

Fiscal 2008

**BUDGET
IN
BRIEF**



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State of New Jersey

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JON S. CORZINE
Governor

FISCAL YEAR 2008 BUDGET
OF
JON S. CORZINE
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDRED TWELFTH LEGISLATURE

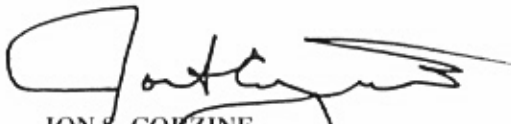
Mr. President, Mr. Speaker, Members of the Legislature:

In accordance with the provisions of C.52:27B-20, I hereby submit my budget recommendations for fiscal year 2007 - 2008.

This document provides a summary of my recommendations, and outlines the key aspects of my overall financial plan for the governmental services to be provided by the State to the Citizens of New Jersey.


The budget detail, including information on specific line items of appropriations, will be submitted to the Legislature separately and will be available within ten working days of this date.

Respectfully submitted,



JON S. CORZINE
Governor of New Jersey

Attest:



Kenneth H. Zimmerman
Chief Counsel to the Governor

February 22, 2007

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GOVERNOR'S MESSAGE

**Budget Address of Governor Jon S. Corzine
Transmitted to the Second Annual Session
of the Two Hundred and Twelfth Legislature
Assembly Chambers, February 22, 2007**

Good morning.

Thank you, President Codey and Speaker Roberts for allowing me to deliver my address five days early. After last year, we can probably use the extra time.

I'd like to start today with a simple thank you to all the members of the Legislature – and to the retiring members in particular. The last 15 months have had their moments. We have dealt with a lot. I think we all know there's more to do – a lot more. And I'll talk about that in a moment.

But let's get to the budget. As you know, a budget is more than just a set of numbers. It touches on every aspect of every life in our state. It's inevitable that when we talk about the budget we talk about the challenges people face.

But amidst all the fiscal terms – unfunded liabilities, structural deficits, and monetization – let's not lose sight of why budgets matter. They matter because they impact peoples' lives – today, tomorrow, and far into the future.

That said, the proposal I will present next week is a very good budget for the people of New Jersey. It confirms the Legislature's and my commitment to meaningful property tax relief. It does this in the context of the fiscal principles we established and fought for last year. It's financially disciplined and restrained. It's responsibly balanced with honest numbers. We don't rely on any strategies that mortgage our future.

It's the first budget in six years with no new taxes or tax increases. In fact, the only tax change proposed is a tax cut – a progressive cut for almost 300,000 working families.

This budget provides the largest increase in direct property tax relief in New Jersey history and the first real increase in school and municipal aid in a number of years. Finally, this budget preserves the safety net for the most vulnerable in our society – our seniors, the poor, the mentally ill, and the physically disabled.

After last year, some might label this budget boring. I suspect that nowadays in Trenton, boring's not such a bad thing. So, let me quickly review the numbers.

First and foremost, this is a property tax relief budget. The credit program is fully funded. 1.9 million of 2 million property taxpayers will receive an average of \$1,000 in relief – \$750 of which is new money. Half a million tenants will see their \$75 checks increased to as high as \$350.

Year over year, there's \$580 million more in aid to education. For the first time in many years, aid to every single school district will be increased. New aid will be dedicated toward educational priorities that focus on the individual needs of children. In particular, non-Abbott communities with high concentrations of children living in poverty will receive more funding. And there are new incentives for full day kindergarten and expanded pre-school. Our focus on individual children is conceptually consistent with the new funding formula being developed for the FY 2009 budget.

Finally, for the first time in three years, there will be an across-the-board two percent increase in municipal aid. Over 80 percent – or more than \$1.8 billion – of all new spending in this budget reflects our mutual efforts to provide more property tax relief and more aid to schools and local governments.

The overwhelming majority of the remaining new spending is driven by the cumulative impact of obligations created over the last 15 years.

Specifically, the budget contains \$730 million more than last year to meet healthcare costs for state workers and retirees, contractual salary increases, court-ordered Abbott and child welfare funding and Medicaid increases, federal mandates, or offsets to federal cutbacks.

Reflecting fiscal realities, this budget regrettably has few new initiatives – although the painful spending cuts we saw last year are limited. I must say, it's frustrating to have so few financial resources to invest in our future. I didn't run for public office to be a number cruncher, or to play scrooge. Like so many of you, I sought to serve because I care passionately about making New Jersey a better place for our families and communities.

So recognizing the constraints, I've made an allowance of roughly \$100 million for new initiatives that will have both short- and long-term paybacks:

- There is \$9 million for the new comptroller's office to root out waste, prevent fraud and reduce spending;
- There is \$20 million for a consolidation fund to provide meaningful incentives for schools and local governments to share services and reduce costs, an idea promoted by Speaker Roberts;
- There is \$10 million for stem cell research grants – and \$5 million for autism;
- And finally, as part of a broader anti-poverty initiative, we are seeking \$64 million to raise the threshold to \$40,000 for Earned Income Tax Credits. Today, New Jersey cuts off EITC eligibility at \$20,000.

This change will mean almost 300,000 working families will receive a double tax cut – one from New Jersey and the other from Washington. Considering our tough budget last year, I'm very pleased we could fund these modest, but important, initiatives.

Still, I'm almost embarrassed to highlight them because they are a fraction of what really should be done. So let me summarize the spending. In short, almost 50 cents of every dollar in this \$33 billion budget goes to property tax relief. That's a total of \$16.6 billion. Overall spending is up 7.2 percent from last year – or \$2.2 billion. However, setting aside the growth in property tax relief and the increases in

school and municipal aid, spending is up a mere 2 percent, year over year. Let me repeat – less than two percent.

Now, let me break down and explain how we pay for this net \$2.2 billion in new spending. First, \$665 million is a non-recurring use of the dedicated FY 2007 half penny. We've benefited from two years of value in this budget – which I accept will be an issue in FY 2009.

Second, \$670 million is a result of stronger FY 2007 revenues – coupled with spending restraints and efficiencies that built up surplus. This came from a lot of hard work. Four hundred – or one-half – of all political appointees were eliminated; the headcount was reduced by 1,300 across government even as we added staff for Homeland Security, Children and Families, and the Public Advocate. Technology improvements paid dividends; new furniture and office space purchases were suspended.

Travel and promotions were, and still are, frozen; 1,200 state cars were auctioned; and energy conservation achieved savings. All these actions have lowered the cost of doing business, and will be pursued vigorously in the '08 cycle.

Third, an additional \$150 million was saved through better management of state debt, minor spending reductions, and initiatives like improved debt collection. Finally, our '08 budget includes almost \$750 million projected revenue growth as a result of strong economic expansion. Growing our revenue base is part of our long-term strategy to stabilize the state's finances. It's also fundamental to our economic objectives.

It's why we are giving so much focus to creating a better business climate. Although we're far from taking a victory lap, we have had some great wins. Campbell's Soup, Bayer Pharmaceutical, Unilever, Citigroup and Verizon are all making significant New Jersey expansions with good, high-paying jobs. And there are others in the pipeline.

So that's the budget outline. Most of it expected – \$33 billion spent, \$33 billion raised. Those are the facts – so let's talk about the future. The real news of this budget isn't what's in it but rather what's not, and what will never be in future budgets unless, together,

we do something to further restructure the state's finances.

Spending for individuals with mental illness and developmental disabilities is up, but only a fraction of what is truly needed to provide proper care and housing. Just consider the tragedies at Ancora in the last six months. Autism rates among children in New Jersey appear to be the highest in the nation, but we've only touched the surface of the necessary response.

Hospitals are treating more and more of the uninsured, but we haven't been able to increase charity care funding. In fact, the only items that are fully funded are mandatory costs over which we have little discretion.

The constant focus on short-term priorities without consideration of long-term costs has led to financial decisions that hang over the state today, tomorrow, and far into the future. We must break with the patterns of the past. To do that, we need to build greater public confidence in the actions of government – especially when it comes to transparency and accountability of the purse strings. We have tough choices coming, and the public needs to trust that we are working for them – not ourselves, not our friends, not for anyone else.

We have to openly debate and defend our priorities, choices, and decisions. And to be more precise, we have to put an end to the midnight spending sprees. I applaud President Codey for the steps he has proposed to bring greater openness to the budgetary process. To reinforce those efforts, I am sending a letter today to the legislative leadership of both parties, outlining further steps to build public accountability – including in the executive branch.

Specifically, the Legislature's proposed budget should be available for public review seven days prior to final passage. In addition, the executive branch needs three days after passage to allow for a thorough review. And, finally, treasury will prepare a "Budget in Brief" that summarizes the enacted budget just as it does for the Governor's proposal, the public can see how we've appropriated their money. The Codey package of reforms plus my recommendations should be implemented this cycle. Together, let's open up the process.

Now, if our only objective was to meet the constitutional obligation to balance revenues and expenditures, our job would be hard, but not impossible. What is becoming impossible is to balance the budget consistent with the letter and the spirit of the constitution, meeting mandated and committed costs while still making necessary investments for our future.

Let's examine history to see why. Right or wrong, in the '90s, the state issued bonds to fill an unfunded pension liability – and then took a 10-year holiday from making contributions. Right or wrong, in this decade, the state borrowed against the tobacco settlements to balance its operating budget.

Right or wrong, in both decades, the state provided employee benefit enhancements and undertook borrowing – for important things like school construction – without any means to finance the carrying costs or pay back our borrowed obligation. As a result of these kinds of decisions, the unfunded liability of today's pension system is nearly \$25 billion, and our unfunded healthcare liability approaches an incredible \$80 billion.

If that weren't bad enough, we remain one of only six states with a structural deficit after four and a half years of national economic expansion. And our debt burden, per capita, is the third highest in the nation. As serious as these financial challenges are, the problem goes beyond how money was raised, spent, or promised.

We are paying huge sums of money every year to meet court orders on Abbott and child welfare because responsibilities to the most vulnerable were long neglected. Not only have children suffered unnecessarily, our failure to invest appropriately has cost more in the long run than to have done it right in the first place. Unfortunately, I fear we are perilously close to additional court-ordered mandates.

Yes, we've started to wean ourselves off the gimmicks and borrowings that were used to meet the letter of our constitutional obligations. We've stopped the annual raid on the unemployment insurance fund. And we ended inappropriate bonding. Because of spending controls, the half penny, and fewer uses of one-shots, the structural deficit has been reduced – for the moment. But like Freddy Krueger, it'll be back.

Next year, we estimate we begin the budget season \$2.5 billion in the hole, give or take a few dollars.

This year, we're in the eye of the hurricane. But no one should let the calm of the '08 budget lull them into a false sense of security. Just look at the mandatory cost increases we face. In the next five years, total debt service will increase from \$2.7 billion to \$3.4 billion, assuming expected borrowing for school construction, open space, and stem cell research. Healthcare costs for state workers and retirees are projected to double – from \$1.4 billion to \$2.8 billion in five years. Post-retirement medical costs for teachers are expected to more than double – from \$750 million this year to \$1.8 billion in just five years.

Fortunately, people are living longer – that's a good thing. But it means pension liabilities are increasing faster. It also means that in five years, our required pension contribution will be \$3.3 billion instead of \$1.3 billion today.

Let's get real – there is no way to close the structural deficit with the avalanche of growing fixed costs that hang over the state. It's just not going to happen unless we change. So we have choices to make – tough choices. We can continue struggling every year – scraping by with duct tape and baling wire, and pulling together no frill, investment-free budgets. Or we can change course.

Keep in mind that we have one of the best performing public school systems in America; we have one of the most educated, best trained workforces; we have an expansive transportation and mass transit network; and, we have the highest median income in the nation. I could go on. But some future Governor isn't going to be able to make those statements if we choose a path of just "getting by."

If we want universal pre-K and kindergarten, where are the resources? If we want to build new schools and expand higher education facilities, where are the resources? If we want to build mass transit in South Jersey, where are the resources? If we want to revitalize brownfields, purchase open space, and ensure compensation for Highlands farmers, where are the resources? Again, I could go on. How can we do any of these when future revenues are already spoken for? We all have a vision for a brighter New

Jersey, but today we can't afford the investments to make our vision a reality.

To a large degree, this year's budget was decided well before I became governor. We need to make choices that will change old paradigms so that future budgets are not tied up in knots. One choice is to stand pat – just chip away at the structural deficit, and resign ourselves to a more limited future.

