STATE OF NEW JERSEY

BUDGET

FISCAL YEAR 2008 – 2009

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February 26, 2008

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The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of New Jersey, for the Annual Budget beginning July 01, 2007.

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

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

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Governor’s Message

JON S. CORZINE
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE FIRST ANNUAL SESSION
OF THE TWO HUNDRED AND THIRTEENTH LEGISLATURE
FEBRUARY 26, 2008

Good morning everyone. It's great to be with you today.

Reverend Clergy, Reverend Isinta, Rabbi Cooper, thank you for joining us today.

Senate President Codey, Speaker Roberts, Majority Leader Sweeney, Majority Leader Watson Coleman and Minority Leaders Kean and DeCroce, former Chief Justice Zazzali, Chief Justice Rabner, Judge Carchman. It's good to see you. Former Governors Byrne, Bennett, and, of course, Governor Codey, maybe you would like to trade places with me just for a couple of hours today? Thank you all for joining us.

Members of the legislature and fellow citizens. Today I present a sober and responsible budget. The time is long past for the State, its Governor, and its Legislature to end imprudent spending and borrowing that exceeds our means. This budget does just that.

As you know, over the past 6 weeks, I've held 13 town hall meetings in 13 counties regarding our State's fiscal challenges. It's been a great opportunity to listen as much as to talk. I have heard firsthand the public's frustration and anger generated by too many years of overspending, borrowing, and false rhetoric. And they're right. Whether they agree with my financial restructuring plan or not, the public is 100% right to be angry about the state of New Jersey's fiscal affairs.

Further, the public's concerns are elevated by their high cost of living and a gathering national economic recession. Yes, the public understands the State has a fiscal crisis but they want us to understand they have one of their own. It is with this perspective that I present a sobering budget for fiscal 2009, a budget, I believe, that represents a "turning point" in the fiscal management of our State, a turning point away from the patterns of overspending and tortured borrowing.

A turning point toward spending restraint and spending cuts that genuinely address our financial emergency. That said, this budget still labors under the weight of years of unfunded commitments, court mandates, bad decisions, and declining federal dollars. Regrettably, taxpayers live in a world where commitments and failures of the past, crowd out the resources for services our people deserve today.

Frankly, New Jersey has a government its people cannot afford. This budget declares the time of living beyond our means is over. To limit and re-set our spending within our means requires many unpleasant choices, choices about which activities and services are most critical. It will inevitably mean reducing spending in areas that we all support.

I can tell you, I'm pained by the stress and anguish brought to our people's lives by the cuts proposed. We are positioned between a rock and a hard place. Some may try to wish away the hard choices, suggesting old habits should prevail. Others may deny that tough choices are being made, seeking to exploit the well-earned cynicism the public holds towards Trenton. Still others will seek scapegoats from the past, as if that will solve anything in the present, let alone in the future.

On reflection, I hope the representatives in this room know the difference between rhetoric and wishful thinking, as opposed to real choices and real answers. I call on each of you, Republicans and Democrats alike, to recognize that today a turning point is at hand. We must turn away from the era of spending and borrowing beyond our means once and for all.

In practical terms, failing to take on the tough choices will only force New Jersey into a deeper fiscal swamp and weigh down our taxpayers with more unbearable financial burdens. For me, that outcome is unacceptable. For our public, it is unacceptable.

To that purpose, today's budget is honestly balanced, sensitive to core responsibilities, and smaller by $500 million in year–over–year spending. Let me repeat, this budget cuts spending $500 million below the $33.5 billion budget I signed last year.

In fact, this proposal asks for the second–largest spending cut of any budget in New Jersey history and only for the fourth time since 1951, the budget will be reduced compared to the budget signed in the previous year. It also reduces the use of one time revenues by 90% and puts us on track to zero, an outcome we will achieve next year.

This budget goes well beyond the commitment I made to freeze spending as the first element of my financial restructuring and debt reduction plan. This is "cold turkey" therapy for our troubled spending addiction. Keep in mind, this budget contains no debt service relief resulting from any monetization proposal.

Keep in mind this, my budget takes the necessary and painful steps to reconcile years of mismatch between recurring expenditures and recurring revenues by cutting spending. That's the headline, now let me put this budget and its spending cuts in context.

Consider, cuts must be achieved in the face of $8 billion in current health care costs that are compounding at a nearly double digit rate. Consider, we carry the weight of twenty years of growing, unfunded pension contributions and post retirement medical benefits for teachers and public employees. Consider, we pay more for a growing debt service burden than we invest in either higher education or we provide in direct property tax relief. Consider, all of our spending is aggravated by State and federal court mandates and we must compensate for declining federal dollars for housing, environmental clean–ups, health care and public safety. And consider, this budget accommodates $550 million in additional school aid that was approved on a bi–partisan basis for the historic new funding formula.

To achieve the cuts in this budget, we've changed the process. We started earlier. We set clear spending objectives for the departments. We sought the ideas and recommendations of independent groups. Most particularly, I want to thank the bi–partisan private sector members of the GEAR Commission. These individuals have worked since the Fall scrubbing operational and financial practices with our departments. Many of their recommendations are included in the proposal.

I am grateful for the hundreds of suggestions, I really am, from the public and organizations like the State Chamber of Commerce that have engaged in the broader financial restructuring dialogue. And I want to thank the bipartisan participants from the Legislature –– Senators Buono and O'Toole along with Assemblymen Greenwald and Malone for their counsel and review. Although we may not always agree, their partnership is truly appreciated.

