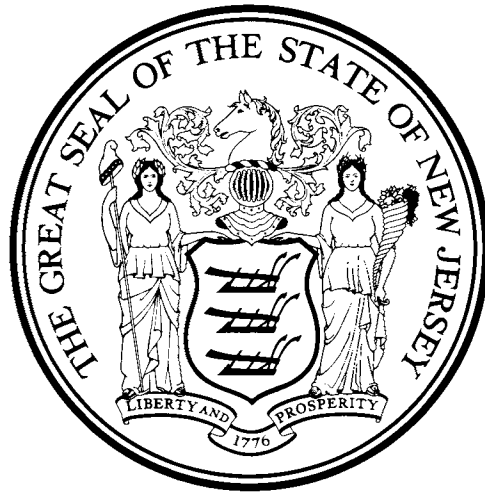


STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 1999 - 2000

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State Treasurer*

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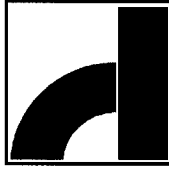
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Office of Management and Budget

JANUARY 25, 1999



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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July 1, 1998

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The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the State of New Jersey for its annual budget for the fiscal year beginning July 1, 1998.

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 communication 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.

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**FISCAL YEAR 2000 BUDGET
OF
CHRISTINE TODD WHITMAN
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDREDTH AND EIGHTH LEGISLATURE**

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

We meet today in the people's house to fund the people's priorities.

Our economy is strong -- 325,000 jobs stronger than when I took office. What's more, our revenues have grown along with our economy.

Our fiscal strength might tempt us to loosen the purse strings. As a wise person once said, "Prosperity is a time when people buy things they can't afford."

But I would argue that prosperity is a time to be even more careful with the taxpayers' money.

Members of the Legislature, as I said in my State of the State address, we must put the people first. We must recognize that fiscal discipline is the only way we can provide substantial tax relief to the homeowners of New Jersey.

So, before I say a single word about the details of my budget proposal, let me state right up front: property tax relief must be the highest priority of this legislative session.

So let's get this done. Let's show taxpayers we mean what we say.

Mayors and taxpayer groups support our billion-dollar property tax relief plan. Homeowners struggling with high property tax bills support it, too. And, I am glad to say, members from both sides of the aisle have voiced approval.

We are in agreement not only with each other but with the writer Dorothy Parker, who once stated that the two most beautiful words in the English language are "check enclosed."

And while we're on the subject of keeping promises, let me send a word to our auto insurance companies. This Governor and this Legislature are going to hold you to the promise we made last year. I meant what I said and I said what I meant: you must save good drivers a full 15 percent.

Ladies and gentlemen, the 19.2 billion dollar budget I am proposing today is balanced, responsible, and ambitious. Once again, it lowers our structural deficit. And with this budget, our six-year average growth rate is lower than that of any administration in at least the past three decades.

In government, the budget is the message, and our message is clear: we have our priorities straight.

As I will discuss today, this proposed budget invests in our schools and helps keep college affordable. It promotes the health and safety of our young people. It helps our cities achieve their enormous potential. It moves more people off the welfare rolls. It improves our roads and bridges. And it expands our commitment to law and order with new investments in police, prosecution, and parole.

But that's not all this spending plan accomplishes. It also fulfills our commitment to provide more support to seniors and caregivers.

GOVERNOR'S MESSAGE

It allows community providers to keep up with the cost of living.

It increases our capital budget by more than 15 percent to meet vital goals such as clean water and well-maintained parks. It sets aside a three-quarters of a billion dollar surplus, which includes a record amount in our rainy day fund. And it returns to the taxpayers that which is rightfully theirs.

In fact, with your help, this budget will return 577 million more dollars to the communities of this state. More school aid. More municipal aid. Most important, this increase includes over 220 million dollars in direct relief to our homeowners.

We are making an historic commitment to property taxpayers in this budget. But I want to be clear: it is not enough simply to provide property tax relief. We must do all we can to promote property tax reform.

Property tax relief will demand hard choices here in these chambers. Property tax reform will demand hard choices in every municipal building and city hall, at every school board and fire district meeting.

The people of our state must take part in that process.

Our citizens should be asking why New Jersey -- the most densely populated state in the country -- spends more than any other state to bus a child to school. Citizens should ask, does New Jersey really need 1,600 separate units of local government?

Why is it that one New Jersey county has less land and one-ninth the population of New York City but has more fire trucks than all of the Big Apple? Should we really have more than 600 school districts when we don't even have that many towns in the state? And why on earth do

we still have 23 school districts that don't even have a single school?

Real reform is going to require really tough choices at the local level.

So having said that, let me give you an idea of what I mean: Why don't we fix our fragmented and inconsistent system of property assessment, which forces some homeowners to pay more than their fair share? Why don't we act on a Property Tax Commission recommendation and move property assessment from the municipal to the county level? And let's have the State pay the freight.

I know that some people will want to maintain the status quo because they benefit from it. But this proposed reform would make the system more efficient, more equitable, and save money in every town.