A second choice is to raise taxes – and there are a lot of unattractive options on this path that could well erode New Jersey's competitiveness and make our state less affordable. We could raise the top income tax rate even higher, we could push more middle-class families into higher tax brackets, we could expand the sales tax to professional services, or we could increase the gas tax. Need I go on?

If tax increases are the way, we can probably find an option or a series of options that can generate the revenue to make some, but not all of the investments we need; that's what we have done in the past. But I ask, what is the net effect? A third choice is to lay off thousands of state workers and dramatically cut services where no legal mandates exist. This means people who work in areas where the state has some "discretion" – healthcare personnel, prison guards, environmental officers, motor vehicle workers, and state police among others. Consider – every thousand workers laid off potentially saves \$50 million per year. So to fund \$500 million, we would need to lay off 10,000 workers. You get the math.

Or, we can search for other ways to raise the revenue needed to restructure the state's long-term finances. Some would suggest VLT's or Keno – and we're looking at them – but no one suggests these activities would solve the problem by themselves. So, we pretty much know the impact of more tax hikes or massive layoffs, and we can all handicap the likelihood of either happening.

The one option that is new and that we are now studying is asset monetization. It's something that has been implemented in other states and successfully around the globe. I think it's fair to say that most governmental entities across the country are examining its feasibility and appropriateness. The economic potential from restructuring the state's interest in our asset portfolio is too significant to

ignore whether that asset is the Turnpike, the lottery, naming rights, air rights, or whatever.

Potentially, asset monetization could reset the state's finances by dramatically reducing our debt burden, and consequently reducing debt service. Monetization could free up as much as a billion dollars or more in every year's budget – long into the future.

Just look at what debt service is doing to the state budget today. It consumes every dollar brought in from corporate taxes. We spend twice as much to pay investors as we do to support student aid, charity care, prescription drugs and parks combined. The debt service payments made every year could more than fund the universal health care initiative that I'm working on with Senator Vitale.

I know others are interested as well. Asset monetization gives us the potential to reduce our crushing debt burden – and meet New Jersey's long-term capital needs in a way no other alternative provides. Now let me be clear – borrowing to meet operating expenses is a terrible idea. And transferring an interest in a state asset to fund operating expenses is worse. And it is not under consideration.

What we have done under the guidance of Treasurer Abelow and Commissioner Kolluri is undertake a thorough and intellectually rigorous analysis of public-private partnership structures or public ownership options. Make no mistake – with any proposal, we would insist on protective conditions. If we can't ensure that the high standards of operations and maintenance will continue, we won't proceed. If we can't ensure public safety will be maintained, we won't proceed. If we can't ensure the state will maintain oversight in the governance of the asset, we won't proceed.

If we can't ensure that price increases will be predictable and reasonable, we won't proceed. Today, we're not ready with recommendations. When we are ready, we'll be back. We intend to give asset monetization, and all its derivatives, the same level of serious focus we've given to property tax relief and reform. To take this option off the table is to accept some combination of hand-to-mouth budgets without capital or social investments. Whatever choices we make, I think it's time for a new paradigm for the state's fiscal future. So that's the budget for 2008 and a perspective on our financial future.

But before I close, let me touch on some unfinished business. Yesterday, the state reached a tentative agreement with our public employees. The agreement reached is the result of the collective bargaining process – one I deeply respect. These were not easy negotiations – not by any stretch. But the outcome was a sea-change in public employee bargaining. I suspect that both sides found the outcome less than ideal. But bargaining requires give-and-take – and this agreement represents compromise on both sides. It creates a defined contribution pension plan for new state, municipal, and educational employees with earnings above \$97,000. We'll be the first state in the Northeast to make this change.

It also increases the retirement age for new employees to 60. Both of these changes only apply to new hires because existing hires have non-forfeitable rights that were obligated by court decisions and statute. The agreement calls for progressive healthcare contributions by state employees. It includes plan-design changes that should both benefit employees and cost the state less. Our public employees will make additional pension contributions. And the state will contribute at least \$1 billion to the pension fund for the next three years.

The agreement contains wage increases of 3% in each of years one and two of the contract – and 3.5% in years three and four. It also includes workplace and grievance rule changes, changes to pension governance and a more precise definition of "essential employees." While the agreement will produce savings this year, the real benefits will be felt over the next two or three decades – long after all of us are gone – and will result in hundreds of millions of dollars of savings. Over the long run, this agreement will protect the stability and solvency of the benefit structure for taxpayers and public employees alike.

I want to acknowledge the goodwill and hard work of all our public employees – and thank those at the bargaining table who chose to make it happen. Our career employees serve our people well – and I commend them. I also want to thank Senator Scutari, Assemblywoman Pou and other members of the pension and health benefit committee who worked for months to frame the issues that led to this agreement.

Now, we all have to work together to turn these agreements into law, by revisiting the still pending

proposals from the special session. The same reforms that emerged from collective bargaining need to be applied to elected and appointed officials in a consistent and coherent manner.

It has always been my view that career employees were not the source of benefit abuses that have so infuriated the public. Applying these negotiated reforms across the board to all public officials and employees will eliminate most, if not all, of the most egregious abuses of the system.

Now that we have established a pension and benefit reform package, we have two additional topics to address. Each has been long debated and is well understood by the public. Dual office-holding is an obstacle to achieving the common good we all desire. I cannot tell you how strongly I feel about ending it – now.

To that end, I am pleased to announce that Speaker Roberts and President Codey have made a personal commitment that a ban on dual office-holding will be passed and sent to my desk before it's time to sign this budget. This is a reform that is long overdue – as

are bans on pay-to-play and wheeling. If we're truly serious about restoring the public's trust in government, about restoring their trust in us, it's time to act on these reforms sooner rather than later.

So let me close. The budget I present to you is in far better shape than it has been in years. There are no new taxes and no old gimmicks. There is more direct property tax relief than ever. Schools and local governments are finally receiving overdue aid. But when we look to the long-term, the situation is filled with challenges.

Now is the time to change the paradigm. Now is when we should decide to build the capacity to invest in New Jersey's future. We demonstrated on property taxes we can take on tough tasks and make progress. We must demonstrate on ethics that we can end the toxic mix of money and politics. The public has entrusted all of us to choose and chart a way forward.

A hero of my youth, Dag Hammarskjold, said it best: "Only he who keeps his eye fixed on the far horizon will find the right road." Let's stay focused on that far horizon, and let's find a path to a tomorrow that's worthy of a state as great as ours.



CHAPTER 1: GOVERNOR'S VISION & BUDGET HIGHLIGHTS

OVERVIEW

Governor Jon S. Corzine's proposed \$33.3 billion Fiscal 2008 Budget builds on the actions taken in the first year of his Administration to restore fiscal stability and structural soundness to New Jersey's finances. This Budget represents another step in the multi-year process to bring the State's resources and spending needs into true balance. This budget continues the fundamental principle outlined last year that we, as a State, must pay the bills for the current operation of State government and, to the greatest extent possible, fund these costs with recurring revenues.

The proposed Budget is a fair, responsible and prudent plan that meets the responsibilities of government and the needs of the people of New Jersey. The Budget is balanced with increased revenues generated from the State's economy and without temporary gimmicks that simply defer costs to next or succeeding years.

For the first time since 2001 the proposed Budget does not include any tax increases. In fact, this Budget provides \$64 million in tax relief to almost 300,000 New Jersey families through the expansion of the Earned Income Tax Credit (EITC) to working singles and families with incomes between \$20,000 and \$40,000. In addition, the Budget provides a benefit of \$275 million in tax savings for businesses due to the expiration of certain business taxes, thus improving New Jersey's economic climate.

This Budget focuses the vast majority of the increased spending on addressing the state's most pressing issue – the ever increasing burden of property taxes on citizens of New Jersey.

Over \$16.6 billion, or 50 cents of every dollar, is dedicated to relieving the property tax burden in New Jersey. This represents a \$1.8 billion increase over fiscal 2007 and constitutes over 80% of the total spending increase in the State Budget.

The major components of this \$16.6 billion include:

- \$3 billion for direct relief to taxpayers – including a \$1.2 billion increase in direct relief to the citizens of the State. The largest component of this \$3 billion is the \$2 billion for expanded Homestead Property Tax Credits. This will provide over 1.9 million New Jerseyans with an average \$1,000 property tax credit/rebate. Through an appropriation of \$250 million, this same program will increase rebates from the current \$75 up to \$350 for 550,000 tenants with incomes at or below \$50,000.
- \$11 billion in aid to support education, which represents a \$580 million increase over the current year. Included within this \$11 billion is \$8 billion of direct aid to school districts and approximately \$3 billion of payments that the State makes on behalf of districts for teacher benefits and debt service on schools.

All of the State's school districts will be eligible for this increase in aid. This Budget represents the first major increase in State support to the "non-Abbott" districts in three years and the largest dollar increase since fiscal 2000. Many of these districts are struggling to maintain educational quality while at the same time not further overburdening property taxpayers. Each of these districts will receive a base increase of 3% and a substantial number also will benefit from targeted programs that will provide aid to districts with higher levels of low income students and those that provide full-day kindergarten.

- \$2.6 billion in aid to municipalities, counties and other local agencies, which represents an increase of approximately \$40 million. The major portion of this increase is a 2% increase in state aid to each municipality in

the State and a \$20 million fund to assist in the consolidation of government services.

Other major features of this budget include:

- \$400 million in spending increases when the \$1.8 billion increase in property tax relief is excluded. This represents less than a 2% increase in overall State spending.
- \$700 million in mandatory growth for programs such as debt service, contractual salary and benefit obligations, court ordered child welfare funding and Medicaid cost increases, federal mandates, or offsets to federal cutbacks. This \$700 million increase is partially offset by other savings initiatives throughout the Budget.
- Spending increases limited to areas that are important to the citizens and the economy of the State. These include:
 - \$30 million for supporting individuals with developmental disabilities and mental illness
 - \$26 million for cost of living adjustments for community providers
 - \$10 million for stem cell research grants, an increase of \$5 million
 - \$10 million for grants to assist districts in expanding and enhancing preschool
 - \$5 million for addressing the needs of the autism community
 - \$5 million to improve access to health care for children
 - \$2.3 million for arts and history
 - \$1 million for added support services for returning veterans
- Total support of nearly \$2.2 billion for the State's higher education system including an additional \$50 million in operating aid to the State's public and private universities and colleges to offset a portion of the reduction necessitated by budget pressures last year. In addition the Budget will provide an increase of almost \$22 million above the current appropriation of \$228.3 million to support the

State's Tuition Assistance Grant program (TAG) and the NJ STARS program.

- Continued savings from management efficiencies such as:
 - the elimination of 400 political appointees
 - a reduction of 1,300 employees net of payroll increases in areas such as child welfare, homeland security, and the public advocate
 - technology improvements
 - suspension of purchases of new office furniture and office space
 - freeze on promotions and employee travel
 - energy conservation
 - auction of 1,200 State cars
- Immediate savings and substantial future savings from the recently completed negotiations with the State's civilian employees that yielded cost sharing arrangements for pension and health care benefits.
- Reduces the use of dedicated, non-recurring revenues to approximately \$300 million, which is well below the range of \$1.8 billion to \$3.3 billion that was implemented in past budgets.

The Fiscal 2008 Budget is responsibly balanced without new taxes or tax increases. This Budget meets landmark objectives to ease the property tax burden, and devotes the overwhelming majority (80%) of new spending for this purpose. It also contains modest, but important, new investments in stem cell and autism research, the new Office of the Comptroller, and progressive tax relief for 300,000 working families.

However, it is clear that the State's current fiscal situation prevents properly addressing many needs to improve our State. Although the Budget increases direct educational aid to districts by \$310 million, many school districts will continue to struggle to maintain a quality education that meets the needs of all the children in the State regardless of where they live. Although the Budget provides a \$30 million increase in support of individuals with developmental disabilities and mental illness, it falls short of providing all the funds necessary to meet appropriate

levels of care and community placements needs. There are many other areas of this Budget that stakeholders will point to as deserving of more funding than is available. This only underscores the budgetary challenge that Governor Corzine inherited upon taking office. His first two budgets represent the initial steps in a multi-year process to match ongoing spending needs with ongoing fiscal resources, while starting to address overdue areas of investment.

