets of 14 State departments, while limiting the other five to slight increases. Our budget is \$165 million under the cap on State spending.

So this budget has a balanced bottom line that will keep us in good prudent fiscal health.

And because we've been fiscally responsible, we can take the steps that build a bulkhead for our people in tough times.

While other states are raising taxes or cutting services, we're building.

While other States are cutting back and hurting people, we're giving back and helping people.

In New Jersey today, we don't have to make the education cuts we're seeing in other States in the Northeast and across the Nation.

We're not faced with insurmountable deficits. We will finish the current year with a balanced budget.

We're holding our own in this recession, so we can take care of our own.

The budget I submit to you will allow us to build on the foundation we have built over these last 2 years.

We will form new partnerships with business to create more jobs. Last year we provided a record number of businesses with the loans they need to grow and expand. Our proposed Economic Recovery Fund is poised to produce thousands of construction jobs and permanent jobs in a number of industries.

Our transportation investments have already created 12,000 jobs and pumped millions into the economy. Eliminating the cap on the Transporta-

tion Trust Fund as I propose will create thousands more and continue unclogging New Jersey's highways and cleaning up our air.

This budget protects the ocean water and the Jersey Shore that contributes to our \$13 billion tourism industry.

This budget helps workers improve their skills and their earning power. Our New Skills Partnership will give tens of thousands more working people the skills to win in the marketplace. And we'll help our businesses compete with Japan and Germany.

In mass transit, we're completing vital projects like the Kearny Connection.

We've been able to take these steps because of tough, conservative common sense management of our State's resources.

We began our watch two years ago by cutting down on State cars, car phones and expense accounts. Our Audit Commission recommended hundreds of cost-saving measures that have already saved New Jersey \$250 million.

Our cost reduction measures weren't popular in all circles, but they certainly were effective.

Now we're going to make the Commission permanent and accountability will be institutionalized.

We'll continue to step up tax collection enforcement through our Cheater Beater task force.

If some people cheat, that means the rest of us have to pay more. That's just not acceptable.

Last year, we began the biggest downsizing of state government ever. We've reduced the workforce by 5,000 jobs.

With this budget, we continue the trend. We're going to downsize intelligently, and with compassion. That's the right thing to do in a national recession.

We're instituting an attrition program that will eliminate 1,500 more government jobs and cut the State's payroll by \$25 million.

But we must be careful about cutting vital workers in these tough times. We need the people who police our highways, supervise prisoners, care for the sick, and monitor State spending. We should downsize government sensitively and sensibly. The misery index of this recession is too high already.

Taking these hard steps toward efficiency allows us to continue making the vital investments that matter.

First, we propose continuing to invest in the potential of our people by keeping the costs of higher education within reach of all.

Our budget proposal will keep college tuition costs affordable for the 300,000 young people attending our state colleges and universities. And it will allow us to hold tuition increases to no more than the rate of inflation.

By holding tuition down, we free up more dollars for families to spend in our economy and encourage our students to stay here in New Jersey.

Across the Hudson in New York, tuition increases at the State university system are planned to double.

Our budget affirms the right to affordable higher education by increasing funding for our Tuition Assistance Grant and Equal Opportunity Fund programs.

It also reflects our promise to keep college within reach of middle-class families.

No other state is doing more to make college affordable. Of that we can all be proud.

Investing in our transportation network is a decision that makes common sense for New Jersey. Good roads and mass transit mean we spend less time travelling and more time with our families—and less time clenching our teeth in traffic.

Our budget keeps our promise to keep New Jersey moving by eliminating the cap on the Transportation Trust Fund.

Freeing those dollars will put 13,000 more New Jerseyans to work and improve our State's quality of life for millions more.

Let's keep costs down for our hard-working people who use our trains and buses to get to work, the commuters. Join me as we prevent New Jersey Transit fare increases for the second year in a row.

While our budget process requires us to divide scarce fiscal resources, we all share in New Jersey's natural resources. Clean air, clean water and a clean Jersey shore are a trust we hold in common for ourselves, our grandchildren and their grandchildren.

In this budget, we propose to keep investing in our Clean Water Enforcement Act, clean air laws, Operation Clean Shores and all of our other coast-

al protection measures. To insure that the quality of the air that we breathe and the water we drink is the best it can be, such investments are absolutely essential.

For millions of New Jerseyans, owning your own home is the cornerstone of economic security.

And we're strengthening that foundation by providing more relief from property taxes. Last year, property taxes held steady or declined in 85 percent of our towns.

The spiralling double-digit property tax increases of the 1980s had reached a dangerous level. The rising tide was pushing senior citizens out of their homes and foreclosing on the dreams of young couples.

I pledged two weeks ago to work with the Legislature to protect our New Jersey dream of owning a home.

In order to make that possible, I am proposing that we adopt a sound, conservative accounting practice, that will allow us to continue more property tax relief.