And lastly, let me emphasize two points, they're important points. For the second year running, my budget contains no new taxes of any kind while it increases property tax relief. Now, given these observations, let me review the overall numbers.

When we began our planning process, we were facing mandatory and inflationary spending increases of nearly $2.2 billion beyond expenditures in the current fiscal year. Our restructuring plan mandated flat funding, that is, fiscal year 08's level of $33.5 billion. As I made the point, "flat funding" doesn't mean no cuts, "flat funding" meant cutting $2.2 billion just to keep at last year's level.

However, in light of the ongoing economic downturn, revenues aren't even strong enough to support last year's expenditures. As a result, we have cut another $500 million in the budget. The net result is a budget that spends just under $33 billion, an absolute reduction of $500 million.

To achieve those spending cuts, we began by prioritizing and protecting the core responsibilities of government: educating our children; providing for public safety; caring for the most vulnerable; and in New Jersey, sustaining property tax relief. After these priorities, all spending was on the cutting table.

So, how have we achieved our cuts? We cut thousands of jobs. We cut entire departments. We cut programs. We cut aid, and we cut inflationary increases wherever we legally or humanely could. In this budget, government takes the spending hit, not our hard–pressed taxpayers or the most vulnerable.

The cuts are detailed in the "Budget in Brief," but I'll give you an overview. This budget significantly reduces the size and cost of government. Spending is down in every department of the Executive Branch. As best we can tell, this is the first time this has ever occurred. In total, there are over $350 million in savings directly attributable to a smaller State government.

Over the past two years, through attrition and an ongoing hiring freeze, we reduced the size of the State workforce by nearly 2,000 positions. With this budget we will have eliminated a minimum of 5,000 total government jobs, including half of all political appointees. We will eliminate these positions through targeted layoffs, program consolidations, continued attrition and an early retirement program. To ensure these reductions are permanent, we will eliminate funding for specific positions, not just leave them vacant.

Now we know from past experience, early retirement actions have achieved short-term savings but at a long-term cost. This has occurred mostly because most positions were backfilled, thereby doubling up retirement costs for the future.

To prevent that from happening, we will allow only 10 percent of the vacated positions to be backfilled and that will be written into law. All of the employees who will be included in the early retirement program are currently eligible we are simply giving those who can, an incentive to do so.

Eliminating positions through early retirement will allow us to shrink the size of government without creating the chaos under the civil services rules that would accompany across-the-board layoffs. The effect of these personnel reductions will create future savings as our departments are forced to re-prioritize their programs and activities. They will not only have to do more with less they'll undoubtedly have to do less.

Digging deeper, we will further reduce the size of government by proposing the elimination of three Cabinet departments: the Personnel Department; the Agricultural Department; and the Commerce Commission. The personnel and operational savings from these actions are not intended as one time sound bites. They are permanent. They will cut costs.

Theses actions will be monitored for savings by the State Comptroller and the GEAR Commission. These proposed initiatives to cut government build on last year's historic, negotiated agreements with civilian state employees and teachers. These agreements achieved breakthrough long-term savings and reversed years of benefit expansion authored by Governors and Legislators of both parties.

Consider, we raised the retirement age for new employees from 55 to 60. We increased pension contributions. We capped the defined benefit pension for new employees. We mandated for the first time state employees share in the cost of their health care. And we kept wage increases well inside the levy cap.

Now, we should work to apply these and additional reforms to all units of government and, we need to make certain the levy cap is considered by mediators and arbitrators in settlements imposed on local governments. We should also revisit some of the unfinished business from last year's special session on property tax reform such as eliminating defined benefit pensions for part time workers.

The next broad area for savings involves painful reductions in base-budget aid and grant programs. This includes some property tax rebates, municipal aid, higher education, hospital assistance and Medicaid. Cuts in these areas will total almost $1.4 billion. These cuts are unavoidable as nearly 75 percent of all State spending is grant based or pass through aid.

In terms of property tax relief programs, 90 percent, I repeat, 90 percent of all homeowners who received a rebate last year will again. Those earning $100,000 or less, 70 percent of all households, will receive exactly the same $1,000-plus rebate they received last year. Those earning between $100,000 and $150,000 will receive at least two-thirds of last year's rebate.

We will also expand the eligibility for the senior freeze to an income level of $75,000, helping another 150,000-plus of senior households. Unfortunately, residents earning more than $150,000 will no longer be eligible for rebates. In addition, renter rebates will be narrowed while increases in special assistance rental vouchers partially offset this cut.

With regard to local aid, hospitals, higher education, and health care, we sought to minimize, retarget and share the burdens of cuts as responsibly as possible. For instance, while all categories of municipal aid will be reduced, communities with populations of less than 10,000 will receive less direct support. However, these communities will receive priority consideration for $32 million in grants to develop shared services or consolidation agreements.

With regard to hospitals, across the board reductions are proposed, although we focus charity care increasingly toward safety net hospitals. We also create a stabilization fund as recommended by the Reinhardt Commission to assist hospitals in the most distress.

Higher education and health care, particularly Medicaid, will see the smallest reductions. This is because we carry grave concerns about the level of potential tuition hikes and the need to maintain access to health care for our most vulnerable.