Despite the progress in matching recurring revenues to recurring expenditures, the structural deficit still exists and presents an impediment to the investments that must be made to keep New Jersey competitive. Next year, New Jersey still faces an estimated \$2.5 billion structural shortfall in fiscal 2009. This shortfall will be compounded over the next five years due to numerous mandatory spending pressures:

- Debt service is projected to increase from \$2.7 billion to \$3.4 billion;
- Health care costs for active and retired State employees are projected to double, from \$1.4 billion to \$2.8 billion;
- Post-retirement medical benefits for retired teachers are projected to more than double, from \$750 million to \$1.8 billion; and
- Pension costs are projected to increase from \$1.3 billion to \$3.3 billion.

Constrained spending flexibility will also make it difficult to invest in capital programs, such as building facilities for preschool and full day kindergarten; building schools and expanding higher education facilities; creating affordable housing; expanding mass transit in South Jersey and throughout the State; and preserving open space.

New Jersey is clearly at a crossroads. The traditional options are fairly clear – raise taxes, layoff State employees and/or significantly reduce programs that benefit the citizens of the State and the economy of the State. As a new alternative, Governor Corzine has directed the State Treasurer and the Transportation Commissioner to study the feasibility of asset monetization. Potentially, asset monetization could be used to reduce the onerous burden that existing State debt has on the State Budget and/or create capital to invest in pressing public needs.

Asset monetization has been done in several states and around the globe successfully, it is being studied in almost every state in America. Its potential is too significant to ignore. The Administration is undertaking a rigorous analysis to analyze its appropriateness and the types of conditions necessary to protect the public interest. For example, if concerns such as ensuring high standards of operations, maintenance, safety, and security of a State asset cannot be met, the State will not proceed.

The Administration is committed to giving this concept the same level of focus that we have given to property tax relief and reform.

The consequences of doing nothing and continuing with investment-free budgets are severe. We simply cannot allow the New Jersey to slip into fiscal paralysis, hamstrung by debt from making capital improvements that are so critical to our state's long term financial prosperity.

Reforming the Budget Process

Governor Corzine has also called on the Legislature and the Executive Branch to reform the budget process to provide more transparency and accountability. Building on a proposal first presented by Senate President Codey, the Governor has called on the legislative leaders to agree to the following process for this budget cycle:

- All requested changes to the Governor's proposed Budget to be submitted in early June, and the requests to include a description of the proposed change as well as disclosure of any relationship the sponsor of the proposal may have with the recipient of the funds;
- Introduction of a Budget bill no later than June 20th;
- Requirement of at least one public hearing on the introduced Budget bill;
- Final passage of the Budget bill no later than June 27th so that the Governor has at least three days to review;
- Treasurer to prepare an "Appropriations Act In Brief" that describes the enacted Budget

and also provides a list of all changes made to the Governor's proposed budget and which legislator was responsible for the change.

Current Year Budget – Fiscal Context

Before focusing on the Fiscal 2008 Budget, it is important to take stock of how New Jersey is faring in the current budget year, fiscal 2007. The following section sketches the current economic conditions that New Jersey faces; updates the latest revenue information for the remainder of this fiscal year; and outlines the budget actions – both in terms of supplemental spending increases and new savings initiatives – that the State has taken over the eight months since fiscal 2007 began.

New Jersey Economic Overview

New Jersey's economy continued to expand during calendar year 2006 following a steady recovery in 2005, albeit at a somewhat slower pace.

- Payroll employment increased by 1.2% in calendar 2005 and another 0.8% in 2006, continuing a positive trend for the thirty-fifth consecutive month. Employment growth is projected to continue at 0.7% in 2007 and 0.8% for 2008.
- The 2006 growth rate for personal income is expected to average 6.6%. Personal income is expected to grow an additional 4.9% in 2007 and improve to 5.2% in 2008.
- New Jersey's unemployment rate dropped for the third straight month in December 2006 to 4.2%, bringing the State below the August peak rate of 5.3% and below the neighboring tri-state average.
- New vehicle registrations in 2006 remained above the 600,000 level for the seventh consecutive year, and are anticipated to remain above that level for 2007.
- The housing sector weakened in 2006 with sales of existing homes declining by 16.7% and housing starts down by 14.8%. However, the housing sector is expected to stabilize in 2007 and 2008.

- Real Gross State Product (GSP) grew at 2.1% in 2005 and 2.4% in 2006. Projections are for growth of 2.2% in 2007 and 2.6% in 2008.
- The rate of inflation is expected to remain modest.

Fiscal 2007 Anticipated Revenue

The current estimate of \$30.8 billion in total fiscal 2007 revenue is \$199 million higher than when the Governor certified revenues in June 2006. The three major taxes that account for 73% of total state revenues are expected to yield \$22.6 billion:

- The Gross Income Tax forecast for fiscal 2007 is revised slightly downward by \$10 million to \$11.5 billion.
- The Sales and Use Tax is estimated to generate \$8.4 billion in fiscal 2007, a \$59 million decrease from original projections.
- The Corporation Business Tax (CBT) is estimated to generate \$231 million above the original estimate for a total of \$2.7 billion. The CBT reflects better than anticipated profit growth in 2006.

Current Budget Conditions

Spending in the current year budget has been moderated through several spending controls, including an ongoing hiring freeze and various moratoria on certain non-salary expenses, including equipment and furniture. In comparison to prior years, the required list of supplemental appropriations is fairly modest, totaling only \$241 million (see highlights below). In keeping with past practice, under-spending has been identified in several accounts and those funds will be lapsed to the General Fund to help offset current year costs. Revenues are slightly above the original estimate that was reflected in the Fiscal 2007 Appropriations Act. Combined with a higher-than-expected opening balance, this will enable the State to close the current year with a projected year-end fund balance of \$1.9 billion.

Managing the Current Budget – Fiscal 2007 Supplementals

Some of the larger supplemental spending needs projected for fiscal 2007 are summarized below:

- \$17 million - Projected spending for Nursing Homes exceeds available resources in the current year;
- \$15 million - A shortfall in Title IV-E federal funding related to the Department of Children and Families' caseload in foster care, subsidized adoption, and family support services;
- \$12.4 million - Jersey City Medical Center requires additional state aid because costs have exceeded the individual federal reimbursement cap and cannot be recovered from federal revenue;
- \$12 million - Early Childhood Intervention Program shortfall, based on current spending trends;
- \$10 million - Snow removal;
- \$10 million - Enacted legislation (S-494) has established a new substance abuse treatment program (i.e., the needle exchange program), providing substance abuse treatment beds and outreach through the Department of Human Services' Division of Addiction Services.

See chart entitled "FY 2007 Supplementals" in the back of this document for a detailed list of current year supplementals.

Fiscal 2007 Saving Initiatives

A number of savings initiatives were implemented during fiscal 2007 to help constrain cost growth and eliminate low priority spending. The primary areas are outlined below:

Reductions in Unclassified Positions in State Agencies

At the onset of the Administration, Governor Corzine made a pledge to reduce the number of unclassified positions in Executive agencies by 50%, a reduction equal to slightly under 400 positions. Unclassified

positions are those held by workers who are not career civil service employees.

By December 31, 2006, Executive Branch agencies had eliminated 391 unclassified positions. Through this action, the Administration has saved an estimated \$20 million a year for the State's General Fund.

Hiring Freeze

A very stringent hiring freeze, combined with the previously-mentioned reduction of almost 400 unclassified positions, has resulted in a workforce that has 1,300 fewer employees to date, compared to the beginning of the Corzine Administration. This reduction is net of growth in high priority areas, such as the Department of Children and Families (DCF), where the State has added approximately 400 employees. Attrition will continue to reduce the workforce in fiscal 2008. The value of attrition, management savings, and reductions in unclassified positions totaled \$64 million in fiscal 2007. This amount is a permanent reduction to the salary base. The Fiscal 2008 Budget recommends a further reduction of \$25 million by continuing the hiring freeze and other management efficiency efforts. See Chapter 3 for further details about this hiring freeze.

State Moratoria on Spending

In addition to staffing controls, the State also implemented new restrictions in fiscal 2007 to slow the pace of spending on information technology (IT) equipment and services, other equipment, and office furniture. Comparing spending in the first seven months of fiscal 2007, from July 2006 through January 2007, against the same period in fiscal 2006, suggests a significant slowdown in expenditure rates of almost \$16 million from State-funded accounts. Over this same time period, expenditure rates in non-State funded accounts fell by millions of dollars more. While not all of these reductions may be directly attributable to the various spending moratoria, the trends in spending are heading lower, saving money for the citizens of this State. Chapter 3 provides further details about the various moratoria and the slowdown in spending in specific categories of equipment, services, and office furniture.

Fiscal Solvency

To fully understand the difficult set of choices represented in the State Budget, some context is required concerning New Jersey's "structural deficit." Simply put, a structural deficit arises when the rate of growth in ongoing revenues fails to keep pace with the rate of growth for expenditures required to maintain the current level of service. New Jersey is not unique in this regard, as many states face deficits at the start of their budget deliberations. The goal, however, is to minimize the size of the deficit without resorting to easy fixes and fiscal gimmicks that compound the problem in the future. As summarized below, this Administration has adopted just that approach, and consequently is making clear progress in restoring fiscal responsibility.

Constraints in Crafting the Fiscal 2008 Budget

This subsection describes many of the constraints associated with the Fiscal 2008 Budget in order to provide context for the decisions that were required. The goal of this Administration is to continue to make the difficult decisions now, in order to create conditions for a brighter future for the State and its citizens.

The State's Major Cost Drivers

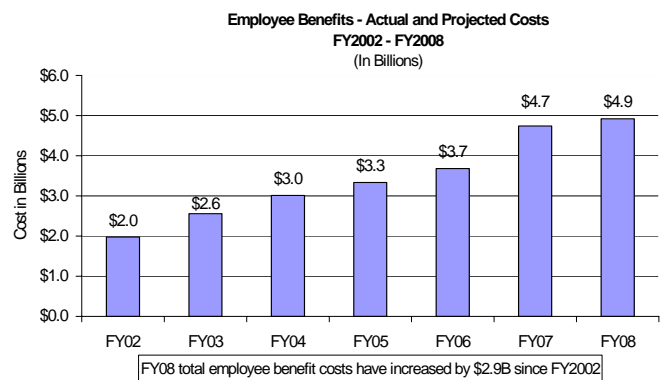
Budget growth required to maintain the current level of State service is primarily attributable to four cost drivers: fringe benefits, Medicaid, debt, and pensions. The best way to appreciate the aggressive cost growth in these areas is to view it over time, as depicted on the charts that follow. These four programs collectively require \$1 billion in budget growth in fiscal 2008, or over 70% of the \$1.4 billion total budget growth required to maintain current services.

Employee Benefits

Within the State Budget, employee benefits are defined as pensions, health benefits, post retirement medical costs, and employer payroll taxes. State appropriations support not only active and retired State employees, but also employees of senior public colleges and universities, school districts, and certain local governments.

Due in part to the breadth of coverage provided, employee benefits comprise 14.8% of the State's Fiscal 2008 Budget, compared to 8.8% in fiscal 2002. The appropriation for these fixed costs has grown by \$2.9 billion, or 148%, from approximately \$2 billion in fiscal 2002 to almost \$4.9 billion in fiscal 2008. (This includes approximately \$0.2 billion in debt service on Pension Obligation bonds in fiscal 2008.) As noted on the chart entitled, "Employee Benefits – Actual and Projected Costs," the dramatic rate of growth in fiscal 2007, which required increased pension funding of nearly \$800 million, will be tempered in fiscal 2008.

In fiscal 2008, the combined budget growth for fringe benefits and pensions of \$480 million was reduced to \$166 million through savings from contract negotiations and by reducing the pension funding phase-in from 60% to 50%.



Footnote: FY07 represents projected costs; FY08 is recommended

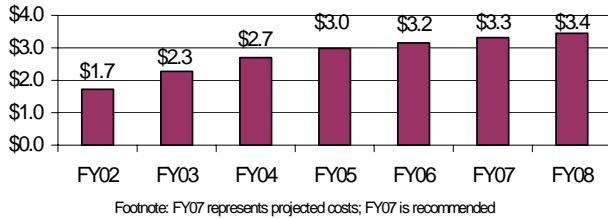
Fringe Benefits

Health benefits for active school district and local employees are not a State responsibility; however, per statute, the State must fund the health insurance costs of retired teachers and certain public employees who have 25 or more years of service prior to retirement. The State also funds the cost of teachers' federal social security taxes, even though the State does not negotiate teacher contracts. The total amount budgeted in fiscal 2008 for all of these fringe benefits is \$3.4 billion.