New Jersey taxpayers, if that kind of reform makes sense to you, then get involved. Show up for your town council and school board meetings. Make it a point to vote in your local elections. Support your elected officials when they call for consolidating services, and demand that they stretch your tax dollars as far as possible.

Mayors need all the support they can get.

Take, for example, the Hudson County mayors who decided to merge their fire services. Instead of widespread acclaim, they faced organized pickets at their homes, personal attacks, and full-page newspaper ads criticizing their plan.

These courageous mayors met that opposition head-on. And they created a new fire service that will be even more efficient and save the taxpayers millions of dollars each year.

I want to acknowledge them today. Mayor Albio Sires of West New York, Mayor Nicholas Sacco of North Bergen, Mayor Richard Turner of Weehawken, and Mayor Rudy Garcia of Union City.

These mayors are doing their part. And with the Legislature's approval, the State will do its part with up to 35 million dollars in incentives from the REAP and REDI programs championed by Assemblymen Leonard Lance, Paul Kramer, Scott Garrett, and Joe Roberts.

It's time to start handing out aid as a reward for doing the right thing to promote government reform. So this budget makes REAP and REDI the bulk of new State aid to local governments.

As we do that, I also propose we scale back discretionary aid and transform it into what we're calling "extraordinary aid." This 20 million dollar account will be used to help mayors in towns facing catastrophic events and true emergencies.

REAP and REDI will reward municipalities for sharing services or, for that matter, even planning for consolidation. Best of all, homeowners will see the aid from REAP as a direct credit on their property tax bill.

Mayors of New Jersey, I challenge you to deplete our REAP and REDI funds. I promise to replace the money as soon as you do.

I also call upon every citizen to give reform a chance. The next time your mayor or school board suggests a way to cut costs and save tax dollars, hear them out. The money you save will be your own.

You have already made your voice heard on an issue of tremendous importance. Last November, you said yes to land preservation.

With this budget, we continue our journey toward 1 million acres. Today, I make good on

my proposal that, as part of the stable source, we make a ten-year, 100 million dollar commitment to park development in our cities and all around the Garden State.

In fiscal year 2000, we will tap the first 10 million dollars of that commitment. We will also spend an additional 3.5 million dollars to hire 100 more park rangers and maintenance staff at our state parks, forests, and recreation areas. What's more, I have included 12.4 million dollars for renovating buildings and constructing new facilities at our state parks.

If anyone doubts that the people of our state are dedicated to our million-acre preservation goal, just stay tuned. It's only been two weeks since we announced the Garden State Open Space Registry, and already two corporations have contacted us about preserving their land.

And let me read to you this letter I received earlier this month from Al Pramuk of Teaneck. He wrote, "Dear Governor Whitman, Your admirer, in his nineties, is most interested in your noble project to keep our state green... Enclosed is my check for one hundred dollars toward the implementation of your plan."

Mr. Pramuk couldn't be here, but I want to publicly thank him today.

As you see, citizens and corporations are already stepping up to the plate on preservation. Now we should do more to encourage land donation from another key player: our communities.

With this budget, we will give cities and towns added reason to help preserve open space by including an additional 2.2 million dollars in payments in lieu of taxes. These checks will offset more of the money towns sacrifice in property tax revenues when land is preserved for State parks or wildlife areas.

GOVERNOR'S MESSAGE

As you know, we fought hard for another New Jersey treasure -- Ellis Island. Let's fight just as hard to make it the showcase America deserves. Our capital budget sets aside 2 million dollars for us to work with the National Park Service and private donors to stabilize and restore badly neglected buildings on this gateway to America.

Just as we accept the challenge of helping restore Ellis Island to glory, we continue to make revitalizing our cities a priority.

We in New Jersey invest heavily in our cities. As you know, my administration set up an Urban Coordinating Council four years ago that now is working in partnership with 16 communities around the state to chart a better future. What's more, last year alone our development agencies committed over 1 billion dollars in various forms of aid in our cities.

We call our approach the urban toolkit, an effort to chisel away at the problems that keep our cities from reaching their potential.

We've made it easier to convert polluted industrial sites to productive use.

We're moving full-speed ahead with our 400 million dollar urban redevelopment program that converts boarded-up eyesores and vacant lots into new homes and businesses.

We've helped thousands of urban families become homeowners.

Our faith-based initiative is giving community groups around New Jersey the technical and financial help they need to improve their neighborhoods.

Why does all of this matter? Clearly, to the people of our cities, it means a better life. But strong cities are important to all of us. If our cities fail, we all pay for it no matter where we live. It's just good economic sense to make them safe, productive, and prosperous.

We need to take stock of our effort. We need to know where we stand and what we can do better. I want to hear from those who lead our cities -- from mayors and police chiefs to school superintendents and nonprofit providers. I want to consult community stakeholders and statewide urban leaders as well.

So I am pleased to announce that this year I will convene a Governor's Urban Summit. This summit will focus on answering these questions: How can we build on our successes and improve the partnership embodied in our urban agenda? What's more, how can we make even better use of State resources to help our cities?

