STATE OF NEW JERSEY

BUDGET

FISCAL YEAR 2001 – 2002

Christine Todd Whitman, Governor

Roland M. Machold
State Treasurer

Charlene M. Holzbaur
Director

Robert L. Peden
Deputy Director

Gary J. Brune
Associate Director

Bruce J. Perelli
Assistant Director

Office of Management and Budget

JANUARY 23, 2001

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

State of

New Jersey

For the Fiscal Year Beginning

July 1, 2000

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, New Jersey for its annual budget for the fiscal year beginning July 1, 2000. 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 on one year only. We believe our 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
Readers Guide	A-1
Summaries of Appropriations:	
The Budget in Brief	B-1
Major Highlights	B-2
Resources and Recommendations for Fiscal Year 2001, All State Funds	B-5
Summary of Fiscal Year 2001-2002 Recommendations	B-6
Summary of Fiscal Year 2001-2002 Recommendations—By Fund.	B-6
Summary of Appropriations, by Organization	B-7
Summary of Appropriations, by Category or Purpose	B-11
Summary of Appropriations, by Statewide Program	B-13
Summary of Appropriations, Dedicated Funds by Program	B-22
Appropriations Major Increases and Decreases	B-25
Full-Time Paid Employee Count Comparison	B-30
State Aid for Local School Districts—Consolidated Summary	B-31
Summaries of Revenues, Expenditures and Fund Balances:	
Combined Summary, Estimated Revenues, Expenditures and Fund Balances	C-1
Summary, Estimated Revenues, Expenditures and Fund Balances,	C-2
Economy Review	C-3
Statement of Estimated Revenues and Expenditures	C-7
Schedule I State Revenues	C-8
Schedule II Other Revenues	C-16
Schedule III Expenditures Budgeted	C-29
Schedule IV Expenditures Not Budgeted	C-31
Summary, Estimated Revenues, Expenditures and Fund Balances,	C-32
Budget Recommendations (Executive Departments in Alphabetical Order):	
Department and Branch Recommendations	D-1
Debt Service	E-1
Language Provisions-Federal Funds	F-1
Language Provisions-General Fund	F-2
Revolving Funds	G-1
Appendices:	
Special Revenue, Capital Projects, and Agency Trust Funds	
Summary Statement, Appendix 1	H-1
Special Revenue Funds, Appendix 1A	H-2
Capital Project Funds, Appendix 1B	H-32
Trust and Agency Funds, Appendix 1C	H-38
State Lottery Fund Schedule	H-43
Casino Revenue Fund Schedule	H-44
Tobacco Settlement Schedule	H-45
Transportation Trust Fund Schedule	H-46
Statement of General Long-Term Debt	H-47
Index	I-1

CHRISTINE TODD WHITMAN
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDREDTH AND NINTH LEGISLATURE

Mr. President, Mr. Speaker, Members of the Legislature:

As I begin, let me pause to acknowledge a special group of New Jerseyans. They couldn't be here today because they are busy on a project out-of-state.

This group never gave up on themselves, no matter the odds against them. Again and again they proved that hard work and preparation pay off.

Today we call them Giants; on Sunday we will call them Super Bowl Champions.

Today, we meet in the people's house. This is the people's budget. This is a budget that will help us continue to make New Jersey a better place in which to live, work, and raise a family.

The $23 billion budget I am proposing today is balanced and responsible.

It increases our investment in schools and colleges by more than three-quarters of a billion dollars.

It provides more relief to property tax payers.

Indirect relief through our school construction program sponsored by Jack Collins and Joe Malone in the Assembly and Bill Gormley and John Lynch in the Senate.

And direct relief through New Jersey SAVER, which Assemblymen Paul DiGaetano and Sam Thompson sponsored along with Senators Diane Allen and John Matheussen.

My budget proposal supports measures this Legislature has approved that, by the end of fiscal 2002, will have saved taxpayers $15 billion.

These tax cuts have not only saved money but also created jobs. In fact, New Jersey's average unemployment rate for the year 2000 was 3.8 percent, matching the best annual rate on record.

With this budget, our average growth rate over eight years will be 5.1 percent, which is lower than that of any administration in nearly a half-century.

What's more, this budget provides a surplus of one billion dollars.

Before I highlight a few of the initiatives in this proposal, let me say a word or two about an issue that's been on some of your minds: debt.

Yes, we have increased our debt. During this administration, we took on new debt for long-term projects with long-term benefits. They include saving land, building schools, fixing bridges, dredging our ports, and building prisons.

These are items that no one group of taxpayers should have to support alone.

I know the members of this Legislature and its leaders from both sides of the aisle agree with me that the debt has increased for the right reasons.

That's why you passed the school construction bill by an overwhelmingly bipartisan vote last year, just as you did for open space preservation, dredging, and transportation.

And it's why New Jersey citizens voted to approve every bond issue that was placed on the ballot during the past seven years.

What's more, consider what the rating agencies say. Of course, they look at our debt, but they also look at how we have virtually eliminated one-shot revenues.

They look at how we've nearly doubled pay-as-you-go spending on capital projects. They look at how we've closed the structural deficit and increased the surplus.

The rating houses have looked at how we've managed our finances, and they've upgraded our rating four times since 1994.

That compares with at least as many downgrades in the previous administration.

You've heard the critics, but those who know best say that we're in sound financial health.

Now let me talk about our priorities. As always, education tops the list.

Great teaching can make a lifetime of difference. Just ask Professors David Wolfe, Jack Collins, and Bob Martin. Ask Principal Joe Palaia. Or ask educators like Mel Cottrell, Joe Doria, Joe Malone, and Anthony Impreveduto.

A crisis looms, however. America faces an unprecedented need for teachers -- as many as two million over the next eight years. Here in New Jersey, enrollment increases, mandated preschool, and large-scale retirements will only hasten the demand.

But we don't just need more teachers, we need more good teachers.

That's why we are working to make New Jersey teachers the best they can be. For experienced teachers, we've established continuing education requirements that will help them stay sharp.