In fiscal 2008, health benefits costs for active and retired members will increase to \$2.2 billion, or 44% of total employee benefits costs. Payments for

eligible retired school district employees are expected to total \$751 million, or nearly 35% of the \$2.2 billion appropriation in fiscal 2008. The remaining \$1.2 billion is budgeted for employer taxes.

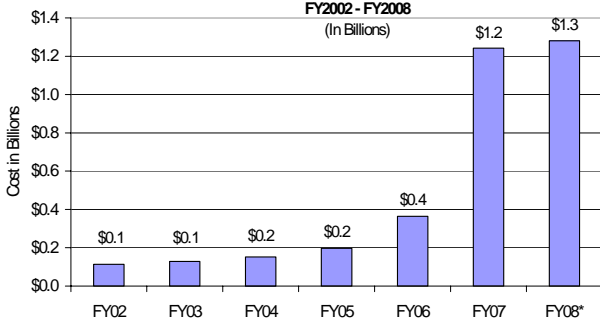
NJ State Fringe Benefits
(In Billions)



Pensions

In fiscal 2008, pension costs for active and retired members comprise 26%, or almost \$1.3 billion, of employee benefit costs. The chart entitled “Pensions – Actual and Projected Costs” illustrates the actual and projected costs of pension contributions from fiscal 2002 to fiscal 2008. Pension costs have consistently increased since fiscal 2002, with significant growth of 241% occurring between fiscal 2006 and fiscal 2007. In that year alone, State funding for the defined benefit plans exceeded the total combined amount from the prior ten years. The Fiscal 2008 Budget assumes a 50% phase-in for the defined pension plans, or almost \$1.1 billion of the \$2.2 billion required to fund pensions at 100%. In fiscal 2007, the phase-in was funded at 57.5% of the recommended contribution.

Pensions - Actual and Projected Costs
FY2002 - FY2008
(In Billions)



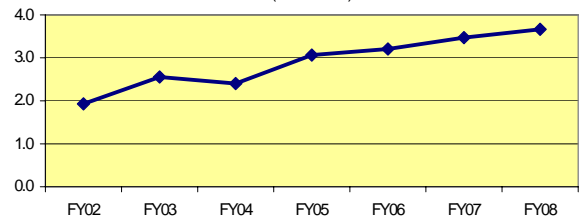
The total State appropriation for Fringe Benefits and Pensions in fiscal 2008 equals \$4.7 billion (i.e., excluding \$0.2 billion in Pension Obligation debt service.)

Medicaid

This Administration is committed to providing the State’s residents with access to health care, and Medicaid, a federal-State program, is a key component of this commitment. Similar to most states, New Jersey has faced rising Medicaid costs, placing added stress on the State’s budget. As the chart below illustrates, State expenditures on Medicaid have almost doubled since fiscal 2002, and are budgeted at approximately \$3.7 billion in fiscal 2008.

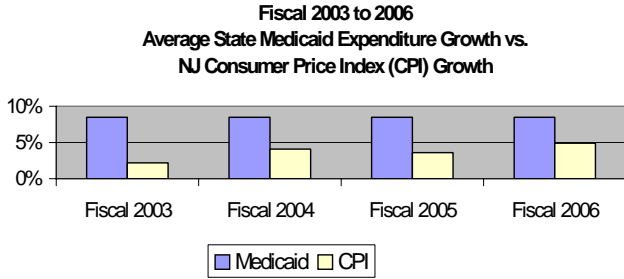
From fiscal 2003 to fiscal 2006, average annual Medicaid costs have grown at nearly three times the rate of inflation. In fiscal 2008, budget growth totals \$272 million (i.e., before subtracting savings solutions), and reflects rising caseloads, medical inflation, increasing utilization, and a shortfall in federal grants for the State Children’s Health Insurance Program (SCHIP).

State Medicaid Expenditures: Fiscal Year 2002 to 2008
(\$ in Billions)



Since fiscal 2002, State Medicaid expenditures have almost doubled.

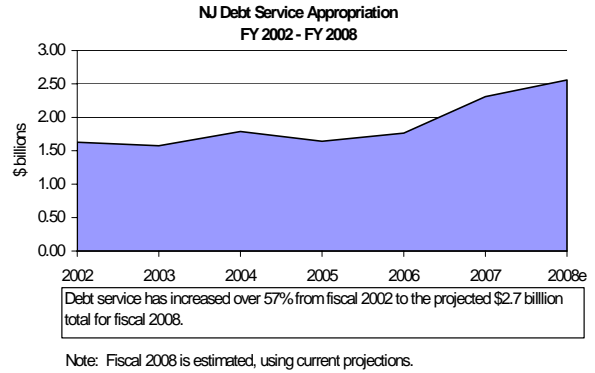
The following chart illustrates the gap in recent years between the average yearly increase in State spending on Medicaid and the actual annual increase in the inflation rate. With Medicaid costs increasing so rapidly, the State must spend more than the rate of inflation each year just to purchase the same amount of health care.



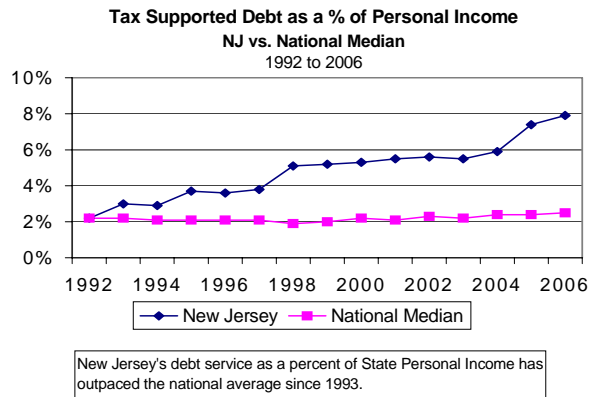
The State Children's Health Insurance Program (SCHIP) is the source of federal funding for the NJ FamilyCare program. Because of historic underfunding by the federal government, NJ FamilyCare faces a substantial shortfall in fiscal 2008. In the past, Congress has allowed money to be redistributed from states that did not use their SCHIP allotments. This year, however, NJ FamilyCare will run out of money by May 2007, if no new money is redistributed beyond the steps that Congress has already taken. This Budget assumes that Congress will act to restore the necessary funding. The only funding for SCHIP to replace lost federal funds in fiscal 2008 is \$40 million needed for the decrease in the federal matching rate for parents from 65% to 50%. (See Chapter 2 for more details.)

Debt Service

In fiscal 2008, total debt service will equal \$2.7 billion (including debt service related to revenue bonds). This includes an increase of \$247 million, or 10.7%, over the fiscal 2007 adjusted appropriation for debt funded from State appropriation. Most of this increase is attributable to past decisions on how debt would be structured and when debt service payments would be made. The major components of this growth include increased appropriations for School Construction, General Obligation, Transportation Trust Fund Authority, and Pension Obligation bonds. In total, debt service comprises 7.7% of the total General Fund appropriation for the entire Budget.



New Jersey's tax-supported debt represented approximately 8% of personal income in 2006, far exceeding the national median of 2.5%. In broad terms, rising debt service represents an opportunity cost for the State, limiting budget flexibility and redirecting resources away from other critical programs.

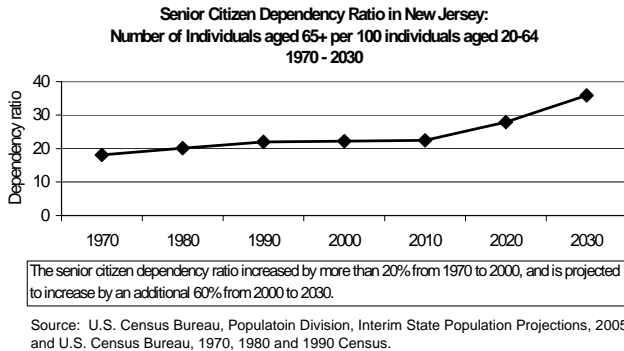


Beyond these cost drivers, other prime factors are demographic pressures, federal budget cuts, and a rapidly aging infrastructure, as outlined below:

Demographic Pressures

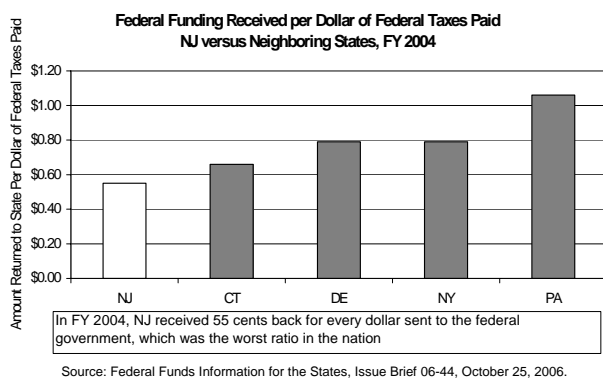
Though policy issues such as School Aid formulas, property tax relief, debt, and health care typically form the core of the annual budget debate, there are other, more subtle yet powerful pressures on spending, including natural increases in population and changing demographics. For example, population growth is a prime factor in increasing school and higher education enrollment and social service caseloads. Additionally, a gradual increase in average lifespan has spawned the need for more services for seniors, including costly pharmaceutical

and medical costs. (See chart below for one illustration of the impact of such demographic changes.) New Jersey's cost of living, population density, and foreign-born residents consistently rank among the highest in the nation, providing an added impetus to expand services.



Impact of the Federal Budget on New Jersey

Historically, New Jersey residents have consistently sent more in federal taxes to Washington, DC, than the State has received back in federal funding. New Jersey is one of only 18 such “net donor” states. In fiscal 2004, New Jersey received only 55 cents from the federal government for every dollar that residents paid in federal taxes, worse than its neighboring states or any other state in the nation (see chart below). In contrast, 32 states received more than a dollar back for every dollar sent, with 4 of these states receiving \$1.75 or more.



Examining data from fiscal 1984, fiscal 1994, and fiscal 2004, New Jersey has never been higher than

49th among the 50 states in terms of how much funding it receives back from the federal government for every dollar of federal taxes paid by its residents.

Secondly, the federal government has continued its recent trend of reducing its aid to all states, and New Jersey has been impacted by these reductions as well. In comparing the high points for individual federal grants from fiscal 2002 through fiscal 2007, the State lost approximately \$1.2 billion in the human services and health areas *alone*, including \$473 million in the Intergovernmental Transfer program. Based on President Bush's proposed federal budget for fiscal 2008, New Jersey may lose an additional \$348 million across all its federal programs.

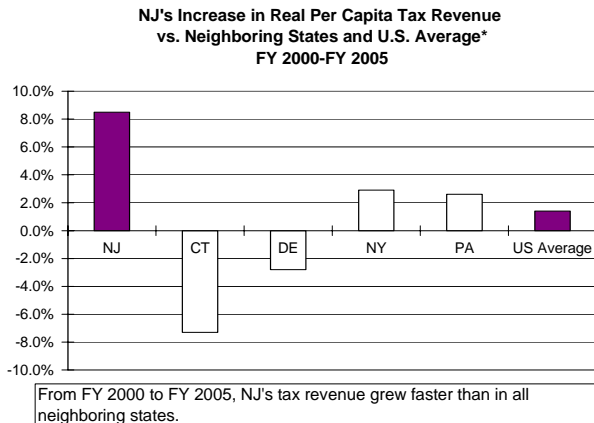
As just one example of how such trends impact the State, the federal government made a commitment to pay 40% of per pupil expenditures for the State's special education pupils, under the Individuals with Disabilities Education Act (IDEA). Unfortunately, the federal government has never come close to meeting this obligation. Proposed federal funding for IDEA in fiscal 2008 would only fund 16% of this obligation. This *Budget in Brief* will highlight similar examples of the impact of losses in federal funding in the description of individual program areas in Chapter 2.

Age of the State's Infrastructure

The age of New Jersey's infrastructure is also worth mentioning, particularly in the key areas of transportation, environment, corrections, and human services, where facilities are far older and, consequently, in greater need of rehabilitation than in most other states. As a case in point, nearly 70% of the State's prisons and human services institutions are more than 30 years old, and these institutions house approximately half of the State's total inmate, mental health, and developmentally disabled populations. (Forty percent of these facilities are over 50 years old.) Three of the State's corrections facilities were first opened in the late 1800s. Physical plant of such age requires constant repair and maintenance. Though relatively unnoticed, there is strong, persistent pressure on agency maintenance budgets to keep pace with these needs.