Finally, this budget is shaped and balanced by two additional steps. The first is the elimination of all non–contracted inflationary growth for our various aid and grant programs. This will save about $800 million dollars. Regrettably, many of the same institutions who will experience absolute cuts will lose inflationary increases.

Finally, we will reduce the use of accumulated surplus from the current fiscal year. Remember the higher–than–expected surplus was created by our ongoing managerial efficiencies and revenue growth that exceeds projections. Reducing the use of surplus will move us closer to the principle that current expenditures will be funded solely by current revenue.

As a point of comparison, in fiscal year 08 we used $1.6 billion of surplus to balance the budget, in fiscal year 09 we will use only $500 million. Of the remaining fiscal year 08 surplus, $300 million will go to pre–fund early retirement and unfunded pension liabilities and $34 million will go to fund selected capital investments. I expect this to be the last year we use any surplus to balance the budget.

So that's a quick overview of a very tough budget – I don't like it, I'm sure a lot of you don't, but again it is a necessity. Again, the details are in the "Budget in Brief."

Let me be clear, cutting spending is only the first step we must take to restore our fiscal health and put us in a position to be a sustainable partner in the success of our people. Current–year spending cuts makes balancing the budget next year and in the future easier, but it doesn't make it easy.

The financial restructuring I put forward had four elements because it will take more than spending cuts to cure the broken finances of our State. First, we have to get state spending under control and today I think we're doing just that. Second, future spending must match future recurring revenue. Third, out–of–control borrowing must end. And fourth, we must reduce our crushing debt load and fund infrastructure investments.

Now whether or not you agree with every element of my plan, there does appear to be agreement that these reforms are priorities. I understand that the toll proposal is not popular, boy do I understand. I didn't expect it to be, but as I have repeatedly said I am open to alternatives that will reduce debt and fund transportation.

But what is not acceptable and what we must reject is allowing the State to muddle through, with more of the same short–sighted fiscal patterns that created the mess in the first place. Those days are over.

Two years ago, I started an effort to put the State on a sound fiscal footing. This budget is the latest and most forceful step in that direction. It will not be the last. Even with the difficult $2.7 billion in cuts in this budget, we project next fiscal year's budget to have a significant structural shortfall, approximately $1.7 billion.

The borrowing and benefits committed to over the past twenty years don't go away. They get more expensive every year. In fact, debt service is one of the few things that actually goes up in my proposed budget. And it will go up in every budget in the future unless we do something different.

Some will argue that our debt burden isn't a problem that we should just deal with it some other day. But that's not an option. It's not a real option. It's clear debt service payments crowd out important priorities every year.

We should be cutting debt service, not closing parks or raising co–pays. Fixing our fiscal problems without addressing debt reduction is a fiction, and if we try to do that, we are misleading the public.

With these thoughts in mind, I need comprehensive action by all of you to restore the state's long term fiscal health: First, approve a budget that stays within the strict spending limits I have proposed. Second, pass legislation to limit growth in spending to certifiable recurring revenue. Third, put on the ballot this fall the Lance–Lesniak constitutional amendment to limit state borrowing. And fourth, work with me to develop a plan to pay down debt and fund vital capital investments.

I must say it is not enough to just reject the toll proposal. If you don't like that alternative, give me another viable approach to significantly reduce debt and fund important, vital transportation improvements. Many of you have begun that process. I welcome it.

When I was given the honor of serving as New Jersey's Governor, I made a commitment to be accountable and to be honest not just in my actions, but in the way I approached problems. Our state has spent too much money and we carry far too much debt.

These twin problems are a threat to the well–being of the people we serve. My financial restructuring plan is part of a much larger undertaking. I knew it would be challenging and at times unpleasant and it has fully lived up to my expectations. But it has been worth the effort.

To see the impact of the debate, the intense level of public discussion and involvement, and the alternatives that have been offered, we are now closer to financial stability – some might say sanity.

Now in closing, we often hear New Jersey is too expensive a place to live. We hear how our business climate has become uncompetitive and our residents are fleeing for greener or at least cheaper pastures. At the heart of these concerns lies New Jersey's broken finances.

Today, we can't make the investments that we all know we should make in transportation, alternative energy, mental health facilities, schools, and medical research. Just look at the missed opportunity in stem cell research. That research would not only save lives it would have potentially driven an economic boon for the medicine chest state of the world.

Unfortunately our finances are so broken, the public wouldn't support that investment. This must change, and this budget is a start. It's certainly not a budget designed to please, I can tell from the applause lines, but it is a prudent blueprint to meet difficult economic circumstances, correct past mistakes and it lays a foundation for a responsible future.

It doesn't spend more than we have. It doesn't borrow to pay operating costs. It doesn't raise taxes. It does contain the largest increase in school aid ever. It does preserve property tax relief for the middle class and it does protect the most vulnerable in our society. It meets the public's expectations that government live within its means.

Make no mistake, this is a turning point, not the end point. By itself, these cuts won't solve the problem. They can't. A long term answer requires deeper changes.

My friends in the next three months, let us come together let us come together in a bi–partisan demonstration of responsible governance and find the common ground to restore our state's fiscal viability.

NOTES

Reader's Guide

Summarizes the many Departments, Agencies, and Organizations that comprise New Jersey State Government and includes a brief background statement on the history of New Jersey Government. Individual displays of the seventeen Executive Branch Departments can be found in the Department and Branch Recommendations section of this document.