For those just starting out, there is the mentoring program we created last year with the help of Michael Johnson and the NJEA.

It began as a pilot in 15 districts last September. Now we're ready to expand it to first- and second-year teachers statewide.

So with this budget I propose $14 million to support the full cost of stipends for mentors in every district.

Of course, teacher quality begins long before that first year of teaching. Reformers tell us that the key to excellence in schools is the quality of education we provide to teachers.

I am, therefore, proposing $10 million to challenge New Jersey colleges and universities to dramatically improve teacher education.

That means moving teacher preparation to the top of the institutional agenda.

It means linking knowledge and performance with our core standards and improving collaboration between campuses and schools. It means producing a greater number of outstanding graduates.

Our students deserve A-plus teachers, so let's provide grade-A teacher preparation.

That's not all we need to do. We must ensure that every school district in New Jersey can attract high-achieving new teachers.

That's especially critical in the fields of preschool education, math, science, world languages, and special education.

I propose dedicating $5 million to provide multi-year recruitment bonuses for new teachers in these disciplines who graduate with a grade point average of 3.0 and agree to teach in eligible districts.

Great teachers produce outstanding students, prepared to meet the challenges of a marketplace that is increasingly global and technological.

Already, technology has expanded opportunity in so many ways. It has created wealth, unlocked pathways to learning, and yielded medical breakthroughs.

In all of these areas, New Jersey leads the way. Take for example the Songbird. No, I'm not talking about a winged creature on Cape May's coastline, I'm referring to this device, the world's first disposable hearing aid.

It's a fact that years of rock and roll have left too many baby boomers with hearing loss. The Songbird Hearing Company in Cranbury has come up with a way to help. They manufacture this disposable device for people with noise-induced hearing loss.

This example of high tech for the hard of hearing is one reason why New Jersey is on the technology fast track. I'm pleased that Fred Fritz, Songbird's CEO, could be with us today. Fred, please stand up so we can recognize you.

We must continue to keep New Jersey first in the high tech world, and my budget includes a technology package of over $200 million to do just that.

As we did last year, we will provide matching funds to challenge universities to compete for federal research grants. But we also need to get the private sector more involved with our institutions.

There's no reason why New Jersey's major corporations shouldn't be turning to institutions like Rutgers and NJIT just as they do business with the MITs and Stanfords of the world.

I propose that we provide $10 million from this package for a Higher Education/Business and Industry Partnership Fund to encourage cooperative high-tech ventures.

Of course, for such important research, higher education needs the best tools.

Seven years ago, we created the Equipment Leasing Fund to help campuses obtain research instruments, computers, and other high-tech instructional materials.

Our institutions and the State have fully repaid that $100 million obligation. I propose today that we replenish this fund to give New Jersey colleges and universities the most advanced high-tech tools.

In addition, this package will help build two new biotech research centers at Rutgers. It will continue our business marketing campaign. And it will establish a New Jersey Fund for Technology Innovation.

Together, these initiatives will help us strengthen our reputation as the Innovation Garden State.

Of course, the Garden State got its name for another reason. Not bits and bytes, but bushels and bogs. Farming will always be integral to our heritage and our economy.

That's why this budget includes more than $1 million in new farmland preservation initiatives.

This investment will add staff to our state and county agricultural boards to eliminate the backlog of farms waiting to be preserved. It will also fund a Farmland Stewardship Program that will help make preserved farms more profitable.

Preserving farms and open spaces helps us enjoy a better quality of life. So does improving the condition of our parks and playgrounds.

Some of you may recall the day I fell off a swingset. Fortunately, all I hurt that day was my pride. Some kids aren't so lucky because their playgrounds aren't as safe as they could be.

This budget includes $1 million for the safe-playgrounds initiative I announced last month. With grants of up to $10,000, we will help cities and towns pay for new equipment and surfaces that are kinder and gentler on those who tumble.

I also recommend we take the opportunity to dedicate $2.5 million per year in new funding from the Federal Land and Water Conservation Fund for municipal and county park improvements.

This would supplement the $10 million we already invest from the Garden State Preservation Trust each year for local park improvements.

Two weeks ago, I called for creating world-class state parks for New Jersey; let's help our communities do the same.

This budget also supports clean and plentiful water.

Last year this Legislature approved funds for watershed management planning in every part of our state.

These plans will look years down the road. They also call for some actions we can take right now. Actions such as preventing fertilizers from seeping into drinking water supplies, and retrofitting storm sewers so they handle runoff better.

I propose that the State use this budget for a series of local "Action Now" projects that will improve water quality immediately, from Strawbridge Lake in Burlington County to the Great Swamp in Morris.

While I have the chance to address the entire Legislature, let me reiterate my commitment to the water quality and watershed management rules, which have been years in the making.

I also want to thank the citizens and more than 70 legislators who wrote to me, urging that we strengthen these rules.

While we're legally prevented from adopting all of the rules today, we can begin to declare war on sprawl right away.

More than half of all the development in the past 10 years has been on land using septic systems. That's bad for water quality and bad for smart growth.

So today I have directed DEP to subject new development using septic systems to the same environmental assessments used for new sewer service areas.

This attacks one of the biggest contributors to sprawl and makes clear that we support smart growth in every part of this state.

Pursuing smart growth means revitalizing our cities as places where families and businesses can thrive. That's why this Legislature and this administration have worked so hard to spark new investment.

Take a look, for example, at the City of Elizabeth. Last year's brownfields initiative is bringing 100 units of affordable housing there.

Our urban site acquisition program is setting the stage for 37 new rental units. A loan from the New Jersey Redevelopment Authority helped turn an empty warehouse into attractive space for retail, manufacturing, and a local nonprofit.

Consider our progress in Newark. Thanks to brownfields funding, Kmart is moving in as the centerpiece of the first shopping center built there in decades.

Our Urban Home Ownership Program is providing more than 600 homes. Our rehab code is creating student and residential housing out of a high-rise that was vacant for more than 15 years.

We can do more. With this budget we will. For starters, I am proposing another $15 million in brownfields redevelopment for promising projects like those in Newark, Elizabeth, and so many other communities.