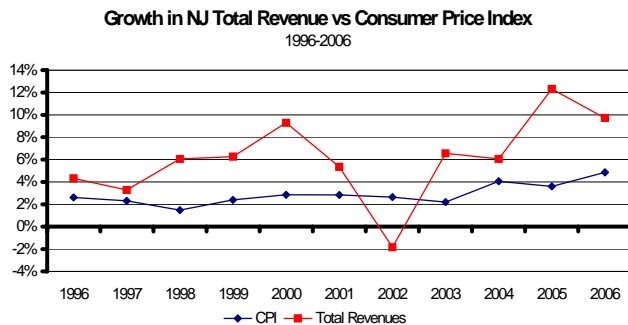
Revenue Growth Comparison

On the revenue side, the State's historical growth rate has been fairly strong by most comparisons. From fiscal 2000 to fiscal 2005, the increase in real per capita revenue collection far exceeded our neighboring states and the national average.



* The Council of State Governments, The Book of States 2006, p.334.

State revenue growth also is above the rate of inflation in all fiscal years except for the recession of 2001 - 2002. (See chart below.)

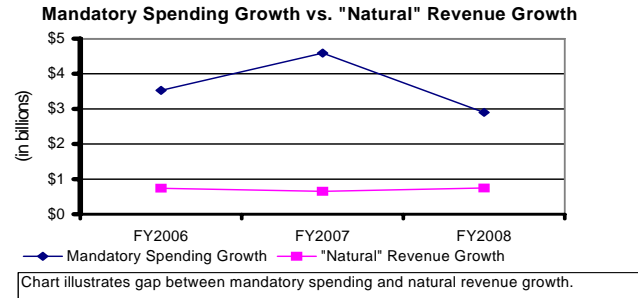


With the exception of the economic slowdown beginning in FY01, NJ revenue growth has consistently exceeded CPI.

Note: Chart excludes Tobacco Securitization and New Revenue Securitization for FY03, FY04, and FY05.

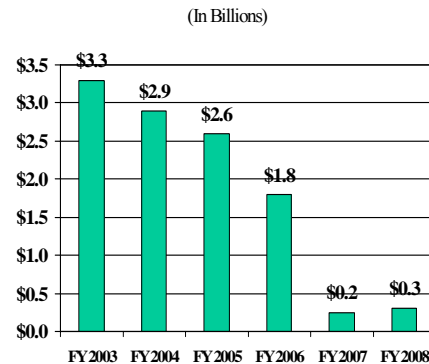
Total revenue growth includes an amount that represents "natural" growth, or that which results from the normal expansion of the State's economy. The relationship of natural revenue growth to spending growth is a key component of the State's structural deficit. From fiscal 2007 to fiscal 2008, total recommended budget growth of \$2.9 billion (i.e., before subtracting savings solutions) includes \$1.4 billion just to maintain current services. Therefore, since natural revenue growth is projected at \$743 million in fiscal 2008, this amount represents only

half of the amount required solely to *maintain current services*. Viewed another way, though the State's rate of revenue growth is fairly robust, it is not sufficient to offset the expected growth in current costs, much less new initiatives. (See chart below.)



To begin to address this issue, the Administration's first two proposed budgets adopt a consistent strategy of matching ongoing expenditures with ongoing resources. As depicted on the chart below, this has resulted in a precipitous drop in the State's reliance on non-recurring resources. From fiscal 2003 through 2006, one-time diversions from various special revenue and trust funds averaged \$2.7 billion annually; however, that average dropped nearly 90%, to approximately \$300 million annually, during the first two years of this Administration. In addition, a total of \$687 million in spending reductions are proposed for fiscal 2008, maintaining downward pressure on costs. Additional details on these savings ideas are found in Chapter 3.

Diversions from Dedicated Funds Down by More Than 80% Compared to the Average of Last 5 Years



Note: Excludes \$80 million of one-time revenues for capital improvement projects in FY07.

Summary - Balancing the Fiscal 2008 Budget

The total State appropriation of \$33.3 billion in the Fiscal 2008 Budget includes \$2.2 billion in net budget growth. To support these needs, this Budget employs \$668 million in dedicated sales tax revenue deferred from fiscal 2007 for property tax relief; \$672 million from stronger revenue collections and aggressive spending restraints in the current year; \$150 million generated through improved debt management, debt collection initiatives and spending savings and constraints; and \$743 million in natural revenue growth projected in fiscal 2008. An ending surplus of \$601 million is projected which, based on recent experience, will provide sufficient flexibility to manage fiscal conditions during the coming budget year.

The following three chapters will examine in more detail the proposed Fiscal 2008 Budget. Chapter 2 describes the recommended policy initiatives that, taken as a whole, will improve the lives of the residents of this State. Chapter 3 will highlight the progress that this Administration is making in reducing costs and increasing State government’s efficiency and effectiveness for its customers, the citizens of New Jersey. Chapter 4 forecasts the level of revenue for fiscal 2008, and outlines a number of initiatives that will help the State enhance its ability to collect revenue in a fair and efficient manner.

<i>The FY 2008 Budget</i>			
(In Millions)			
	FY2007 Adjusted Approp.	FY2008 Budget	% Change
Opening Surplus	\$ 1,779	\$ 1,941	9.1
Revenues			
Income			
Base	11,465	12,415	8.3
EITC Expansion		(64)	
Sales			
Base	8,425	8,778	4.2
Corporate			
Base	2,710	2,342	(13.6)
Other			
Base	8,223	8,094	(1.6)
Additions		387	
Total Revenues	\$ 30,823	\$ 31,952	3.7
Lapses	400		
Total Resources	\$ 33,002	\$ 33,893	2.7
Appropriations			
Original	\$ 30,819	\$ 33,292	8.0
Supplemental	242		
Total Appropriations	\$ 31,061	\$ 33,292	7.2
Fund Balance	\$ 1,941	\$ 601	



CHAPTER 2: PROPOSED FY08 BUDGET POLICY INITIATIVES

OVERVIEW

This chapter provides details of recommended policy initiatives set forth in the Fiscal 2008 Budget. The first section highlights major initiatives that would impact the lives of every State resident. Descriptions of the remaining initiatives come next, and are grouped by policy category.

Property Tax Relief

In fiscal 2008, Governor Corzine’s Budget provides a historic commitment to relieve the property tax burden in New Jersey, both in the total amount committed – \$16.6 billion – and the increase over fiscal 2007 – \$1.86 billion. With the \$16.6 billion commitment, the Governor has set aside approximately 50 cents of every dollar in the Fiscal 2008 Budget for property tax relief. The centerpiece of this commitment is more than \$2.2 billion in funding for direct property tax relief in the form of a Homestead Property Tax Credit or a Homestead Rebate, which is over \$1.1 billion higher than the benefit in the Fiscal 2007 Budget. The relief amounts to a 20 percent credit off most residential tax bills.

Nearly two million homeowners will receive the direct and immediate relief – at an average of \$1,000 per homeowner. An additional 800,000 tenants will benefit from doubled funding of the tenants relief program. This Budget also fully funds the Senior Tax Freeze program, along with deductions for veterans and senior/disabled citizens, as well as property tax deductions for income tax filers.

In addition, the Corzine budget helps relieve the property tax burden while investing in our children by including an increase in support for education of approximately \$580 million, including State assumption of locally-based costs for teachers’ pensions, social security, and post-retirement medical benefits. Of this amount, an increase of over \$300 million is allocated for direct aid for school districts. With these increases, state aid for education totals nearly \$11 billion, which equals almost one third of the Fiscal 2008 Budget.

Funding for Property Tax Relief			
(In Millions)			
Programs	FY2007 Adjusted Approp.	FY2008 Budget	\$ Change
School Aid	\$ 10,297.7	\$ 10,876.8	\$ 579.1
Municipal Aid	1,917.5	1,937.5	20.0
Other Local Aid	811.6	830.9	19.3
Direct Taxpayer Relief	1,714.9	2,959.1	1,244.2
Total Direct Aid	\$ 14,741.7	\$ 16,604.3	\$ 1,862.6

Investments in municipalities and counties will further support property tax relief, including a 2% increase in formula municipal aid and a \$15 million increase in shared services and consolidation incentives.

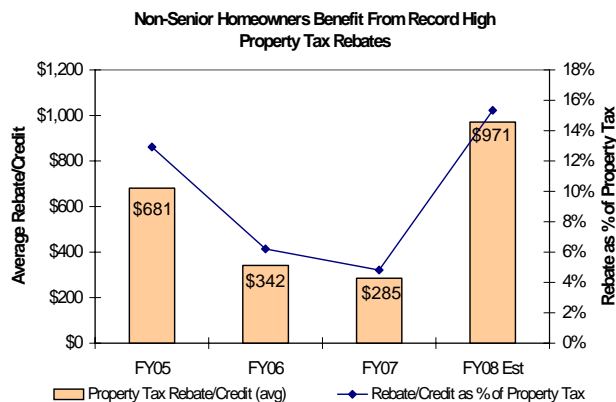
These efforts, combined with the reform initiatives that Governor Corzine worked on

with the Legislature to establish a four percent growth cap on local property tax increases, the new Office of the Comptroller, and similar legislative initiatives, will significantly lower the rate at which property taxes have historically risen.

Homestead Property Tax Credits/Rebates

The Fiscal 2008 Budget allocates \$2.2 billion toward direct property tax relief through the Homestead Property Tax Credit/Rebate for Homeowners program. This is the highest level of direct property tax relief ever appropriated in a single year. The

program, which will provide significant tax relief for an estimated 1.9 million New Jersey taxpayers, includes record high rebates for 82% of homeowners (1.5 million). The remaining 18% of homeowners (340,000), whose current rebates are higher than the new fiscal 2008 rebate formula would provide, will continue to receive a level benefit.



Rebates for non-senior homeowners will grow by nearly \$700 on average, outpacing average increases in property taxes and increasing the credit to up to 20% of the property tax bill (15% on average across all income levels).

The degree of benefit will be determined by income. Homeowners will receive a percentage of the first \$10,000 of their 2006 property taxes as a property tax credit/rebate in fiscal 2008. Also, for the first time since fiscal 2004, the property tax credit/rebate program will be extended to homeowners whose income exceeds \$200,000. The following chart details the new program benefits for homeowners.

Homeowner Income	Projected Recipients	Percent of Property Taxes	Average Benefit
\$0-100,000	1,338,000	20%	\$1,115
\$100,001-150,000	343,000	15%	\$960
\$150,001-250,000	206,000	10%	\$745

Funding for Homestead Property Tax Rebates for Tenants is doubled to \$251 million in fiscal 2008 to provide a rebate to nearly 800,000 tenants. The maximum rebate amount for approximately 550,000 low-income non-senior tenants has been increased as displayed in the chart below. The formula targets new and significant relief to lower-income tenants whose property tax-inflated rental costs are among the highest in the nation. Tenants with income in excess

of \$50,000 but less than \$100,000 will receive a maximum rebate of \$80 that has been adjusted for a 3.9% cost-of-living-adjustment. Rebates for senior tenants will be increased for a 3.9% cost-of-living-adjustment as well.

Tenant Income (Non-Seniors)	Projected Recipients	Maximum Benefit
\$0-20,000	230,000	\$350
\$20,001-35,000	194,000	\$300
\$35,001-50,000	129,000	\$200
\$50,001-100,000	132,000	\$80

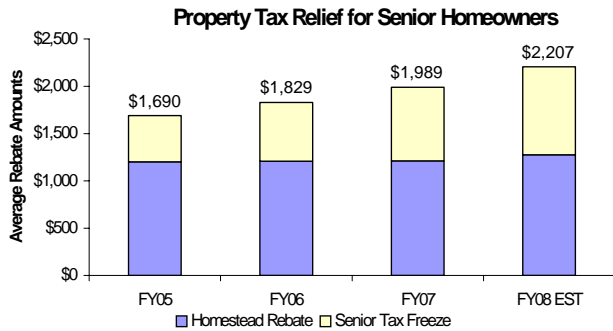
Tenant Income (Seniors)	Projected Recipients	Maximum Benefit
\$0-70,000	96,000	\$860
\$70,001-100,000	1,500	\$160

Senior Tax Freeze

The State will continue to provide a 100% reimbursement of property tax increases for low- and middle-income seniors through the Senior and Disabled Citizens Property Tax Reimbursement (Senior Tax Freeze) program. This program freezes property taxes for low- and middle-income seniors, reimbursing them for any property tax increases that were assessed after they joined the program. The Fiscal 2008 Budget recommends a 21% increase in funding, or \$26.5 million, over the prior year, resulting in rebate checks that will average a record high \$931 for approximately 164,000 total participants.