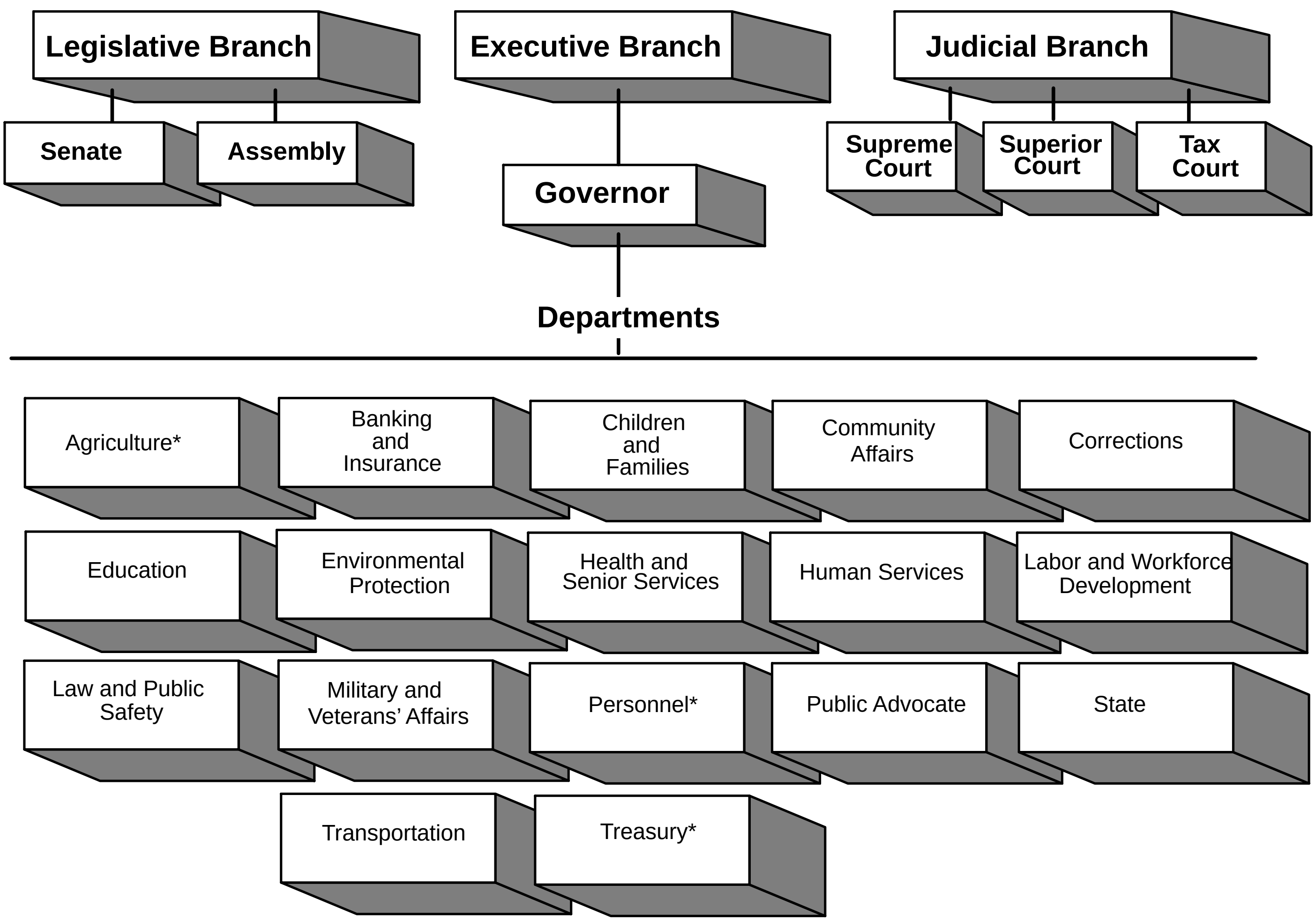
This section of the Budget is designed to assist readers with interpreting and understanding the content of the Governor's annual budget proposal. Included are brief descriptions of the major sections of the Governor's Budget, a guide to reading the financial tables included in the budget summaries, 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 1% of total appropriations, unless higher amounts are specifically approved by voters at a general election. Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within the same fiscal year, is not prohibited by the Constitution and is authorized in the Annual Appropriations Act.

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



* In fiscal 2009, the functions of the Department of Agriculture, Department of Personnel, and the NJ Commerce Commission (which is in-but-not-of the Department of Treasury) are recommended for consolidation into other agencies.

HELPFUL INFORMATION IN THE GOVERNOR'S BUDGET

The information outlined below is designed to ease the reader's ability to navigate this document.

Significant Financial Policies
The key financial policies that guide the compilation of the Governor's Budget Message appear in this Reader's Guide.

Demographics
The Appendix section includes several charts that provide demographic information on projected population growth, dependency ratio projections for senior citizens and youth, and higher education attainment.

Glossary – Definition of Acronyms
The State Budget often includes acronyms that were heretofore undefined. The Glossary section of the Reader's Guide includes a definition of the more significant acronyms currently in use.

Budget Index
Typically, readers who are interested in information on a particular program or organization turn to the index at the back of this publication. Heretofore, the Budget index was limited to accounts totaling $10 million or more, as well as major areas of spending such as departments, divisions, programs, and fund categories. In the Fiscal 2009 Budget, the index includes entries for:

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

Organization Charts
In previous years, a series of high–level organization charts preceded the Reader's Guide for the purpose of highlighting the major programs operated by various departments and the existence of "in–but–not–of" agencies that are housed within those departments for display purposes. Those organization charts appear just prior to the department budgets that they refer to.