I am earmarking $6 million for good ideas that came out of last year's Urban Summit. One of them is our new approach to Police Community Partnerships. For the first time, we will enlist the Urban Coordinating Council to bring together every part of the community as full partners in building safer neighborhoods.

We will also ensure that cities share in New Jersey's new economy.

Many new-economy companies rely on large warehouses to serve as major distribution centers. What better place to look for space than our cities?

With this budget, I propose we provide $10 million in grants and no-interest loans to help high-tech businesses relocate to now-abandoned urban buildings.

I recognize that incentives like these are not always enough. Our cities -- built for 20th century industries -- can hamper smart-growth development.

Builders have told me that the cost of fixing infrastructure often makes it simply too expensive to build. I've listened, and I believe we can help.

I propose today that this Legislature approve $10 million in this budget for a Smart Growth Infrastructure Tax Credit -- our 40th tax cut.

This credit will apply to projects built in urban aid communities or towns that follow the State Plan. It will provide a meaningful tax incentive to build where it makes sense.

It will prove our interest in leveling the playing field for builders. It will ensure that smart growth is a smart investment.

But this is not enough in every instance. Some cities need more than incentives, they need direct intervention. I call on you to pass the Camden legislation so we can make sure its residents can share in our success.

At their best, our cities show the awesome potential of our people.

I wear this pin every day to proclaim that we are many faces in one family, and we all have something to contribute.

For our one family to truly thrive, we must do our best to ensure that everyone lives and works as part of the community, not apart from the community.

That's why we've done so much to help people with disabilities. Through your leadership, we have made twice as many community placements as any previous administration.

We are also improving our system of care for people with mental illness. This budget allows us to begin building a smaller facility on the grounds of Greystone Park Hospital.

Ultimately, scaling down Greystone will save us money that we can dedicate to more community mental health programs. In the meantime, this budget provides $22 million for those services.

In addition, we will address the needs of people with physical disabilities. I am pleased to announce that we will heighten the profile of the Office of Disability Services by expanding its responsibilities and making it a full division.

What's more, we will support those who care for people with disabilities. I am directing the Commissioner of Human Services to amend existing contracts to provide an immediate pay raise of $1 an hour for all direct care workers funded by that department.

But let's not stop there. Let's enable businesses to give their disabled employees a helping hand. I propose the 41st tax cut of my administration: a small business tax credit for equipment that helps people with disabilities to perform on the job.

Our strong record in serving our one family also includes PAAD. This program covers nearly 190,000 seniors and disabled adults and subsidizes more than 6 million prescriptions a year.

Can we do better? I know we can. So does the Senate President, and he has made it clear he intends to help more seniors pay for prescription drugs. So this budget proposal gives prescription drug coverage to as many as 100,000 more people.

I've always said that good government is the best politics. With that in mind, this budget promotes integrity in government in several ways:

First, it supports the State Commission of Investigation. The SCI has proved its value to New Jersey. In addition to proposing an increase, I urge this Legislature to make the SCI a permanent, independent part of state government.

Second, the Office of Inspector General, the watchdog agency that I created, receives an increase in this budget.

This will support the Inspector General's main focus in 2001: making certain that our historic investment in school construction is spent wisely and properly.

Third, this budget funds needed changes in our election machinery. Right now, two counties -- Salem and Sussex -- use punch-card balloting.

With this budget I recommend providing $3 million in matching funds to help these counties install modern voting machines before the November election.

Fourth, this budget honors my pledge to physicians last year that we would increase their reimbursement rate for treating Medicaid patients. I have included $35 million in state and federal funds for this purpose.

Fifth, this budget demonstrates our commitment to end racial profiling and support law enforcement.

We have made sweeping reforms including how the State Police report to the Attorney General, how officers are trained, and how citizen complaints are handled.

The independent monitoring team appointed by the U.S. District Court has looked at our efforts in reforming the State Police and unanimously praised our commitment, energy, and professionalism.

One sure way to continue our progress is to support it in the budget.

We're doing just that. I have included nearly $25 million for efforts aimed at recruiting more minority and female officers, upgrading computers, and installing video cameras in municipal police cars across the state.

New Jersey is not the only state where racial profiling exists, but it will be the first state where it ends.

At the same time, we recognize that most of our men and women in blue are doing their best to serve justice. They lay their lives on the line every day and have brought us the lowest crime rate in a quarter-century.

With these reforms we protect both law enforcement officers and law-abiding citizens.

Whatever challenges we face together, I know we can overcome them.

I've often said that because New Jersey is the most densely populated state in the nation, we tend to face problems earlier than other states, and our solutions often become models for the nation.

That's true in protecting our ocean waters, it's true in preserving our land, and it's certainly true in providing tax cuts.

As I said way back in my first campaign, we must do all we can to cut taxes and create jobs, especially in small business. We are best served when entrepreneurs spend less time paying taxes and more time creating jobs.

I am pleased to propose, as tax cut number 42, that we eliminate the corporation business tax for the first year of any eligible small company's existence.

There's something else we can do for small business: eliminate double taxation on S corporations. I know you support it, and so does this budget.

If there's one thing I enjoy as much today as I did that first day in office, it's putting more dollars back into people's pockets.

At my inauguration, I reached back in time and proposed a retroactive tax cut. For my final proposal, I want to reach into the future.

As you know, we are entering Year Three in a five-year phase-in we planned for NJ SAVER, our landmark property tax relief program.

You may also know that the Senate President has suggested we speed it up and jump ahead to Year Four. Don, I couldn't agree with you more.

So this budget proposal supports the Senate President's plan and thus doubles the check that New Jersey property taxpayers got last year.

Come September, 1.2 million homeowners should expect to see a check in their mailbox averaging nearly $500.

Senate President DiFrancesco, Speaker Collins, Chairmen Littell, Bagger, and Lance, Minority

Leaders Codey and Doria, and all the members of the Legislature: as you know, this is the last budget that I will propose.