And while we are doing that, I propose we add two more programs to our urban toolkit. They are based on a long-held belief in the strength of a diversified neighborhood. Attracting all income groups to our cities in turn encourages restaurants, theaters, and stores to locate there. That way, a neighborhood becomes not just a collection of homes, but a community, where people have a stake in making the city safe and inviting for everyone.

The first new tool is our Downtown Living Initiative. With 7.5 million dollars, we will offer low-interest loans to help developers reintroduce middle-income households to urban neighborhoods.

We've already seen what this can do for our cities. In New Brunswick's Hiram Market area and Morristown's Chancery Square, we've recently helped more than 200 families by building some of the first market-rate rental housing these communities have seen since the 1970's. These efforts are helping people rediscover the excitement and convenience of city life while boosting the urban economy.

We're also going to steal an idea from the University of Pennsylvania, where they offer incentives for faculty and staff to live near the

school. This is helping revitalize West Philadelphia and fill the gap between the school and its neighborhood.

New Jersey's urban campuses are already rethinking their relationship to the neighborhoods that surround them. Working together, we can help them. I propose we invest 2.5 million dollars in a special homebuyers' fund to help faculty or staff members locate in target areas around our urban public colleges and universities in the Garden State.

Let's make our cities not only great places to visit but also great places to live and learn.

Let's also continue to make them -- and every community -- safer.

We can be proud of our record on crime. Today, we're putting more dangerous criminals behind bars, and for longer periods of time.

But we must remain vigilant about supporting the dedicated men and women at every step of the criminal justice system -- from the cop on the beat to the county prosecutor, from the corrections officer to the parole officer.

Together, with this budget, we will do just that.

For example, we know that prosecutors have hesitated to conduct the DNA testing that can crack a case wide open because they can't afford it. We need to make it easier for prosecutors to make their case, and with this budget we will.

I am proposing that, for the first time, we help our county prosecutors by picking up the cost of all necessary DNA testing.

This budget will also pay for random testing to enforce a policy that we all can support: zero tolerance for drugs in our prisons.

What's more, it will allow us to add parole officers around the state to keep a close watch on the most high-risk cases.

You've heard me say this before, but I believe that no state in the country has the talent and commitment that our State Troopers bring to their jobs every single day.

To replenish their ranks and keep our citizens safe, we will train another State Police contingent of 100 candidates in fiscal year 2000. As I announced last month, we will hold two classes of 50 every year and ratchet up our efforts to make sure our force reflects the population of New Jersey.

We also need to address a problem every parent and every teacher fears, and too many have to face: young people who turn violent.

We already have round-the-clock crisis intervention units in every county as part of the family court system. They do a great job of stabilizing flare-ups between youngsters and their families and help them find long-term counseling. They can talk troubled teens out of a mistake they will soon regret.

Let's make the most of this asset. Let's amend State statutes to extend the jurisdiction of crisis intervention units to include children deemed at risk of violence. And let's provide funds in this budget to help these crisis units gear up for the expanded role they will play.

That's not all we need to do. A sad truth about youth violence is that a today's victim is more likely to become tomorrow's perpetrator. So today I am proposing funding to train trauma center staffs and Emergency Medical Technicians to get young victims the counseling they need, as quickly as possible.

GOVERNOR'S MESSAGE

I recommend we also include funds to allow the Commission to Deter Criminal Activity to launch a prevention campaign aimed at helping young people steer clear of violent behavior. We're fortunate to have with us today Commission member Joe Piscopo, who will use his talent to help raise public awareness about this important issue. Thank you, Joe.

We need to respond to the warning signs of youth violence. We also need to heed another kind of warning sign: the one on the side of every cigarette pack.

We know that, every year, more than 30,000 young people in New Jersey take up smoking. Why do they start? Some of it is peer pressure. Some of it is risk taking. But a lot of it is the powerful media messages they get from the tobacco industry.

Late last year, New Jersey joined with other states in settling a multibillion dollar lawsuit against the major tobacco companies.

We were among the first states to wage that lawsuit. We got involved to recover taxpayer dollars that have been spent over the years on smoking-related illnesses. We must make absolutely certain that we spend those dollars on health-related programs.

With this budget, I propose using more than 46 million dollars in tobacco settlement funds to create new initiatives and to significantly expand upon current ones. We will, for example, increase cancer detection and screening among minorities and give seniors and caregivers more choices for long-term care.

We owe it to those who died as a result of their addiction to cigarettes to prevent as many of our citizens, especially our kids, from meeting the same horrible fate. So let's dedicate a substantial portion of the settlement funds for education, treatment, and research.

I am pleased to propose that we invest 18.6 million dollars this year in tobacco control efforts, including our Youth Anti-Smoking Awareness Campaign.

We may have retired Joe Camel to the desert, but the tobacco companies haven't deserted their attack on impressionable young minds.

This campaign will combat their attack with messages that encourage youngsters to stay away from cigarettes or, if they're already smoking, to quit the habit.