Workforce Chart
The workforce chart displayed in the Appendix has been modified to include a more relevant view of position data including positions data at the start of the Corzine Administration, current year employee counts and recommended funded levels for FY 2009. These changes provide the reader with a more comprehensive presentation as well as a better understanding of the trends in the numbers of positions funded in the State Budget.

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

Government Finance Officers Association (GFOA) – Budget Award
New Jersey is one of only seven states to receive GFOA's Distinguished Budget Presentation Award. Fiscal 2008 marked the 17th consecutive year that New Jersey has been recognized by GFOA.

THE STATE BUDGET PROCESS

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

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

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

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

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

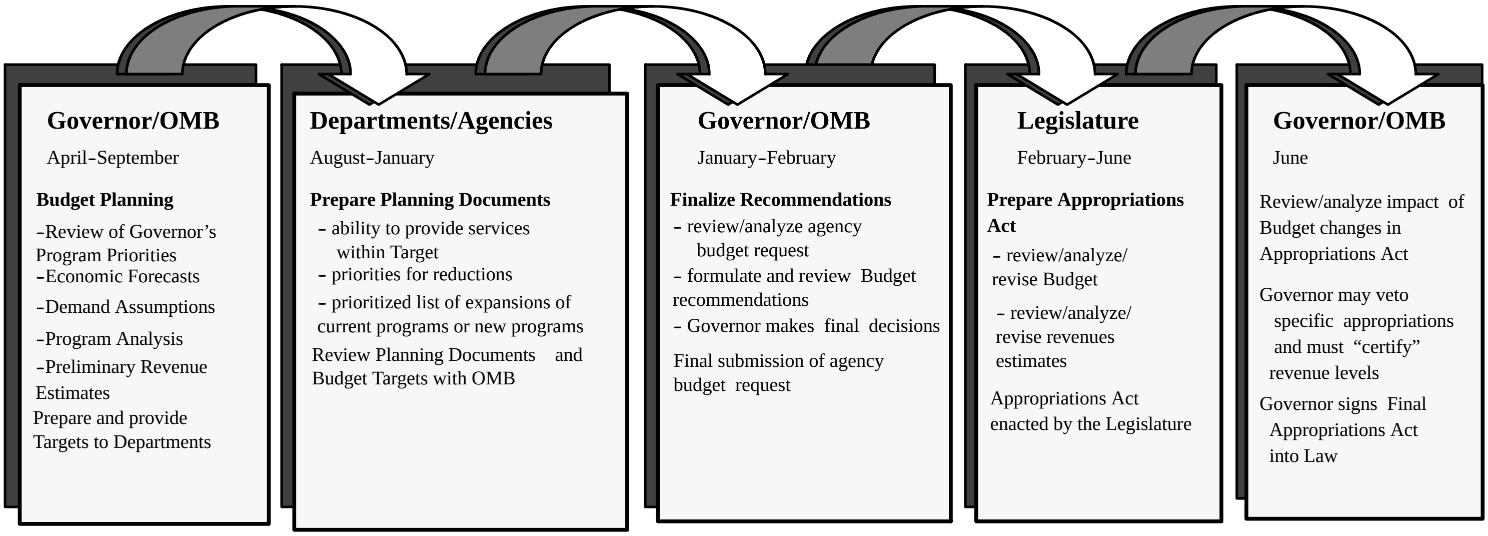
The planning portion of the budget process culminates in the final submission of the agency budget request to OMB in February which is forwarded to the Legislature. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the Legislature on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

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

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

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

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



HOW THE BUDGET IS ORGANIZED

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

1. The ***Governor's Budget Message*** describes in general terms the policies and new initiatives, as well as the reductions and efficiencies, proposed in the Budget. The Governor's Message generally includes a description of the economic situation within the state and the expected impact of projected economic trends on the state's fiscal condition. The Governor's Message may also include broad programmatic goals for each of the individual State departments or major segments of the government as well as policy directions for the upcoming fiscal year.

2. The ***Summaries of Appropriations Section*** of the Budget includes a selection of tables and charts designed to summarize the Governor's recommendations and highlight the major changes included within the proposed Budget. For instance, the *Budget in Brief* provides a summary of total revenues and recommendations for each of the State's major fund categories, such as the General Fund, Casino Revenue Fund, and Property Tax Relief Fund. This section also includes a number of tables that explain the Governor's recommendations at various, significant levels of aggregation:

   Summary of Resource and Appropriation Recommendations

   Major Increases and Decreases of State Appropriations

   Summary of Appropriation Recommendations by Fund

   Summary of Appropriation Recommendations by Organization

   Summary of Appropriations by Category or Purpose

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

3. The ***Summaries of Revenues, Expenditures and Fund Balances Section*** provides an overview of the economy, revenue outlook, and the impact that anticipated economic trends will have on the State's revenue estimates. The tables included within this section highlight the State's major revenue sources (i.e. income tax, sales tax, and corporation tax), and provide year–to–year comparisons and projections for fiscal 2009. Most of the schedules and exhibits in this section are displayed by fund. For the purposes of State financial accounting, funds are accounting entities that segregate financial resources according to the purposes for which they may be used.