I'm grateful to everyone who helped put it together, from the Cabinet departments to OMB to the Treasurer to my staff. I'm proud of the policies this spending plan supports.

I'm prouder still of what it will mean to the people we serve. The newlyweds in Wallington who will afford health insurance because of FamilyCare.

The students in Haddon Township who will get a school building that fits their needs.

The entrepreneur in New Brunswick. The farmer in Long Valley. The park lover in Freehold.

The senior in Browns Mills who needs help with his prescriptions.

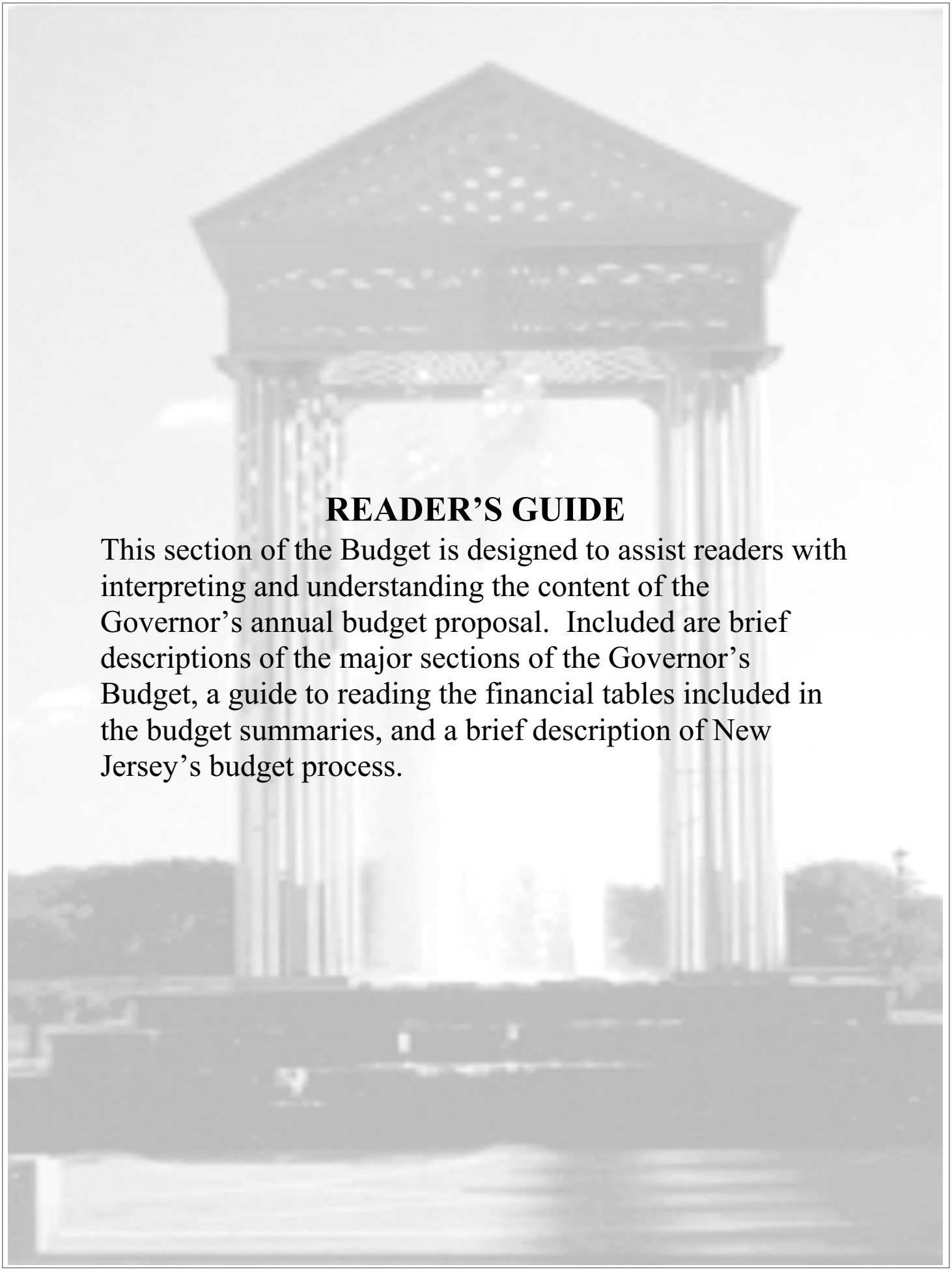
The family in Hammonton that will receive their NJ SAVER check just as they send their first child to college.

I recognize that we still have challenges to tackle, just like every state in America. In this election year, you may hear more about these challenges than about all our achievements. That's part of our democratic process.

But never lose sight of the great things we -- Democrats and Republicans alike -- have done together here in Trenton -- in the people's house, with the people's money, for the people we serve.

Should I earn Senate confirmation, I will not only leave a balanced budget that builds on our accomplishments but also leave the governorship in the able hands of a proven leader: Don DiFrancesco.

Thank you, Don. Thank you, Jack. Thank you, citizens of New Jersey.



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.