One young person here today has already heard the message. Her name is Lauren McEntee, and she's a 7th grader at the North Arlington Middle School. She won an award in our essay contest last year on "Why Smoking Stinks," and I've asked her to read from that essay today.

Thank you, Lauren.

Lauren summed up my attitude precisely: we need to be a lot more assertive in attacking the problem. Let's give tobacco the hook before they hook our kids on tobacco.

And while we're at it, I want to applaud the folks at Rock Ridge Pharmacy in Glen Rock who decided last week to stop selling cigarettes altogether. As the pharmacy owner, Matthew Kopacki, put it, "It's just not right to be supporting an addiction that is killing people."

As you know, in future years our state will receive about 300 million dollars annually in tobacco settlement funds. We have an obligation to be accountable, and to accomplish something meaningful to improve the health of our citizens.

I know that many legislators have good ideas about how we use these funds. I look forward to working with all of you to establish a framework that focuses on the health of our families, especially our children.

Let me tell you how I think we ought to use this money.

I propose we put together a long-term plan for using tobacco settlement funds to improve children's health in our cities. Research tells us that the first months of life are critical to a child's long-term development. So we will work with the Association for Children of New Jersey to help cities target improvements in three vital categories: prenatal care, birth weight, and infant survival.

And let's also use this money to address another critical health need. Last year, I met with mothers in Camden County who told me that, in their part of the state, the only way a teenager can get real help overcoming a drug problem is to commit a crime.

That has to change, and it will. Soon, with federal block grant and county support, we will be able to open South Jersey's first long-term drug treatment center for adolescents. I look forward to working with Senator John Matheussen, who has been such an effective advocate in this area.

But this is just a start. I propose that we expand service not only at this center but across the state as a major focus of our tobacco settlement funds.

Around the country, states are grappling with how to spend their windfall. Let's work together to set a national standard for using these dollars for the right purpose. Let's give our kids a healthier start.

All our young people deserve that -- and more. They ought to be able to grow up in a welcoming neighborhood. They deserve good schools and safe places to play. And we all benefit when their parents have good jobs and hopes for a bright future.

That's why we can be proud that more New Jerseyans are working than ever before. And that we've seen the welfare caseload plummet 45 percent since I took office.

But even with this remarkable record, some people continue to make welfare a way of life. We need to get them off the welfare rolls forever.

This budget initiates what we call the 21st Century Community Partnership. With State funds, community-based organizations in Newark, New Brunswick, Trenton, Camden, and Jersey City will help hard-to-place welfare recipients tackle the problems that stand between them and a full-time job.

With this project, we're giving community groups more control and decision-making power. Why? Because they're closest to the problem and because they know what will work best from city to city.

With this budget, we will also provide State matching funds for a 34 million dollar welfare-to-work initiative that will reach the thousands of people who've been on welfare the longest. It will also make sure that non-custodial parents find a job and pay child support.

With programs like these, we're taking aim at recipients who have made the public dole their lifestyle. It's time to replace their welfare check with a paycheck.

We want to help improve the lifestyle of another important part of the New Jersey family: people with developmental disabilities.

We can take great pride that, working together, we have met the needs of every single person with a developmental disability who was on the urgent waiting list for community placement when I took office. In fact, we have made twice as many placements as any previous administration.

GOVERNOR'S MESSAGE

While closing institutions was not a popular decision, I believe it was the right one. But I would like you to hear that from someone closer to the issue.

Lee Weider's son Michael is 41 years old. When Michael was seven, Lee placed him in an institution. As tough a decision as that was, Mr. Weider was even more troubled when he heard that North Princeton Developmental Center was closing. He became one of many opponents of the closure.

As Lee put it, "I responded with stark-raving fear. I said he would never make it."

Today, Michael lives in a group home in Brick operated by The Arc, and both he and his father couldn't be happier. Michael is busy and thriving, with a social life that includes dances at the Arc every Friday night. And, after putting 5,000 extra miles a year on his car for three decades visiting his son, Lee Weider is now only 10 minutes away.

Lee says: "He used to follow me all around and not leave my side. Now I stop in at the dances and when Michael sees me, he gives me a little peck on the cheek and then he's off."

"I underestimated Michael. He does things I never thought he could do."

Lee Weider is here with us today, and I want to thank him for sharing his story.

We need to generate more success stories like this. So this budget proposal includes 15 million dollars to create 500 new residential and 400 new adult day program placements. This is the second installment in our plan to end the waiting list by the year 2008.

Moreover, this budget provides new family-support funding to help families care for their loved ones at home rather than in a residential setting. And it allows us to hire more case

managers to give people with disabilities the help they need to move into community residences.

Let me take a moment to acknowledge Senators Lou Bassano and Tony Bucco and Assemblyman Mel Cottrell, who have been such staunch advocates for people with developmental disabilities.

As we have just shown, budgets are about meeting the needs of individuals and families. But they are also about addressing the priorities of our state -- and in particular our need to maintain a strong economy.