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

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

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

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

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

   Debt Service

   General and Federal Fund Language Provisions

   Revolving Funds

   Appendices

   a. **Budget Recommendations Overview**

   For fiscal 2009, the Budget displays all of a department's non-debt appropriations in a single subdivision of the document. The separate subdivisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, State Aid, and Capital Construction are illustrated together in a consolidated display. Appropriations for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) are also included in the consolidated departmental presentation. An aggregate view of appropriation recommendations effecting State Aid, the Casino Revenue Fund, etc., are presented in summaries in the *Summaries of Appropriations* section.

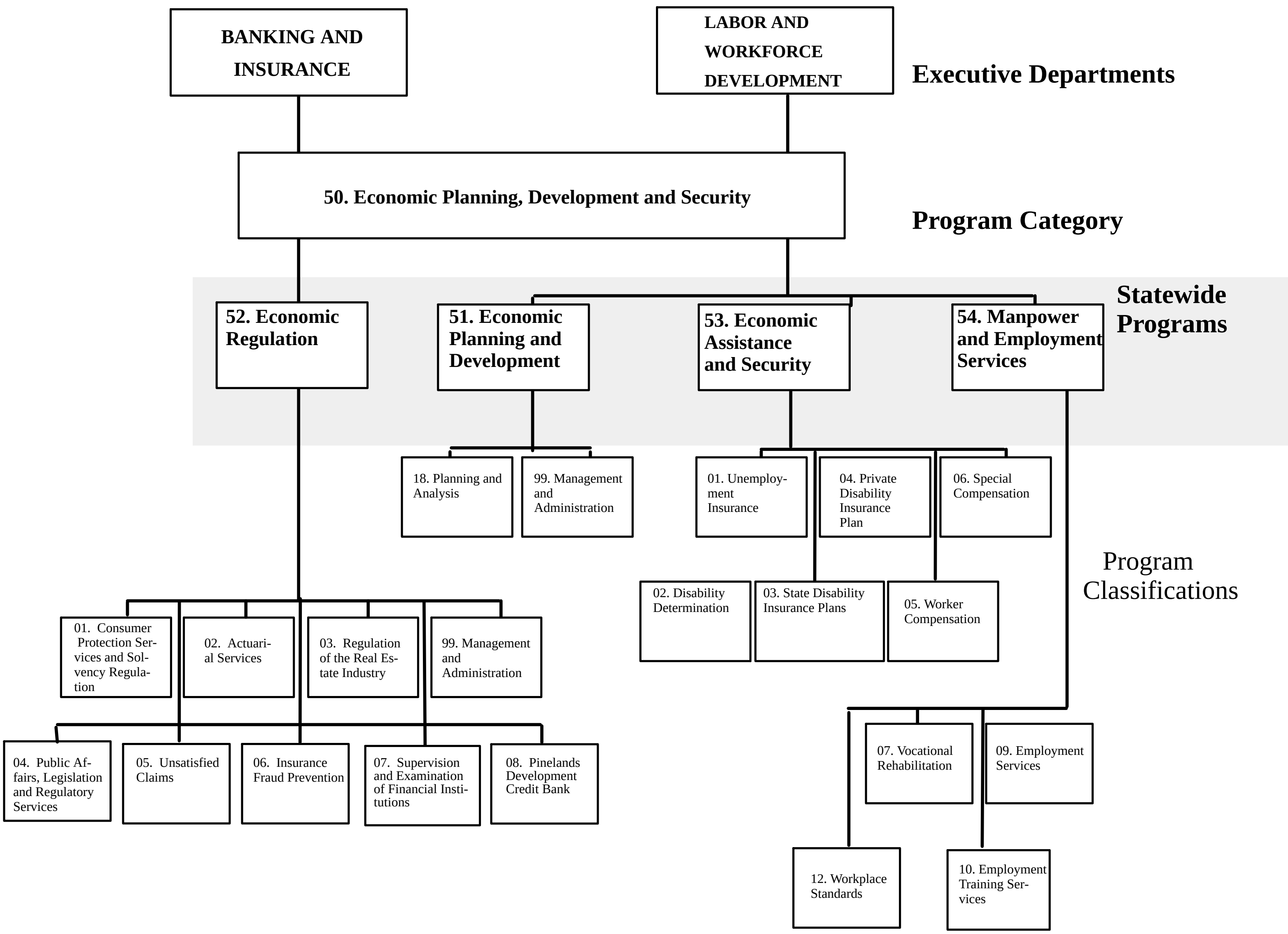
   This consolidated presentation provides readers with a comprehensive view of all of a department's operations, across all spending categories and funds and provides New Jersey citizens with a better understanding of the relationships between all of the recommendations affecting departmental programs.

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

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

   For example, in the Department of Labor and Workforce Development all programs are grouped under the broad "Program Category" of *Economic Planning, Development, and Security.* They are further divided into the following three Statewide Programs: *(51) Economic Planning and Development*, *(53) Economic Assistance and Security,* and *(54) Manpower and Employment Services.* Each of these Statewide Programs are made up of a number of individual program classifications. Program Categories and Statewide Programs generally span multiple departments.