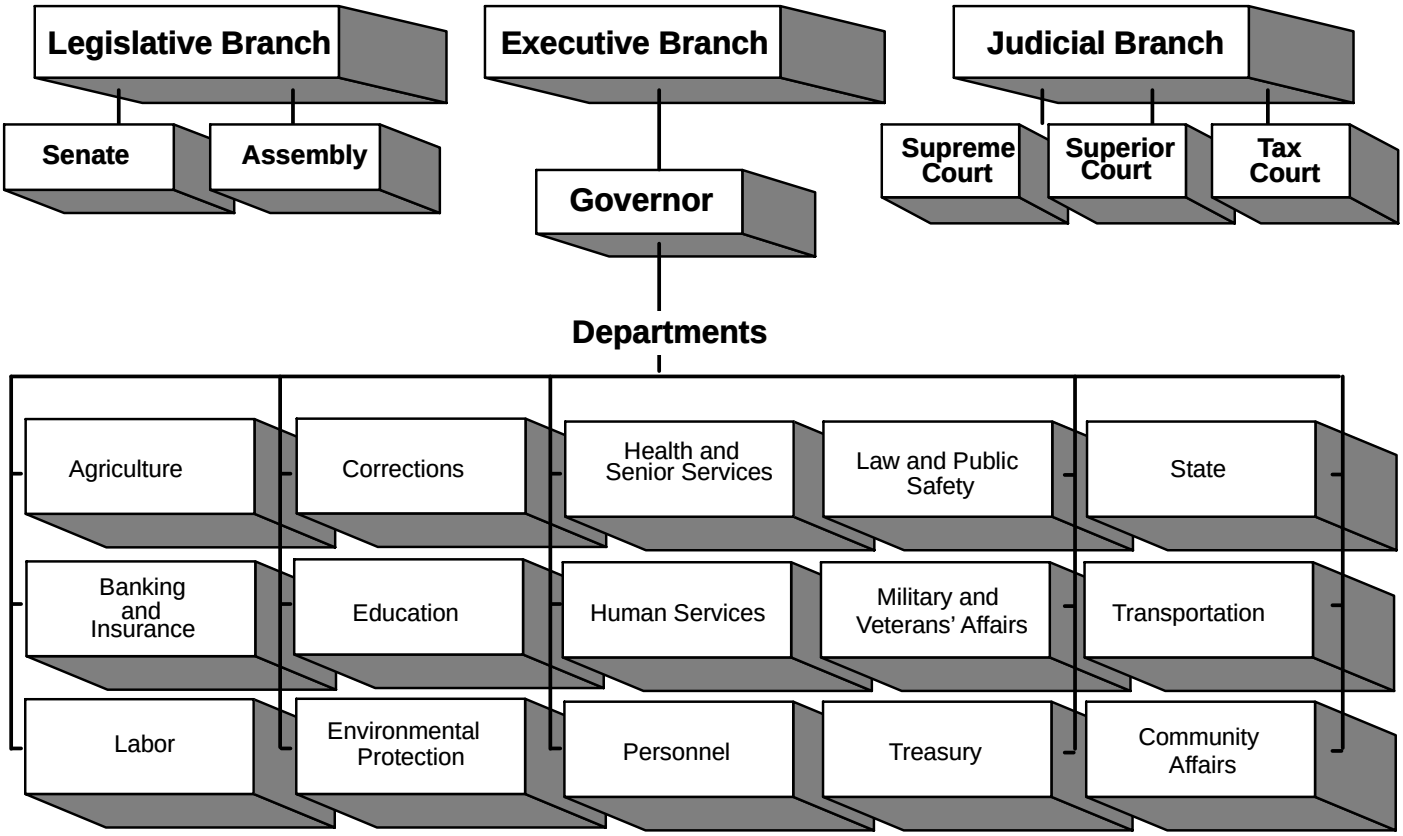
Background

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 one percent 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.

A State Government Organization chart is provided below:

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



THE STATE BUDGET PROCESS

The fiscal year for New Jersey State government, which includes the Legislature, the Judiciary, and all Executive Branch departments and agencies, is from July 1 to June 30 of the following year. For example, "fiscal year 2002" refers to the fiscal year ending June 30, 2002 (The federal government's fiscal year begins October 1, and ends on September 30.)

In the past, the budget process in New Jersey has had several variations, including Zero Based Budgeting (ZBB) and the Planning, Programming and Budgeting System (PPBS).

The current process, the Integrated Planning and Budgeting Process, uses several of the key features of all previous budget processes, and is designed to result in planning driven budgets. Implementation of the process usually begins during the month of April some fifteen months prior to the year for which the budget will be effective.

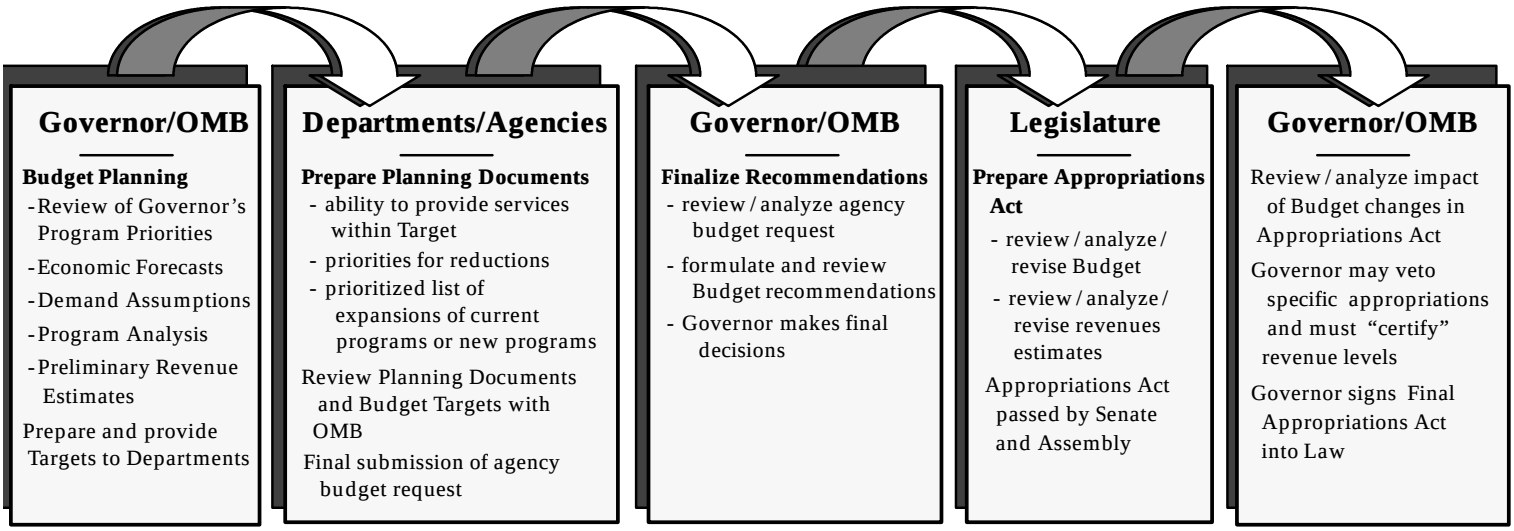
The planning framework that begins this process each year includes reviews of the Governor's program priorities, economic forecasts, demand assumptions and analyses of selective program areas. General guidance is provided to each State agency, usually in August – September.

Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office of Management and Budget (OMB) reviews the planning documents with the agencies and budget targets are agreed upon. The planning portion of the process is then culminated by the final submission of the agency budget request to OMB.

During the months of December and January, the Director of the Office of Management and Budget reviews budget recommendations with the Governor, the State Treasurer and the Governor's staff. The Governor makes the final decisions in January. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the Legislature on or before the third Tuesday following the first meeting of the State Legislature, except in the year when the Governor is inaugurated, when it must be transmitted on or before February 15 (although the Legislature may extend this deadline under unusual circumstances). From year to year, the Budget probably is the single most important policy statement that the Governor makes.

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, must then be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced budget must be approved 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, which may have been added by the Legislature as a result of its review of the Governor's proposals. 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.

As part of the first execution phase of the Budget process, and to ensure that State monies are spent according to the intent of the Budget, all state departments are required by appropriations language included in the Budget to submit quarterly spending plans to the Office of Management and Budget and the Legislative Budget Officer.



HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections, which 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 fiscal tables which 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*
- *Appropriations - Major Increases and Decreases*

Also included within this section is the *Major Highlights* of the fiscal year 2002 Budget, which discusses the major programmatic and operational impact of the budget proposals.

Additional summaries of major increases and decreases, and charts and graphs depicting significant programmatic or fiscal trends included within the FY 2002 Budget are also included within this section.

3.) The ***Summaries of Revenues, Expenditures and Fund Balances*** section provides an overview of the state's economy and 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, such as the income tax, sales tax, corporation tax, etc., and provide year-to-year comparisons and projections for the fiscal year 2002 budget year. Most of the schedules and exhibits in this section are displayed by *Fund*. For the purposes of state financial accounting, funds are accounting entities which segregate financial resources according to the purposes for which they may be used.

This section includes four "major schedules" which 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), provide 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; and is organized by Governmental Branch and sorted in alphabetical order by agencies or executive departments. The major sub-divisions of this section are summarized below:

a. Department and Branch Recommendations
(Direct State Services, Grants-In-Aid, State Aid and Capital Construction)
b. Debt Service
c. Language Provisions
d. Revolving Funds

4.A.) **Budget Recommendations – Overview**

For fiscal 2002, the Budget continues to display all of a department's non-debt appropriations in a single subdivision of the document. The separate sub-divisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, State Aid and Capital Construction are now shown 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 affecting State Aid, the Casino Revenue Fund, etc., are presented in new summaries in the "Summaries of Appropriations" section.

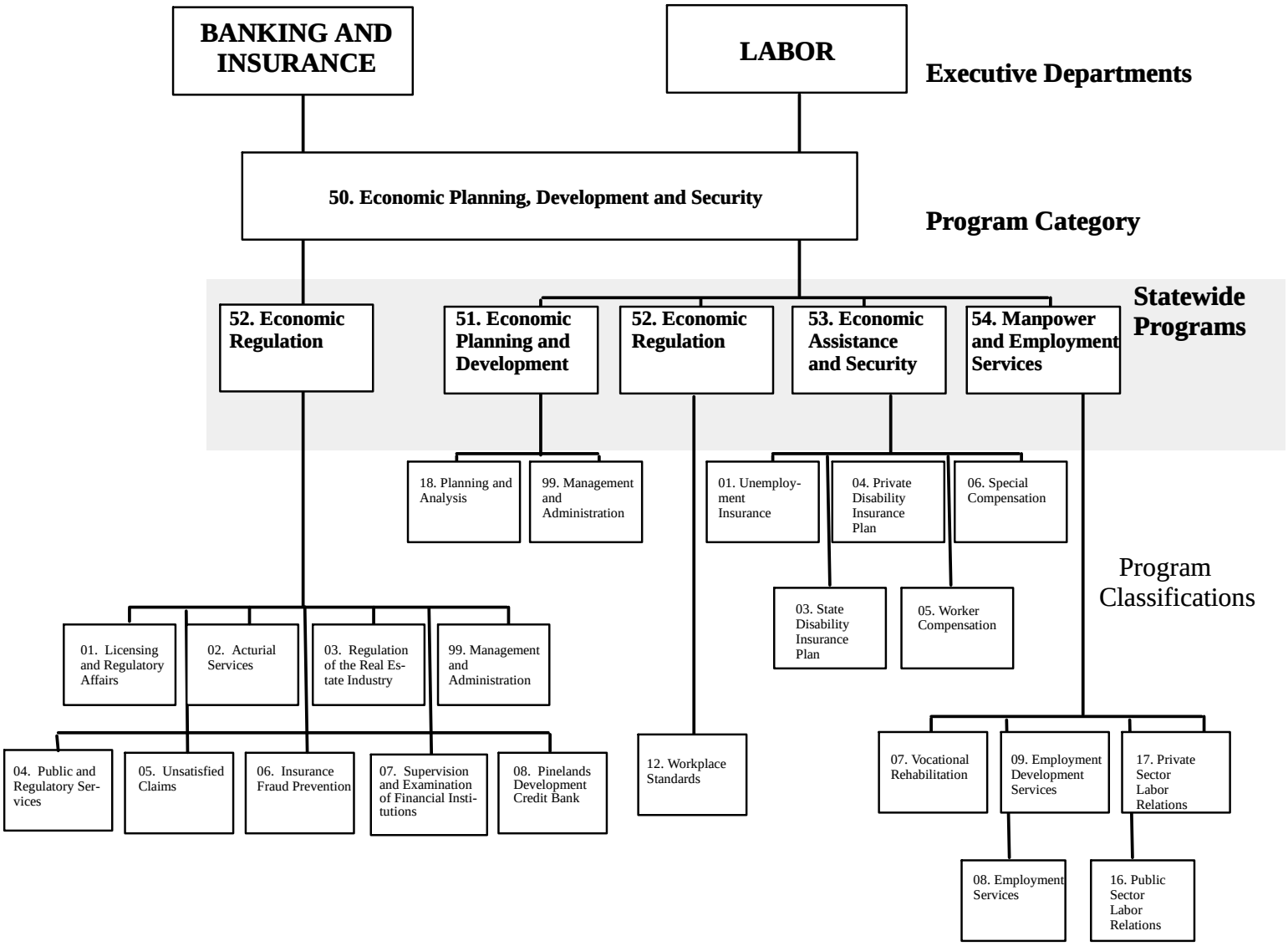
These changes were made to better organize program descriptions and operating and evaluation data with the relevant appropriation recommendations. This consolidated presentation will provide readers with a comprehensive view of all of a department's operations, across all spending categories and funds. This should help New Jersey citizens better understand the relationships between *all* of the recommendations affecting departmental programs.