This budget recognizes that in order to continue our momentum in creating jobs, we need a sturdy infrastructure of roads and bridges and ports, as well as a highly skilled and well-educated workforce.

Over the past five years, we have made an unprecedented investment in our transportation system. Now, with this budget, we can do even more. This budget increases the cap on Transportation Trust Fund spending, enabling us to invest 900 million dollars in projects in fiscal year 2000.

This money will enable us to move ahead on important goals, including pedestrian safety and the repair of crumbling and unsafe bridges.

Let me be clear: this is not a long-term fix. We still need to work together to reauthorize the Trust Fund before it expires in June of 2000. I look forward to working with Transportation chairs Alex DeCroke and Andy Ciesla on this essential issue.

In the meantime, we will not be able to do all the projects I outlined when I made my original proposal last spring.

But let's not hesitate to jump-start a key project for the future of our state: construction of the Portway.

You and I know that our state's economic health depends on our best efforts to keep our ports competitive. Thanks to our delegation on Capitol Hill, we secured 60 million dollars in federal funds to modernize the Port of New York and New Jersey.

Let's reap all we can from that port by making the Portway a priority. With this special truck service corridor in place, companies will find distributing their products faster and easier. Our goal should be nothing short of this: to make New Jersey the port of call for the world.

We should also set a goal of making our schools world-class. To make our six-billion dollar investment in public education worth every penny.

This budget increases aid to public education by 317 million dollars. Some of this increase will fix the imbalance that existed for years because the formula did not reflect changes in enrollment. Now the money will go where the children are.

Speaker Collins has taken the lead in addressing the desperate need for new and renovated schools. Because of his efforts, we have put a total of 82 million dollars aside for new school construction.

This money will help us carry out our plan to create a 2.6 billion dollar construction fund for the Abbott districts, and spend as much as 2.7 billion dollars to share the cost of school construction with other districts in the state.

And because children should come to class hungry for knowledge, not for food, we are including funds in this budget to give 22,000 more needy students a school breakfast.

This budget truly reflects our commitment to children. Fully one-third of it is dedicated to education. No other administration or Legislature has ever committed so much of the state's resources to our schools.

With this budget, our billion-dollar commitment to higher education also grows. Today, I am proposing a 70 million dollar, five-point plan for keeping college affordable.

First, this budget proposal makes the second installment on my pledge to our county colleges by again increasing their operating aid by 12 million dollars. And I call on them to continue to hold the line on tuition.

Next, this budget increases aid to our independent colleges and universities, which play a key role in educating New Jersey students.

Third, my plan helps families pay for college by adding a total of 11 million dollars to our Tuition Aid Grant and Outstanding Scholars Recruitment Grant programs.

And as we do, I want to applaud the support for TAG shown by this Legislature, in particular by Senators Joe Kyrillos and Wynona Lipman and Assemblymen Dave Wolfe and Joe Malone.

The fourth point of my plan responds to what college presidents, public and independent, told me was their number one priority. It supports our 550 million dollar bond program for deferred maintenance and other capital projects on their campuses.

What will this mean to these institutions? Well, at Kean University, they will be adding more classroom space. UMDNJ will use the bonds to establish a Child Health Institute. And Monmouth University will renovate its library.

GOVERNOR'S MESSAGE

Finally, I propose we increase operating aid for our senior public and research institutions by 3.5 percent -- more than double the rate of inflation. This substantial increase, when added to our half-billion dollar capital program and full funding of fringe benefits, should enable them to meet every family's priority: a tuition they can afford.

I've talked a lot today about setting priorities. About recognizing that how we spend our public dollars defines the values we share as a state.

So this budget invests in our families, our schools, and our environment. It provides for healthy bodies, good roads, and a solid economy.

This budget also funds another priority we share: making New Jersey a beacon of excellence in the arts. We know the arts are an integral part of any civilized society and every proud state. We know they play a significant part in tourism, our second largest industry. What's more, we've seen them breathe new economic life into cities like Newark and New Brunswick.

And, as proved by the gospel singers you heard earlier, the arts can truly stir the heart.

I am proud to announce my pledge to achieve a level of funding for the arts that honors our commitment to access and excellence. So with this budget, I am calling for a 3 million dollar increase for cultural projects funded by the process we have established through the State Council on the Arts.

And let me declare today that with your help, we will answer the arts community's call for "20 by 2000" by increasing State arts funding to an annual total of 20 million dollars by July of next year.

Ladies and gentlemen, this is my budget proposal for fiscal year 2000.

I look forward to working with Senate President DiFrancesco and Speaker Collins, with Appropriations chairs Bob Littell and Rich Bagger, with Democratic leaders Dick Codey and Joe Doria, and with all the members of this Legislature. Together, we can make this budget a reality and give our citizens the state government they deserve.

Citizens of New Jersey, it's been said that budgeting is telling your money where to go instead of wondering where it went.

With this budget, we're sending your money where it belongs.

In safe streets and healthy communities. In thriving cities and rolling meadows. In classrooms that inspire and concert halls that enthrall.