The Senior Tax Freeze program is funded at \$153 million in fiscal 2008 to provide an average rebate of \$1,077 for 134,000 repeating participants (\$144.2 million) and \$281 for 30,000 new participants (\$8.4 million). Income eligibility levels have increased 4.1%, based on the Social Security Administration's cost-of-living-adjustment, to \$43,693 if single and \$53,575 if married.

Total property tax relief through the Homestead Property Tax Credits/Rebates program and the Senior Tax Freeze program for eligible senior homeowners will increase to \$2,207 in fiscal 2008 (see chart below).



The average combined reimbursement for property tax increases to senior homeowners eligible for the Property Tax Freeze program climbed from \$1,690 in fiscal 2005 to an estimated \$2,207 in fiscal 2008, comprising more than one-third of their property tax bill.

Property Tax Deductions

Since fiscal 2004, the State has provided the constitutionally-mandated maximum property tax deduction of \$250 to veterans and eligible senior and disabled residents on their property tax bills. Approximately 375,000 veterans, seniors and disabled citizens are expected to apply for this deduction in fiscal 2008. The State has allocated \$99 million in the Fiscal 2008 Budget to reimburse municipalities for reduced tax collections.

Eligible homeowners and tenants who pay property taxes, either directly or through rent, on their principal residence in New Jersey are eligible for either a deduction or a refundable credit on their New Jersey resident income tax return. The property tax deduction against State income tax liability will save middle-income taxpayers an estimated \$456 million in fiscal 2008. This is \$24 million or 5.5% higher than the previous fiscal year.

Municipal Aid

The Fiscal 2008 Budget provides nearly \$2 billion in municipal aid to New Jersey's 566 municipalities. Newly created is the 2008 Municipal Property Tax Assistance program at \$32.6 million. This funding represents a 2% growth of formula-based municipal aid, namely, Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts Property Tax Relief Fund aid. The \$32.6 million will be allocated proportionately to New Jersey's 566 municipalities.

The Consolidation Fund, newly funded at \$15 million in fiscal 2008, will augment the existing Sharing

Available Resources Efficiently (SHARE) program funding to encourage consolidation and shared services. The nearly \$20 million total for the Consolidation Fund and SHARE will allow the State to develop new incentives for municipalities, counties, and other local units to conduct their work more efficiently.

The appropriation for the Special Municipal Aid program in fiscal 2008 is \$132 million, representing 39% growth over the previous year's funding. This program provides assistance to municipalities facing severe fiscal conditions in recovering from fiscal distress and improving management and financial practices. As a condition of receiving such assistance, municipalities must agree to stringent controls as set forth by the Special Municipal Aid Act.

While level funding totaling \$1.7 billion is sustained in fiscal 2008 for several municipal aid programs outlined below, one-time legislative grants of \$35.9 million to certain municipalities have been discontinued. A substantial portion of the \$1.7 billion provides level funding to the State's two largest municipal aid programs, the Consolidated Municipal Property Tax Relief Aid program at \$835.4 million and the Energy Tax Receipts Property Tax Relief Fund program at \$788.5 million. Other programs that will continue to provide assistance at the fiscal 2007 level are listed below.

- Legislative Initiative Municipal Block Grant - \$34.8 million
- Municipal Homeland Security Assistance Aid - \$32 million
- Trenton Capital City Aid - \$16.5 million
- Highlands Protection Fund Aid - \$12 million
- Open Space Payments in Lieu of Taxes - \$9.5 million

This Budget also recommends reducing the Extraordinary Aid program by \$18 million, to \$25 million. This program provides aid to municipalities facing unexpected increases in costs that would otherwise lead to an unacceptably high spike in municipal tax rates. The provision of the 2008 Municipal Property Tax Assistance program at \$33

million is expected to mitigate the need for Extraordinary Aid in fiscal 2008.

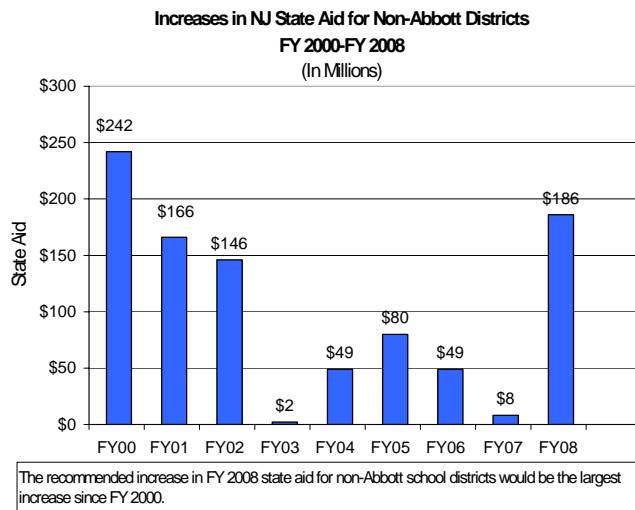
Funding for the Regional Efficiency Aid Program (REAP), \$11 million, is recommended for elimination in the Fiscal 2008 Budget. Since fiscal 2003, REAP assistance totaling \$52 million has been limited to 14 towns which achieved the largest per capita savings through consolidation of municipal services. The State payment provided an incentive and reward for their efforts to consolidate, but after five years of such payments, it is time to allow the residents of these towns to benefit from consolidations that have been implemented as a result of previous incentives.

School Aid Funding for Non-Abbott Districts

Governor Corzine recognizes the critical importance of adopting a new school funding formula and will work persistently toward that goal over the next year. For the Fiscal 2008 Budget, interim steps will be taken to target additional state aid to districts that are struggling to meet the educational needs of their students. All non-Abbott districts will receive a minimum 3% increase in formula aid. Beyond the across-the-board increase, additional aid will be targeted toward educational priorities that focus on the individual needs of the children. Additional resources will be provided for non-Abbott communities with high concentrations of children living in poverty. New aid will be provided to support expansion and enhancement of preschool and full-day kindergarten programs and for literacy programs. For further information on these new categories of aid, please see “School Aid,” later in this Chapter.

As shown in the chart “Increase in NJ State Aid for Non-Abbott Districts”, the Budget will provide a \$186 million increase in formula aid to these districts. This represents the largest increase in aid to non-Abbotts since fiscal 2000 and the largest percentage increase since fiscal 2001, and nearly equals the combined total increase received from fiscal 2003 to fiscal 2007. The increases are targeted to districts with the highest needs. The common methodology for comparing districts is through their District Factor Group (DFG), the approximate measure of a community’s relative socioeconomic status, which range from DFG “A” districts to DFG “J” districts. The neediest districts, DFG “A” and “B”, will see

average increases of 10.3% and 9%, respectively, and DFG “CD” districts will have average increases of 8%. The most affluent districts, DFG “J” will receive the 3% inflationary increase. These amounts exclude State payments made on behalf of the districts for pensions, Social Security, and post retirement medical benefits.



Stem Cell Research

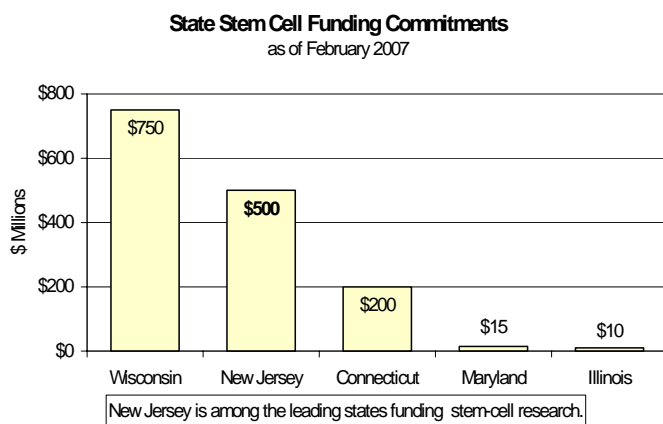
Governor Corzine has spearheaded efforts to vault New Jersey to the forefront in stem cell research, with investments that have the potential to save and extend lives and lead us to cures that have previously been beyond our grasp. These investments will position New Jersey as a world leader in cutting edge research and yield results that could touch lives around the globe.

Our efforts have the potential to impact people the world over, in ways we can’t yet imagine. The true scope of this initiative may not be felt for a decade or even longer - when people around the world live vastly improved lives because of the work that will be done right here in New Jersey. For over a century, this has been our legacy as a state and we are preserving it.

We are creating a statewide laboratory of interconnected research and collection centers that will help attract the best minds currently engaged in the field of stem cell research. The work performed in New Jersey’s stem cell research centers will soon

stand as a shining beacon leading other researchers forward and giving hope to millions afflicted with incurable and untreatable injuries and diseases.

Altogether, New Jersey will commit more than \$500 million to stem cell research – building new facilities, recruiting new world-class researchers, and providing stable funding for our growing stem cell research community. These investments put us among the leading states in new stem cell investments, and with our long-established dominance in pharmaceuticals, will make New Jersey the most exciting and attractive place in the world for stem cell researchers and companies to locate.



Note: California not shown, since California's \$3 billion commitment is being legally disputed.

This Budget doubles the funding to \$10 million in fiscal 2008 for stem cell research grants through the Commission on Science and Technology, and continues to provide \$5.5 million for the New Jersey Stem Cell Research Institute in New Brunswick. These investments build on the foundation that we have already established to ensure that New Jersey remains a leader in stem cell research.

In fiscal 2007, \$270 million was authorized to build stem cell research centers and facilities for cancer and biomedical research in New Jersey:

- \$150 million to build the Stem Cell Institute in New Brunswick;
- \$50 million to build stem cell research facilities at the New Jersey Institute of Technology in Newark;

- \$50 million to a biomedical research center in Camden, which will be operated by a consortium of Rutgers, the Coriell Institute for Medical Research, the Robert Wood Johnson Medical School at Camden, and the Cancer Institute of New Jersey, South Jersey;
- \$10 million to the Garden State Cancer Center, in Belleville; and,
- \$10 million for the Eli Katz Umbilical Cord Blood Program, in Allendale, for cord blood collection in support of stem cell research.

In the coming year, Governor Corzine will work with the Legislature to secure passage and voter approval of a significant bond issue to provide a stable source of support for the researchers in these new laboratories. In the absence of support at the federal level, New Jersey's commitment to this critical research will ensure our continuing status as the medicine chest to the nation and the world.

EITC Expansion

The Earned Income Tax Credit (EITC) is a targeted income tax benefit that helps low-income working individuals earn their way out of poverty and into self sufficiency. A major impact of the credit is to lessen the burden of payroll taxes for Social Security and Medicare that disproportionately affect lower income workers. Most EITC dollars go to working people who are raising children. In addition to the federal program first enacted in 1975, New Jersey has had a state EITC since 2000. Out of the 19 states and the District of Columbia that have a state EITC, New Jersey is the only state that cuts off eligibility below the level set by the federal program – a hard cut-off at \$20,000 rather than a gradual decline.

The fiscal 2008 budget includes \$64 million to expand the state EITC eligibility to match the federal criteria. The credit, the amount of which is determined by income and family size, will now be available for families with up to \$39,783 in earnings for a married family with two or more children (\$37,783 for a single head of household with two or more children adjusted annually for inflation). Additionally, workers without children will be eligible to receive EITC benefits for the first time. An estimated 292,600 workers will benefit from this expanded eligibility, which would increase total

program participation to approximately 500,000 workers.

This expansion would be the first step in a three step commitment to low-income workers. Step two, in fiscal 2009, would require raising the benefit level from 20% of the federal credit to 22.5%, and step three, in fiscal 2010, would involve raising the benefit level to 25% of the federal benefit.

Economic Growth

As a central focus of his administration, Governor Corzine in fiscal 2007 established the Office of Economic Growth (OEG). In September 2006, the Office unveiled the Governor's Economic Growth Strategy, aimed at building New Jersey's economic base and growing jobs. The strategy is organized around six core priorities to ensure that State government 1) supports economic growth; 2) develops a world-class workforce; 3) supports smart, sustainable growth and infrastructure investments; 4) supports and encourages innovation; 5) encourages entrepreneurship and growth of small, minority-owned and women-owned businesses; and 6) enhances global competitiveness of New Jersey's businesses and expands access to international trade opportunities.