Each of the sub-sections of the *Budget Recommendation* section follow 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 include Water Supply Management, Forestry Management, Shellfish and Marine Fisheries Management, in the Department of Environmental Protection. 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.

In the Department of Labor for example, 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, is shown on the facing page. Note that the Statewide Program, Economic Regulation, is common to both.


BANKING AND INSURANCE
LABOR
Executive Departments
50. Economic Planning, Development and Security
Program Category
Statewide Programs
52. Economic Regulation
51. Economic Planning and Development
52. Economic Regulation
53. Economic Assistance and Security
54. Manpower and Employment Services
18. Planning and Analysis
99. Management and Administration
01. Unemployment Insurance
04. Private Disability Insurance Plan
06. Special Compensation
03. State Disability Insurance Plan
05. Worker Compensation
Program Classifications
01. Licensing and Regulatory Affairs
02. Acturial Services
03. Regulation of the Real Estate Industry
99. Management and Administration
04. Public and Regulatory Services
05. Unsatisfied Claims
06. Insurance Fraud Prevention
07. Supervision and Examination of Financial Institutions
08. Pinelands Development Credit Bank
12. Workplace Standards
07. Vocational Rehabilitation
09. Employment Development Services
17. Private Sector Labor Relations
08. Employment Services
16. Public Sector Labor Relations

4.B.) **Budget Recommendations – Descriptions of Sub-Divisions**

Detailed descriptions of the sub-divisions of the *Budget Recommendations Section* are provided below:

a.) *Department and Branch Recommendations* is the sub-division of the Budget that relates to the appropriations and expenditures that support operations of State agencies, grants and state aid. 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 to the program classification level, and include information on the current year, two prior years, and a projection for the budget request year.

The *Appropriations Data* component 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* represent funding to support the administration and direct operations 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 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 NJ 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 sub-division 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.

b.) The *Debt Service* sub-division 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.

c.) The *Language Provisions* sub-division 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.

d.) *Revolving and Other Funds* is the sub-division 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, 2000, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 2001 and fiscal 2002.

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 and account groups. The State's budgetary basis differs from that utilized to present financial statements in conformance with generally accepted accounting principles (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.

10. PUBLIC SAFETY AND CRIMINAL JUSTICE
12. LAW ENFORCEMENT

OBJECTIVES

1. To prosecute all criminal appeals.

PROGRAM CLASSIFICATIONS

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

EVALUATION DATA

	Actual FY 1999	Actual FY 2000	Revised FY 2001	Budget Estimate FY 2002
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, 2000								Year Ending June 30, 2002	
Orig. & (S)Supple-mental	Reapp. & (R)Recpts.	Transfers & (E)Emer-gencies	Total Available	Expended		Prog. Class.	2001 Adjusted Approp.	Requested	Recom-mended
					Distribution by Program				
22,507	4,646	712	27,865	27,121	Criminal Justice	09	21,691	28,291	28,291
22,507	***4,646***	***712***	***27,865***	***27,121***	***Total Appropriation***		***21,691***	***28,291***	***28,291***
690									625
447									477
2,321									4,631
2,321									*4,631*
17,559									***23,691***
---									1,000
---									***1,000***
4,948									3,600
4,948									***3,600***
1,000	---	---	***1,000***	***1,000***	***Total Capital Construction***		---	---	---
23,507	***4,646***	***712***	***28,865***	***28,121***	***TOTAL STATE APPROPRIATIONS***		---	---	---
					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								
---	16,125 R	1,975	19,236	8,583	Criminal Justice	09	34,850	34,760	34,760
---	***17,261***	***1,975***	***19,236***	***8,583***	***Total All Other Funds***		***34,850***	***34,760***	***34,760***
83,162	***36,393***	***2,536***	***127,091***	***68,507***	***GRAND TOTAL***		***99,115***	***96,401***	***96,401***

Notes -- Direct State Services - General Fund

(a) The fiscal 2001 appropriation has been adjusted for the allocation of salary program.

Language Recommendations -- Direct State Services - General Fund

The unexpended balance as of June 30, 2001 in the Victim Witness Advocacy Fund account, together with receipts derived.

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.

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 2000 as enacted by the Legislature on July 1, 1999. 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 2000.

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 2000.