Most important, we're sending your money back into your pockets. That's our number one priority.

This budget is centered on the belief that you deserve property tax relief. The next step is up to you. Through your vigilance, through your insistence on accountability and creativity, you can help government at every level serve you better.

As a first step, I invite you to examine our spending plan, which we are posting on the State website and in libraries around our state. I think you will agree that it's a document which reflects the values we all share.

This budget moves us into the 21st century. It reflects where we've been and where we are headed. It addresses the needs of families from South Jersey to North Jersey, from the Delaware

GOVERNOR'S MESSAGE

to the Atlantic. It speaks to the concerns of men and women from all walks of life and from every income level.

This is a spending plan that funds the people's priorities. It's a document that mirrors our hopes and dreams. And it's a vision of a New Jersey that we are all truly proud to call home.

Thank you.

Respectfully submitted,

Christine Todd Whitman
Governor of New Jersey

Attest:

John J. Farmer
Chief Counsel to the Governor
January 25, 1999

Introduction

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

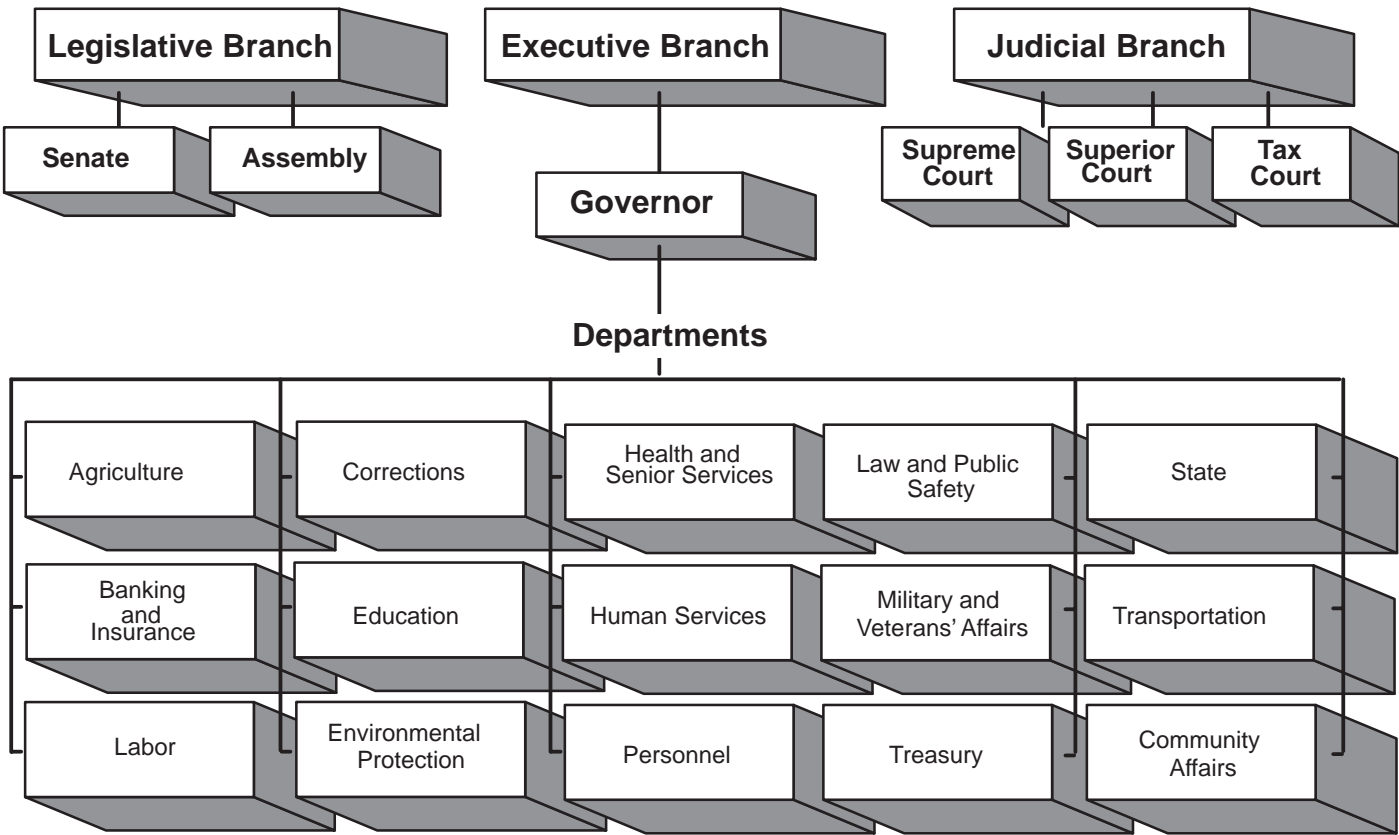
The State of New Jersey was one of the original thirteen colonies, and was the third state to ratify the United States Constitution in 1787. New Jersey's governmental structure is similar to the federal model, with three separate branches of government – a

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 2000" refers to the fiscal year ending June 30, 2000 (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.