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


BANKING AND INSURANCE
LABOR AND WORKFORCE DEVELOPMENT
Executive Departments
50. Economic Planning, Development and Security
Program Category
Statewide Programs
52. Economic Regulation
51. Economic Planning and Development
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
Program Classifications
02. Disability Determination
03. State Disability Insurance Plans
05. Worker Compensation
01. Consumer Protection Services and Solvency Regulation
02. Actuarial Services
03. Regulation of the Real Estate Industry
99. Management and Administration
04. Public Affairs, Legislation and Regulatory Services
05. Unsatisfied Claims
06. Insurance Fraud Prevention
07. Supervision and Examination of Financial Institutions
08. Pinelands Development Credit Bank
07. Vocational Rehabilitation
09. Employment Services
12. Workplace Standards
10. Employment Training Services

b. **Budget Recommendations – Descriptions of Subdivisions**

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

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

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

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

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

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

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

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

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

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

ii. The *Debt Service* subdivision depicts the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing of capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current Debt Service appropriations.

iii. The *Language Provisions* subdivision of the Budget establishes authority beyond the specificity of the detailed line–item budgets for both general and federal funds. They apply to broad areas of the budget such as entire funds, appropriations in general and in some cases mandate additional administrative requirements related to the enactment of the budget. Language also authorizes adjustments for reorganizations and corrections to the appropriations act after its enactment.

   iv. *Revolving and Other Funds* is the subdivision of the Budget that depicts programs or agencies not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.

5. The *Appendix* includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 2007, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 2008 and fiscal 2009.

   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.

   Private Purpose 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 resources, and the Governor is responsible for the final certification of revenue.

New Jersey's Budget is prepared in accordance with generally-accepted accounting principles (GAAP) as it applies to fund financial statements prescribed by the Governmental Accounting Standards Board (GASB) with certain exceptions. GAAP is the same basis used in preparation of the fund financial statements section of the State audited Comprehensive Annual Financial Report. Specifically, revenues are estimated and recognized when they can be accrued (i.e., when they become both measurable and available to finance expenditures of the fiscal period.) Appropriations are recommended at a level sufficient to recognize all accrued expenditures and outstanding obligations to support program operations for the fiscal period. Goods and services delivered during a fiscal period are accrued as expenditures if not actually paid for by year-end. (See section C, "Summaries of Revenues, Expenditures and Fund Balances", for further details.)

RELATIONSHIP TO THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Department of the Treasury, OMB, issues the Comprehensive Annual Financial Report (CAFR) which includes all funds. The State's budgetary basis differs from that utilized to present financial statements in conformance with GAAP. The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures 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.

SIGNIFICANT FINANCIAL POLICIES

A summary of New Jersey's significant financial management policies is presented below. Where applicable, sections of this document that contain additional information are noted.

Balanced Budget

Legal Requirements:

New Jersey's State Constitution states the following: "No general appropriation law or other law appropriating money for any State purpose shall be enacted if the appropriation contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of revenue on hand and anticipated which will be available to meet such appropriations during such fiscal period, as certified by the Governor."

Policy Requirements:

A balanced budget must be established at the start of the budget fiscal year (i.e., first of July) and be maintained at fiscal year–end. This determination is based on the revenues and expenditures for all funds, the accounting basis for which is Generally Accepted Accounting Principles (GAAP) with exceptions. In conjunction with the Appropriations Act enacted by the Legislature, the official revenue estimate for the budget year is established and certified by the Governor. If the appropriations approved by the Legislature exceed the revenue estimates plus any available surplus, the Governor has the authority and the duty either to veto the entire appropriation bill or to reduce the amount of appropriations to produce a budget that is balanced against the total resources available.

As a matter of policy, the Governor's Budget seeks to limit appropriations to the amount of annual revenues anticipated for a given fiscal year. For the long term, the goal is to achieve a structural balance between ongoing operating expenditures and revenues for all fund types. However, fund balances may be used to support unforeseen or unpredictable expenditures that require supplemental appropriations. If budget adjustments are necessary to maintain balance during a fiscal year, those actions are typically implemented by the Department of Treasury's Office of Management and Budget acting at the direction of the State Treasurer and the Office of the Governor.

Use of One–Time Revenues

Use of revenue generated from a one–time source will be minimized. To the extent that such revenue is used, it will be targeted to offset non–recurring costs, including capital projects and debt retirement, to the extent possible. This will help create a structural balance between revenues and expenditures going forward.

Cost of State Operations

To help achieve a long–term structural balance between ongoing revenues and spending, the rate of growth in direct services provided by the State should be constrained, both in total appropriations and in its relative portion of the State Budget. The overarching goal is to identify the most efficient way to provide current services or to expand services within the current budgeted resources. This may include staffing reductions across State departments as well as aggressive implementation of management efficiencies and service consolidations.

State Appropriations Limitation (Cap Law)

The State Appropriations Limitation Act (P.L. 1990, c.94), commonly referred to as the CAP law, limits the growth of appropriations in the Direct State Services portion of the Budget, which encompasses the operations of State government. By statute, the maximum appropriation for a given fiscal year is determined by multiplying the base (i.e., current) year appropriation by the average three–year growth rate in per capita personal income calculated on a fiscal year basis. The State may exceed the maximum appropriations if a bill making an appropriation is agreed to by a two–thirds vote of all members of each legislative body. In the Fiscal 2009 Budget, Governor Corzine has held the State to a higher standard by presenting a Budget plan that is well below the statutory cap. (See section H of this document for the calculation affecting the coming fiscal year.)