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

	Actual FY 1998	Actual FY 1999	Revised FY 2000	Budget Estimate FY 2001
PROGRAM DATA				
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, 2000							Year Ending June 30, 2002		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended		Prog. Class.	2001 Adjusted Approp.	Requested	Recommended
					DIRECT STATE SERVICES				
					Distribution by Fund and Program				
17,559	4,646	682	22,887	22,143	Criminal Justice	09	18,091	23,691	23,691
17,559	*4,646*	*682*	*22,887*	*22,143*	*Total Direct State Services*		*18,091(a)*	*23,691*	*23,691*
					Distribution by Fund and Object				
					Personal Services:				
152,359	5,514R	3,315	161,188	144,517	Salaries and Wages		142,686	154,537	154,537
152,359	*5,514*	*3,315*	*161,188*	*144,517*	*Total Personal Services*		*142,686*	*154,537*	*154,537*
					GRANTS-IN-AID				
					Distribution by Fund and Program				
---	---	---	---	---	Criminal Justice	09	---	1,000	1,000
---	---	---	---	---	*Total Grants-in-Aid*		---	*1,000*	*1,000*
					Distribution by Fund and Object				
---	---	---	---	---	Human Relations Council	09	---	1,000	1,000
					STATE AID				
					Distribution by Fund and Program				
4,948	---	30	4,978	4,978	Criminal Justice	09	3,600	3,600	3,600
4,948	*---*	*30*	*4,978*	*4,978*	*Total State Aid*		*3,600*	*3,600*	*3,600*
					Distribution by Fund and Object				
4,948	---	30	4,978	4,978	Safe and Secure Neighborhoods Program	09	3,600	3,600	3,600
					CAPITAL CONSTRUCTION				
					Distribution by Fund and Program				
1,053	1,177	(14)	2,216	665	State Police Operations	06	7,425	15,741	5,831
1,053	*1,177*	*(14)*	*2,516*	*665*	*Total Capital Construction*		*7,425*	*15,741*	*5,831*
					Distribution by Fund and Object				
1,053	1,177	(14)	2,516	665	HVAC Renovation	11	7,425	15,741	5,831
218,368	*21,359*	*3,992*	*243,719*	*236,439*	*Grand Total State Appropriation*		*243,975*	*274,046*	*264,136*
					OTHER RELATED APPROPRIATIONS				
					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 16,125R	1,975	19,236	8,583	Criminal Justice	09	34,850	34,760	34,760
---	*17,261*	*1,975*	*19,236*	*8,583*	*Total All Other Funds*		*34,850*	*34,760*	*34,760*
295,785	*108,360*	*21,821*	*425,966*	*347,051*	*GRAND TOTAL ALL FUNDS*		*403,717*	*428,317*	*418,407*

Notes -- Direct State Services - General Fund

(a) The fiscal year 2001 appropriation has been adjusted for the allocation of salary program.

Language Recommendations -- Direct State Services - General Fund

The unexpended balance as of June 30, 2001 in the Victim Witness Advocacy Fund account, together with receipts derived.

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.

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 which 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 Inter-departmental appropriations, and other budgetary adjustments.

ALL OTHER FUNDS— Revenues, other than Federal, which 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.

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. In the instance of Inter-departmental appropriations, allotments made to the various agencies simultaneously transfer appropriations and make them available for encumbrance or disbursement by the agency.

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 Federal aid and revenues of trust funds which are not within the General Treasury.

ANTICIPATED REVENUE— That portion of estimated revenues to be realized in any fiscal year which 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 during a particular fiscal year.

APPROPRIATION ACT— The Act passed by the New Jersey Legislature to appropriate, on an annual basis, the resources of the State for operating 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 amount of funds available at the start of a state fiscal year that is left over from the previous 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. In New Jersey, bonds are used to finance capital improvements.

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

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 which constitute the traditional budget cycle: (1) central and agency planning, (2) agency/executive preparation, (3) legislative review, and (4) execution and evaluation.

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

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.

CAPITAL PROJECT FUNDS— Account for financial resources for the acquisition or construction 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 tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons. 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.

CERTIFICATES OF PARTICIPATION— Certificates which are sold to investors to raise cash to purchase equipment through a master lease-purchase agreement. The principal and interest on the certificates are paid from appropriations made to agencies which obtained equipment through the master lease-purchase program. (See also MASTER LEASE PROGRAM.)

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

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

CONTROL ACCOUNT— Denotes an account established for the purpose of receiving and holding unallocated appropriations or appropriated receipts pending transfer to operating, or expenditure accounts.

GLOSSARY

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 which 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.

EMERGENCY TRANSFER— The allocation of funds to an agency from the Emergency Fund to meet unanticipated expenditures.

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

ENDING BALANCE— The amount of funds remaining in an account 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 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 account in which expenditure transactions are recorded, normally termed an object account; as opposed to a control account in which expenditures may not be recorded.

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 which 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 account 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: benefits to which the recipient is entitled by law or regulation; provision of services for which the State has primary responsibility; and subsidies and provision of services for which the State has no responsibility, but which it elects to provide.

ITEM OF APPROPRIATION — Means 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, or Capital Construction line item.

INTER-DEPARTMENTAL 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 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 or department, which 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 unexpected 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 which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

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 or Capital Construction 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.

MASTER LEASE PROGRAM— A program of financing selected equipment including computers, vehicles and furniture purchases, over multiple years through the issuance of Certificates of Participation. The State of New Jersey, as lessee, is obligated to make payments equal to principal and interest of the certificates. (See also CERTIFICATES OF PARTICIPATION.)

GLOSSARY

MATCHING FUNDS— A type of grant that requires 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—Materials and supplies are defined as tangible consumable items used for operations not for the maintenance of machinery or equipment.

NON-BUDGETED POSITION— A position, established on a temporary basis, for a limited period of time, using funds available from a Special Purpose appropriation, from balances available from unfilled budgeted positions, or from funds provided as a lump sum amount in a salary appropriation.

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— This term applies to account classification to identify funds for articles purchased or services obtained (as distinguished from the results obtained from expenditures).

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 which 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 which 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.

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, which 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 counties, municipalities, and school districts.

RAINY DAY 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.

REAPPROPRIATION— The appropriation in any fiscal year of funds remaining unexpended at the end of the preceding 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 which 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 to which program classification 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, which 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— Charges to this series of accounts represent the cost of purchased services which are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

SPECIAL PURPOSE APPROPRIATION— A type of appropriation which 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— These funds are used to account for resources legally restricted to expenditure for specified current operating purposes.

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 according to carry out activities which are the responsibility of the local unit.
   c. Grants-in-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.

GLOSSARY

STATE APPROPRIATIONS LIMITATION ACT— The Act which 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 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 which 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.

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

TRUST AND AGENCY FUNDS— These funds are 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