Under the direction of the OEG, the Governor's Strategy is being implemented, strengthening New Jersey's business climate. These achievements include:

- Secured commitments from dozens of companies – including Bayer, Unilever, Citigroup and Campbell Soup Company – to expand in New Jersey, resulting in nearly 11,500 new jobs;
- Implemented Governor Corzine's Executive Order 34, establishing the Division of Small, Women and Minority Business Development;
- Established a new State business website (www.nj.gov/business) and a centralized business hotline (866-534-7789) to facilitate "one-stop" service delivery;
- Launched the Edison Innovation Fund to grow high tech businesses, with an initial commitment of \$150 million from the

Economic Development Authority and leveraging funds from private sources;

- Created the Urban Fund to stimulate investment in urban communities with an initial investment of \$185 million from the Economic Development Authority and also leveraging private sector funds;
- Established partnerships and utilized technology to promote business and commerce between New Jersey-based companies and foreign businesses.

Other Key Initiatives

In addition to the major policy initiatives outlined thus far, there are a myriad of other key programs that provide important services to citizens across the State. Many of these are noted in the sections that follow. The sections include brief narratives detailing critical budget issues and decisions for fiscal 2008.

Education

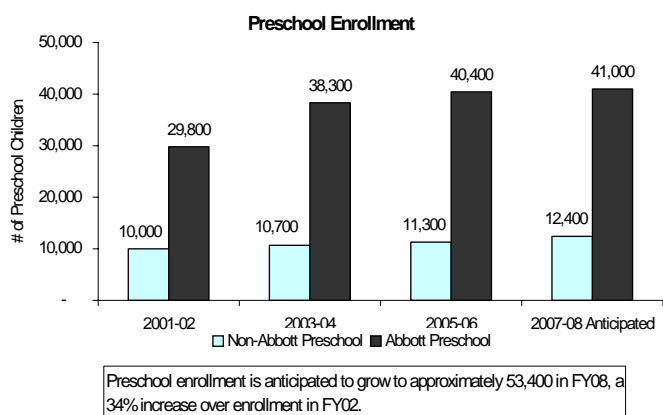
Support to education comprises over one-third of the Fiscal 2008 Budget, or nearly \$11 billion of the \$33.3 billion total State appropriation. This represents an increase of nearly \$580 million from fiscal 2007. Some of the more prominent programs are described below.

The Preschool Advantage

The importance of a quality education during a child's early years cannot be overstated. In light of this, the State has maintained a firm commitment to enhance preschool services for our children. Through the joint efforts of the Departments of Education and Human Services, the State comprehensively integrates educational, social, and family programs to promote academic and social development. The quality of this effort has attracted national attention, as the National Institute for Early Education Research continues to rank New Jersey's Abbott Preschool program as one of the best in the nation.

As the following "Preschool Enrollment" chart illustrates, the Department of Education expects preschool enrollment in the Abbott districts to grow to 41,000 for the 2007-2008 school year, a level that is approximately 38% higher than when the program

began in the 2001-2002 school year. This year's growth represents a small increase in what has become a program with leveling enrollments. If these enrollment levels are achieved, approximately 80% of all general education three and four-year-olds in the Abbott districts will be enrolled in a high-quality preschool program.



Since fiscal 2003, state aid has been provided to fund the dramatic increase in preschool enrollment in the Abbott districts. The Fiscal 2008 Budget recommendation includes \$246.3 million for Abbott Preschool Expansion Aid, as well as \$99.1 million in the Department of Human Services for programs offered before and after school for Abbott preschoolers.

A second form of state preschool aid—Early Childhood Program Aid—supports an additional 43,400 preschoolers and kindergartners in 132 high poverty districts around the State. The Fiscal 2008 Budget recommends \$330.6 million for this program. In fiscal 2005, a new category of early childhood state aid, the Early Launch to Learning Initiative, was introduced. The \$3 million recommended for this program in the Fiscal 2008 Budget will allow the program to run at the same level as fiscal 2007, increasing access to high-quality preschool for four-year-olds by creating new or expanded preschool programs in the low income districts that have participated in the program since its inception in fiscal 2005. In fiscal 2008, eligible districts will receive additional resources for early childhood and literacy programs through two new categories of school aid, Full-Day Kindergarten Supplemental Aid and Targeted At-Risk Aid. (See School Aid)

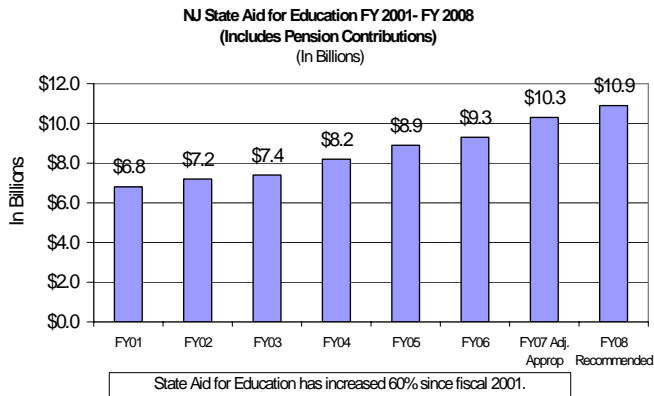
Governor Corzine is deeply committed to expanding high-quality preschool opportunities for all low-income students across the state. He recognizes that the current “patchwork” approach to early childhood education is inequitable. Three and four-year-old children in non-Abbott districts also need access to high-quality programs so they can enter school ready to learn. In the current system, there are some cases where Abbott students and non-Abbott students attend programs in the same community-based child care centers. In these settings, the non-Abbott families must pay for the programs, while the students who live in an Abbott district receive the program for free. Even if the children have the same demographic characteristics, their mere geographic difference determines whether they receive a free high-quality program or a costly one.

In order to address these inequities, high-quality preschool must be made available to all low-income students. In the Fiscal 2008 Budget, Governor Corzine has included \$10 million for the Preschool Expansion and Enhancement Grant program to improve the quality of preschool providers in non-Abbott districts. The appropriation will also support an independent needs assessment to determine what steps and resources will be needed to create a seamless preschool system for all low-income students.

The grants will be targeted to providers that serve the neediest students in non-Abbott districts. There will be a strong emphasis on expanding the capacity of Head Start providers, who serve students at or below 100% of the federal poverty level. The grants will be used to support certification efforts for classroom teachers, selection of a research-based curriculum and professional development, and other steps necessary to align these programs with the high-quality Abbott preschool programs.

School Aid

State aid for school districts is the single largest purpose to which State funds are devoted, with a total recommended amount of over \$10.9 billion for fiscal 2008, as seen in the chart below. This number includes the significant contributions the State makes on behalf of local school districts for employee benefits and provides increases in funding for all New Jersey schools.



Overall, the Fiscal 2008 Budget recommends an increase of over \$300 million in school formula aid, including funding for new programs targeted to districts with the highest needs. It also includes \$557 million for the School Construction and Renovation program and \$113 million in School Building Aid. The combined total of these two programs represents an increase of \$188.4 million over the fiscal 2007 adjusted appropriation for these categories of aid. This funding will service State school construction debt on new and existing bond issues, as well as provide aid for qualifying local debt issued for school construction.

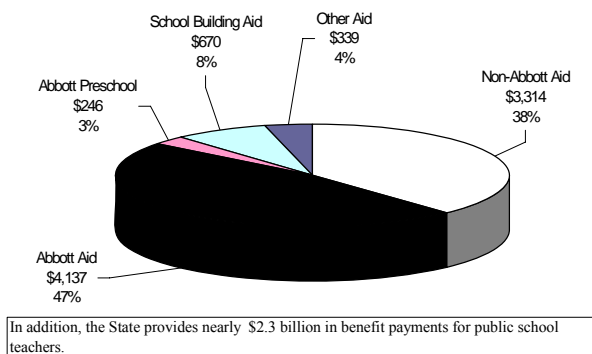
Increases in the Teachers' Pension and Annuity Fund, post-retirement medical benefits, and Social Security payments made by the State on behalf of the districts provide valuable contributions to local school districts both financially and educationally, since pension and benefits assist in recruiting and retaining qualified teachers. In fiscal 2008, these payments will increase \$61.9 million, to nearly \$2.3 billion. With these increases, it is anticipated that the State will support 44% of the total per pupil costs.

This Budget includes funding to ensure that parity is guaranteed for all Abbott districts. There are a limited number of Abbott districts in fiscal 2008 that are projected to be below the court-ordered parity with the wealthiest districts. A \$124.2 million increase in Education Opportunity Aid will allow for a 3% increase in state aid for the Abbott districts that are already at parity. However, the specific allocation to individual districts will be determined by the Department of Education via the Abbott budget review process.

This Budget also includes a \$3.1 million increase in Abbott Preschool Expansion Aid, an increase of \$19.1 million over projected actual fiscal 2007 spending for the program. As discussed above in the "Preschool Advantage" section, these funds are combined with Early Childhood Program Aid to support high quality, full-day, full-year preschool programs in all of the Abbott districts.

The Fiscal 2008 Budget recognizes that, due to a combination of increases in state aid and no required local levy increase in Abbott districts from 1997 through 2006, there are Abbott districts with relatively low total equalized tax rates. As a condition of receiving Education Opportunity Aid, Abbott districts below 120% of the state average total equalized tax rate will be required to contribute a greater local share toward the costs of educating students in those districts. The increased local share will not exceed \$125 per household and will not exceed the 4% tax levy cap adjusted for enrollment growth. This is the second year in which Abbott districts with relatively low tax rates have been asked to increase their local share to assist in supporting the costs of educating students. This requirement is part of the Administration's effort to ensure that Abbott districts are contributing their fair share toward the cost of education.

Components of State Aid for Education in New Jersey, FY2008
(In Millions)



This Budget provides \$92.6 million for a 3% increase in state aid to non-Abbott districts in order to recognize the financial hardship caused by years of limited or no state aid increases. Since school formula aid has not been updated for changes in demographics and special education needs in recent years, all districts can use additional funding to

address the individual needs of their students. Aid to nonpublic schools also will increase 3%.

An Administration priority for education is ensuring that high quality early childhood education serves as the foundation for continued academic success for all students. This foundation includes a focus on the quality of students' kindergarten experiences. The benefits of full-day kindergarten have been documented in many studies. The Fiscal 2008 Budget includes \$26.2 million for Full-Day Kindergarten Supplemental Aid, a new program to assist districts currently providing full-day kindergarten. The Governor recognizes that districts that have used local resources to expand to full-day kindergarten deserve additional support from the State to provide this educational benefit to students and their families. The additional funding will benefit 185 districts and allow for quality enhancement. Funding will be distributed on a wealth-equalized basis in accordance with the current method used to fund the first half-day of kindergarten. The long-term goal will be to increase the number of full-day kindergarten programs.

Finally, this Budget recognizes that there are districts all across the state with high concentrations of low-income students who qualify for free and reduced price meals, and additional funding will be provided to such districts through another new category of school aid, Targeted At-Risk Aid. Districts with concentrations of 15% to 20% of students qualifying for free or reduced price meals will receive an additional \$250 per low-income student. Districts with concentrations greater than 20% will receive \$500 per low-income student under this new aid category. These additional funds must be spent on programs that will help close the achievement gap for the low-income students in these communities, such as literacy programs, preschool, and full-day kindergarten. Qualifying districts may use the funds to start new programs or enhance the quality of existing programs. This new State funding program recognizes that per-pupil spending in many non-Abbott districts with high concentrations of poverty is well below the state average and the average per-pupil spending in the Abbott districts. More than 200 districts will benefit from this new funding.

Promoting Literacy

The Department of Education's Office of Literacy provides for the development of statewide math and reading literacy policies, along with support for literacy programs throughout the state. The increased attention being given to the instruction of students in the primary grades has resulted in gains in student achievement across New Jersey. However, according to assessment data, these gains are not sustained during the middle grades. In order to change this trend, significant changes in schools at all levels are required.

A grant from the National Governor's Association has allowed the Department's Adolescent Literacy Policy and Planning Committee to develop a research-based strategy that includes a comprehensive instructional model and intensive training program to improve literacy instruction and outcomes for middle school students. This program, Literacy is Essential to Adolescents' Development and Success (LEADS), began in three school districts in the summer of 2005. In fiscal 2007, the Department expanded the program to eight districts, and the proposal for the Fiscal 2008 Budget expands it to 18 districts.