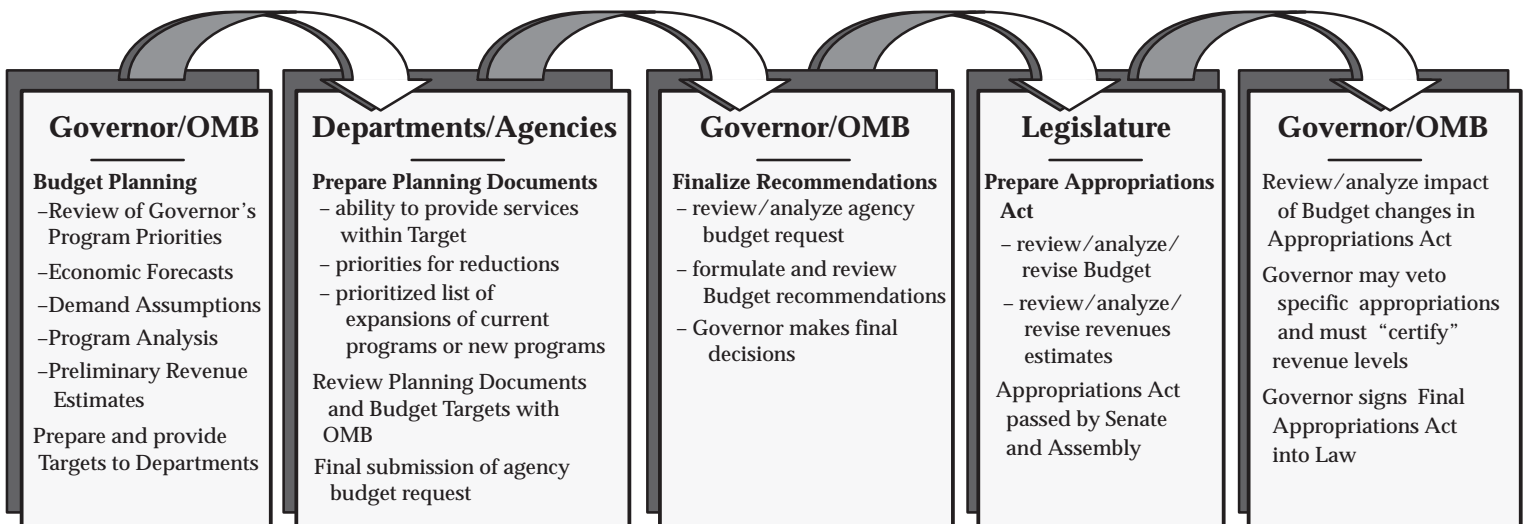
Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office 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 2000 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 2000 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 2000 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)
- b. Capital Construction
- c. Debt Service
- d. Language Provisions
- e. Revolving Funds

READER'S GUIDE

4.A.) Budget Recommendations – Overview

For fiscal 2000, the Budget has been reorganized to improve its readability and usefulness. The most significant change is the grouping of all of a department's non-capital, non-debt appropriations into a single subdivision of the document. The separate sub-divisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, and State Aid have been eliminated and all non-capital, non-debt appropriations associated with each department are now shown together in a new, consolidated display. In addition, the separate sub-divisions for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) have been eliminated; these appropriations have also been added to the new, 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.