Surplus Revenue (i.e., Rainy Day) Fund

As a financial contingency, New Jersey sets aside monies in a restricted reserve fund entitled the Surplus Revenue Fund (i.e., Rainy Day Fund). By law (i.e., NJSA C52:9H–14, et seq.), the Surplus Revenue Fund receives 50 percent of the difference between the amount of revenue certified by the Governor in the annual Appropriations Act for the fiscal year immediately preceding the fiscal year of the budget recommendation and the actual collections realized for that year. (Note: income tax revenue is excluded from this calculation.) The balance in this fund, which is reflected within the State's total undesignated fund balance, may be appropriated upon certification by the Governor that anticipated revenues are less than those certified, or upon a finding by the Legislature that an appropriation from the Surplus Revenue Fund is more prudent fiscally than raising new tax revenue to offset such a revenue decline, or to address emergencies.

Capital Improvement Plan

The State statute that created the Commission on Capital Budgeting and Planning requires the development of an annual Capital Improvement Plan. The Plan addresses both short and long-term investments, including a seven-year projection of capital needs by department and project category and an identification of how the recommended projects should be funded. Stakeholder input is derived through public hearings organized by the Commission. Although the Annual Capital Improvement Plan is published separately at the same time as this document, its recommendations are coordinated with the annual Governor's Budget Message. (See the Capital Construction and Debt Service section of this document for further details.)

Contingency Planning

To guide financial decisions and contingency planning during emergencies, natural disasters, or other unexpected events, a formal process has been implemented. Each department creates a business continuity plan that list staffing protocols and information technology procedures for outages that cover different lengths of time. The plans, which are filed with the Department of Law and Public Safety's (L&PS) State Government Operations Group and are coordinated with its Office of Homeland Security, are updated twice per year. The final product improves the State's general management oversight and its ability to take timely action.

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 2006	Actual FY 2007	Revised FY 2008	Budget Estimate FY 2009
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, 2007: Orig. & (S)Supple-mental	Reapp. & (R)Recpts.	Transfers & (E)Emer-gencies	Total Available	Expended		Prog. Class.	2008 Adjusted Approp.	Year Ending June 30, 2009: 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								***1***	***28,291***
690								5	625
447								7	477
2,321									
								1	4,631
2,321								*1*	*4,631*
17,559								***1***	***23,691***
---								0	1,000
---								***0***	***1,000***
4,948								0	3,600
4,948								***0***	***3,600***
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***

Reading the Budget Tables

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

Notes -- Direct State Services - General Fund

(a) The fiscal 2008 appropriation has been adjusted for the allocation of salary program.

Language Recommendations -- Direct State Services - General Fund

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

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

Program Classification Account code.

Evaluation Data provides measurements of workload effectiveness and efficiency.

The Original and Supplemental column represents the original appropriation for fiscal year 2007 as enacted by the Legislature on July 1, 2006. 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 2007.

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 2007.

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 2006	Actual FY 2007	Revised FY 2008	Budget Estimate FY 2009
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, 2007								Year Ending June 30, 2009	
Orig. & (S)Supple-mental	Reapp. & (R)Recpts.	Transfers & (E)Emer-gencies	Total Available	Expended		Prog. Class.	2008 Adjusted Approp.	Requested	Recom-mended
					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 2008 appropriation has been adjusted for the allocation of salary program.

Language Recommendations –– Direct State Services – General Fund

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

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

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

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

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

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

BALANCED BUDGET — A budget in which proposed expenditures do not exceed actual and estimated revenues and surplus. The State Constitution requires the Governor to propose a balanced budget and prohibits the appropriation of funds in excess of actual and estimated revenue and surplus

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

BILL — A proposed law.

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

BLS — Bureau of Labor Statistics

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

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

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

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

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

CAPITAL CONSTRUCTION — This category includes funds budgeted for:

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

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

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

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

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

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

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

GLOSSARY

CSP — Child Support Programs

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

DEP — Department of Environmental Protection

DFD — Division of Family Development of the Department of Human Services

DHSS — Department of Health and Senior Services.

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

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

EDA — Economic Development Authority.

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

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

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

EOF — Educational Opportunity Fund.

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

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

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

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

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

FEMA — Federal Emergency Management Agency

FHWA — Federal Highway Administration

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

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

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

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

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

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

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

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

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

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

ICF/MR — Intermediate Care Facility / Mental Retardation

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

MSW — Master of Social Work

NJBEST — New Jersey Better Educational Savings Trust

NJN — New Jersey Network

NJPDES — New Jersey Pollutant Discharge Elimination System

NJSA — New Jersey Statutes Annotated

NJSEA — New Jersey Sports and Exposition Authority

NJSIAA — New Jersey State Interscholastic Athletic Association

NJTPA — New Jersey Training Partnership Act

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

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

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

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

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

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

ORIGINAL APPROPRIATION — An appropriation made in the annual Appropriations Act

PAAD — Pharmaceutical Assistance for the Aged and Disabled

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

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

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

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

PSE&G — Public Service Electric and Gas

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

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

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

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

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

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

GLOSSARY

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

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

SACWIS — Statewide Automated Child Welfare Information System

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

SFEA — State Facilities Education Act

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

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

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

SSA — Social Security Administration

SSI — Supplemental Security Income

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

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

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

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

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

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

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

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

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

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

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

TANF — Temporary Assistance for Needy Families

TEFAP — Temporary Emergency Food Assistance Program

TPAF — Teachers' Pension and Annuity Fund

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

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

UMDNJ — University of Medicine and Dentistry of New Jersey

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

WFNJ — Work First New Jersey

NOTES