In this budget, we are taking the prudent and long overdue step of revaluing State pensions by assessing them at market rather than book value.

Making this accounting adjustment is required by law in the private sector. It will allow us to keep our promise to 600,000 senior citizens and 1.7 million other New Jerseyans to continue our property tax relief program in the form of Homestead Rebates.

We can also restore increased school funding for our kids and needed aid for our middle-class communities—easing the property tax burden once again.

For years, the best accounting and auditing firms, as well as the Kean Administration and our Senate and Assembly leaders, have suggested that the State adopt this sensible practice.

In making this move, New Jersey is joining the majority of other States, which use this more accurate and equitable system.

The soundest accounting principles dictate we take this step.

Let me say it in no uncertain terms: every penny that has been paid into our State pension system is secure and will remain that way.

GOVERNOR'S MESSAGE

Ladies and gentlemen this budget is one that makes a statement about our values. By adopting it, we can strengthen and improve our criminal justice system, because public safety is a fundamental task of government.

The budget we submit today proposes a 7 percent increase to add new prison spaces for the criminals we take off the street. And for the first time in 3 years, we're recruiting and training a new State Police class.

In adopting this budget we're making sure that violent criminals face swift and certain punishment. And we're going to keep working to make our streets safe, by keeping criminals in jail, where they belong.

Many of us remember the security of seeing the cop on the beat in our neighborhood.

We're bringing police back to our communities.

This budget also asks for a slight increase for Military and Veteran's Affairs to staff new bed spaces in our veterans' hospitals.

Those men and women who served their country with valor in times of war should not be ignored by their government in times of recession. Those of us who are veterans and all of us as citizens have a commitment to keep.

The budget we propose today also confirms our values by keeping a commitment to our children.

For the second year in a row, we can provide increased school funding to our middle class communities, as well as to our urban areas. That means we can increase funding in communities like Hamilton Township, Haddon Heights and

Ridgefield that only weeks ago faced the prospect of significant cutbacks and large tax increases. Today, we're ready to return \$425 million in additional educational dollars to our communities!

Kids don't form political action committees, and we won't see them buttonholing legislators.

So we must listen to our conscience and be particularly careful not to cut programs like Good Starts, child care vouchers and free immunization.

Senate President DiFrancesco knows the value of these vital programs. He has fought for children's issues. In particular, the program he sponsored providing financial support for families with children suffering from catastrophic illness is a landmark of good government that helps people who truly need it.

As we consider this budget, we know that our people are going through hard times.

They are telling us: cut waste, and duplication, but don't cut our quality of life and don't cut our opportunities especially in a national recession.

This budget hears those requests and honors them. But this budget doesn't do everything.

I know that many of you would like to reduce our sales tax revenues. I've never been fond of the sales tax, and I'm not here to mount a defense of it.

The extra penny was needed to balance the budget in 1990. We had to pay our bills. But all of us know that making a budget is about making choices and setting priorities. It's an ongoing process.

As Governor of our State, and with all of you as members of the Legislature, we now begin the budgetary process that defines New Jersey's priorities. I want to work with you and I will.

To lower property taxes.

To make sure our kids get the best education they possibly can.

To keep our streets and neighborhoods free from crime and drugs.

To keep our people moving on good roads while we protect our clean air and water.

To keep mass transit affordable for the people who depend on it every day.

And we have to ensure that the quality of life our people have come to expect here in New Jersey won't be threatened by anything we do here in Trenton or that anyone does in Washington.

And that's why I have included funding in this budget to give women in New Jersey the information they need to make their own reproductive choices. Because in New Jersey, we do not gag women or their doctors.

A budget that does not compromise on these priorities has to result in tough choices.

But also understand that budgets are not made without a spirit of compromise.

I would be very happy to achieve our goals and still reduce the sales tax by a penny.

I'm willing and anxious to listen to any plan that will meet our State's priorities.

If there's another way to achieve a balanced budget while continuing our property tax relief programs; while still opening the doors of college to more middle class students; to continue investing in an affordable transportation network and to have the ability to create good jobs — share it with me and with the people of this State. Good faith discussions are the key to good government.

But whatever we do on the budget, lets keep working together to restore hope and build economic opportunity and jobs.

Let's devote ourselves to creating a government that does build ladders of opportunity for our people. Let's expand the pie, rather than fight

over dividing up the crumbs. By making our whole economy grow, we can reap an abundant crop of opportunity for all our citizens.

But if the Garden State is to grow, we must plant and prepare. We must invest.

Our choices are about helping people who are counting on us.

They are counting on us—all of us—to do it, and do it right—and I know we will.

Respectfully submitted,

JIM FLORIO
Governor of New Jersey

Attest:

JOSEPH SALEMA
Chief of Staff

January 28, 1992

Special thanks are given to the following *Office of Management and Budget* staff who were instrumental in the development, preparation and printing of the Fiscal Year 1993 Governor's Budget.

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