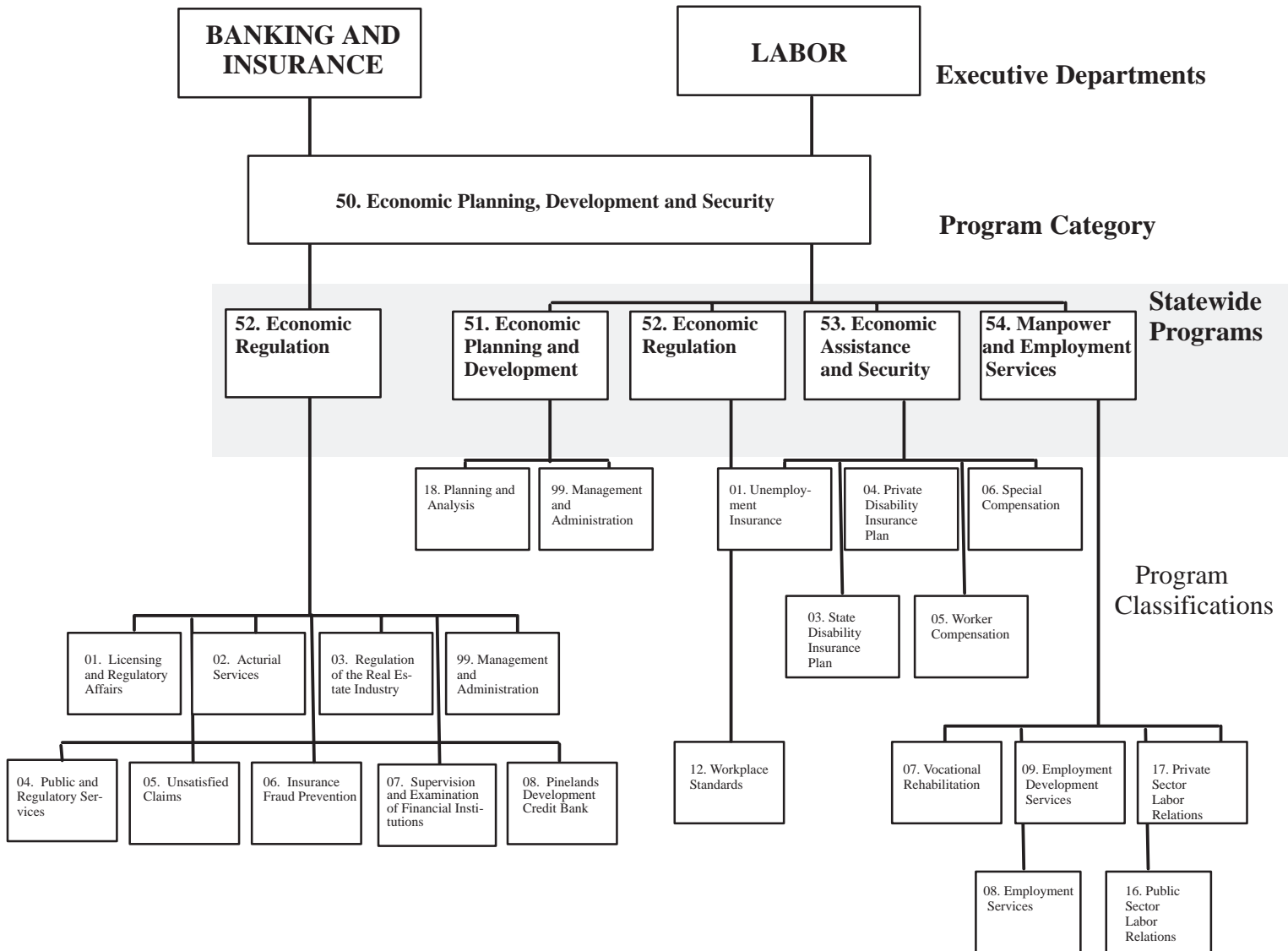
These changes were made to better organize program descriptions and operating and evaluation data with the relevant appropriation recommendations. This consolidated presentation will provide readers with a comprehensive view of all of a department's operations, across all spending categories and funds. 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.



READER'S GUIDE

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 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. A summary of State Grants-In-Aid, by department and program is provided on page B-x.

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.

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 *Capital Construction* sub-division 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.
- c.) 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.
- d.) 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.

- e.) *Revolving 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, 1998, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 1999 and fiscal 2000.

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.

NOTES

CRIMINAL JUSTICE ENFORCEMENT

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

FINANCIAL DATA

	Actual FY 1997	Actual FY 1998	Revised FY 1999	Budget Estimate FY 2000
	3,343	5,571	6,000	6,000
	350	368	354	424

RECOMMENDATIONS DATA
(in dollars)

Description	Prog. Class.	Year-Ending June 30, 2000		
		1999 Adjusted Approp.	Requested	Recommended
Allocation by Program	09	21,691	28,291	28,291
Allocation by Fund and Object				
State Services - General Fund				
Services:				
Salaries and Wages		14,477	17,677	17,677
Personal Services		14,477	17,677	17,677
Supplies		311	311	311
Other Than Personal		625	625	625
Interest and Fixed Charges		477	477	477
Suppose:				
Match of Criminal Justice	09	2,231	4,631	4,631
(Special Purpose)		2,231	4,631	4,631
Direct State Services - General Fund		18,691	23,691	23,691
In-Aid - General Fund				
Relations Council	09	—	1,000	1,000
Grant-In-Aid - General Fund		—	1,000	1,000
Other - General Fund				
State Security Program	09	3,600	3,600	3,600
State Aid - General Fund		3,600	3,600	3,600
RELATED APPROPRIATIONS				
Capital Construction		—	—	—
TOTAL STATE APPROPRIATIONS				
of Funds				
of Justice	09	42,574	33,350	33,350
of Federal Funds		42,574	33,350	33,350
of Other Funds				
of Justice	09	34,850	34,760	34,760
of All Other Funds		34,850	34,760	34,760
GRAND TOTAL		99,115	96,401	96,401

Program.

and

the 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.

READER'S GUIDE

GLOSSARY

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

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

ADDITIONS, IMPROVEMENTS AND EQUIPMENT— Additions and improvements which are less than \$100,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment. Any addition and improvement that is \$100,000 or more or is for a new structure is classified as Capital Construction.

ADJUSTED APPROPRIATION— The total of an original appropriation, all supplemental appropriations and certain allotments from Inter-departmental appropriations.

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— One of the major subdivisions of the State budget, 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.

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 State.

GLOSSARY

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.

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.

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, department, or fund 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.

READER'S GUIDE

GLOSSARY

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.)

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.

GLOSSARY

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.

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