Department staff also provides ongoing professional development to these districts, as well as to a consortium of 45 non-Abbott Special Education Literacy districts that are focused on reducing the classification of students affected by literacy deficiencies. The Department's literacy specialists assist in Literacy Assessment Team reviews, provide help to State intervention districts, and oversee the implementation of multiple literacy grant programs.

Special Education Grants

Federal funding for special education falls short of federal pledges and shortchanges the needs of special education students. When the Individuals with Disabilities Education Act (IDEA) was established, the federal government promised to pay 40% of the per pupil expenditure. The federal government has never fully funded IDEA and for fiscal 2008 proposed funding is approximately 16% of the federal obligation. Governor Corzine recognizes this shortfall and in fiscal 2007 established a grant program to assist school districts in meeting the high costs of special education in New Jersey, which currently has an estimated 203,000 special education

students aged 3 to 21 throughout its public school system.

The Fiscal 2007 Budget included \$15 million to support students with autism spectrum disorders as well as \$4.5 million in new grants for local school districts to develop or enhance their special education programs. Continued funding for these grants does not appear in the Fiscal 2008 Budget, as these are multi-year programs with a grant period beginning in fiscal 2007. Therefore, expenditures for fiscal 2008 related to these grants will be supported by the fiscal 2007 appropriation. The autism grant program will run for 15 months from April 1, 2007 to June 30, 2008. The special education grant program will run for 25 months from June 1, 2007 to June 30, 2009.

The autism grants will be used to help districts with autism program planning and start-up costs, as well as professional development, personnel costs, special education teachers, program coordinators, behavior intervention specialists, parent outreach, transition planning, assistive technology, and instructional support. Individuals with autism have marked deficits in areas such as attention, imitation, communication, socialization, and motivation – skills that are the foundation for early education. This effort will be augmented by a \$5 million Governor’s Initiative in fiscal 2008 in the Department of Human Services for Addressing the Needs of the Autism Community. (For further details, see the “Human Services” section later in this chapter.) Approximately 7,400 New Jersey children between the ages of 5 and 21 have been diagnosed with autism spectrum disorders, and a recently released report from the U.S. Centers for Disease Control and Prevention found the highest rate for autism in northern New Jersey.

School Construction

As defined by the Educational Facilities Construction and Financing Act of 2000 (EFCFA), New Jersey’s school construction program is the largest in the nation. This law established a comprehensive program for the financing, design, renovation, repair, and new construction of primary and secondary schools throughout the state. The New Jersey Schools Construction Corporation (SCC), a subsidiary of the New Jersey Economic Development Authority and one of the State entities that has a role

in administering the school construction program, is responsible for financing, designing, and constructing all of the school facilities projects in the Abbott districts and in districts that receive 55% or more in State funding for education. In addition, the SCC monitors the disbursement of grants previously approved for any of the remaining districts. To date, the SCC has opened 32 new schools and completed 31 projects involving additions and major renovations in Abbott districts, along with 354 health-and-safety projects. A total of 70 projects are currently underway, ranging from the construction of new schools to rehabilitating the interiors of existing schools.

EFCFA allocated \$8.6 billion for school construction programs for districts across New Jersey, of which \$6 billion was for Abbott districts, \$2.5 billion was for non-Abbott districts, and \$100 million was for vocational schools. Currently, all funds allocated have been spent or obligated. As a result, in February 2006, Governor Corzine issued Executive Order No. 3 that established the Interagency Working Group on School Construction (Working Group) to review the SCC and develop recommendations for reform.

Over the last year, the Working Group has completed three reports, which have described the reform efforts at the SCC and described the need for additional school construction projects. These reports outlined a methodology to prioritize projects consistent with the State’s educational policy. The original process funded projects as they were submitted for approval, rather than weighing their need relative to the limited resources available. In addition, the SCC has reformed its operational and financial management practices, making them more transparent and effective.

Furthermore, in school construction cases where there have been delays or cost over-runs, the SCC has begun legal efforts to recover funds on behalf of taxpayers. Recent efforts include suits for the recovery of the additional costs of projects affected by professional design errors; environmental cleanups incurred in connection with new school construction; and delays in project completions.

The Working Group has also provided details on the need for additional school construction projects. Based on the 2000 Long Range Facilities Plans, there

are 315 unfunded school construction projects. While DOE is in the process of reviewing and approving the 2005 Long Range Facilities Plans, it is anticipated that substantial needs still exist.

The Working Group strongly recommends legislative reforms that will address the following five core issues: program governance; increasing the role, responsibilities, and accountability of school districts; land acquisition; the project approval process; and project delivery.

Youth ChalleNGe

The Youth ChalleNGe program assists at-risk youth in a highly disciplined environment to get their General Educational Development (GED) high school

diploma. It is operated by the New Jersey National Guard (NG), which proactively changes the attitudes and future paths of youth who have problems with substance abuse and other criminal activity before it is too late.

Funding for this program is allocated on a 60% - 40% matching split between federal and state governments. The fiscal 2008 increase of \$350,000 will increase the number of graduates from 200 to 350 students per year.

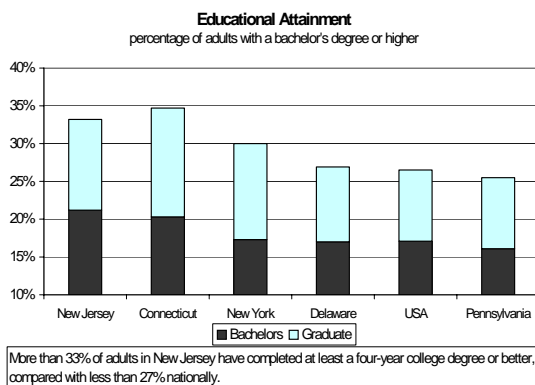
Youth ChalleNGe has been recognized nationally for “Academic Excellence” and has a post-graduation job placement rate of over 80%.

Higher Education

One of New Jersey's greatest strengths is its highly educated population. Sustained investment in higher education is vital to New Jersey's long-term economic and social health.

Accordingly, this Budget provides \$2.2 billion in overall support of the State's higher education system in fiscal 2008. This Budget maintains New Jersey's commitment to a diversified, accessible system of higher education. In particular, programs providing need-based financial

assistance to students receive an increase of \$16 million in fiscal 2008, to \$236.3 million. This represents 88% of the total \$268.3 million in student financial aid, and assures that our neediest students will not be denied the opportunity to go to college.



Higher education benefits both the individual and society in a variety of ways. Educated individuals are less likely to be unemployed or live in poverty. Research has shown that, in addition to contributing more to tax revenues than others do, adults with higher levels of education are less likely to depend on social safety-net programs, generating decreased demand on public budgets. Higher levels of education also correlate with higher levels of civic

participation, including volunteer work, voting, and blood donation. New Jersey's highly-educated workforce is also a key inducement to companies

seeking to expand in or relocate to the Garden State.

The table summarizes recommended fiscal 2008 Higher Education funding by major program area. The overall increase of \$49.3 million from fiscal 2007 is largely due to increased operating support of \$50 million distributed proportionally to all higher education institutions and

\$18.1 million for student aid programs, offset by anticipated savings in fringe benefits costs for college employees and other minor adjustments. Net fringe benefit savings of \$24.4 million are expected to result from the recently negotiated State labor contracts; however, this Budget fully funds the employer share of expected fringe benefits costs for State-funded employees of colleges and universities under the new contracts.

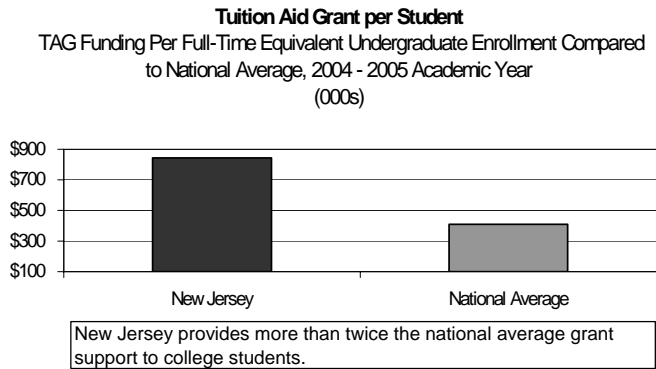
Student Financial Assistance

Even in this time of fiscal austerity, this Budget provides \$268.3 million in fiscal 2008 for the various student financial assistance programs, administered by the Higher Education Student Assistance Authority. An increase of approximately \$16 million is recommended for need-based student assistance programs, and an additional \$5.8 million is targeted for the New Jersey STARS merit programs. Funding for other non-need-based student aid programs is reduced by \$3.8 million. Overall, this Budget increases funding for student assistance by \$18.1 million, or 7.2%, from fiscal 2007.

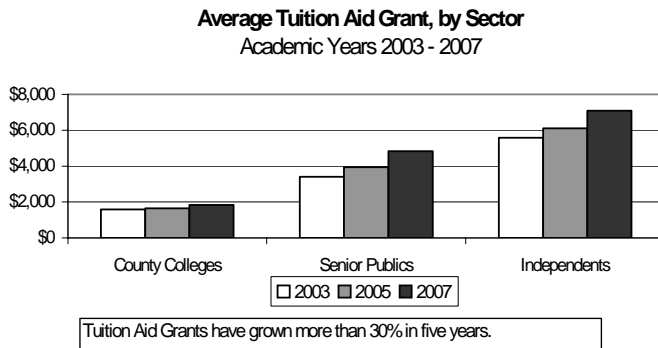
Higher Education (In Millions)				
	FY2007 Adjusted Approp.	FY2008 Budget	Change \$	%
Colleges and Universities				
Senior Public Colleges and Universities	\$ 1,468.5	\$ 1,490.8	\$ 22.3	1.5
County Colleges	217.5	232.0	14.5	6.7
Independent Colleges and Universities	19.5	20.4	0.9	4.4
Student Financial Assistance	250.2	268.3	18.1	7.2
Educational Opportunity Fund	40.6	40.6	-	-
Facility and Capital Improvement Programs	98.5	93.4	(5.1)	(5.2)
Other Programs	18.3	16.9	(1.4)	(7.6)
Total Higher Education	\$ 2,113.1	\$ 2,162.4	\$ 49.3	2.3

Tuition Aid Grants

New Jersey's student financial assistance programs continue to be among the strongest in the nation. New Jersey's flagship Tuition Aid Grant (TAG) program provides more than twice the national average grant support per student.



New Jersey's need-based TAG program generously supports low-income students at the State's senior public institutions, independent institutions, and county colleges.



This Budget provides \$230.2 million for the TAG program for full-time students in fiscal 2008, an increase of \$15.5 million. In addition, \$5.5 million is included for the Part-Time TAG for County Colleges program that was initiated in fiscal 2004. The \$553,000 increase in this program will support 10,627 recipients during fiscal 2008, 686 more than in fiscal 2007, with a \$517 average award.

NJ Educational Opportunity Fund

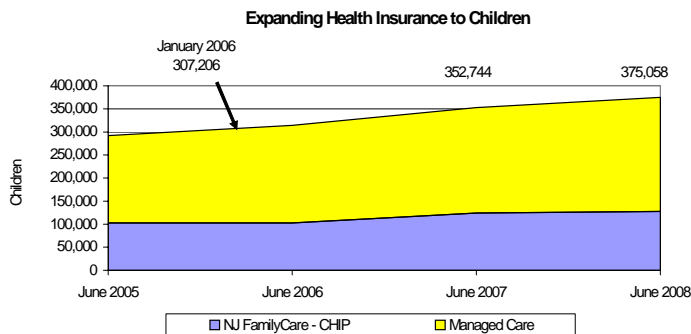
The New Jersey Educational Opportunity Fund (EOF) was created by law in 1968 to ensure meaningful access to higher education for those who come from backgrounds of economic and educational disadvantage. This Budget maintains EOF funding at \$40.6 million in fiscal 2008; these programs will assist low-income New Jersey residents who are capable and motivated, but lack adequate preparation for college study, through a variety of programs such as Opportunity Program Grants, Supplementary Education Program Grants, the C. Clyde Ferguson Law Scholarships, and the Martin Luther King Physician-Dentist Scholarships.

Health Care Initiatives

Access to Healthcare for Children

Governor Corzine has recommended \$5 million in growth for the Division of Medical Assistance and Health Services (DMAHS) to provide better medical care for our most vulnerable children by increasing reimbursements to pediatric service providers. The fact that New Jersey has the lowest Medicaid reimbursement rates in the nation has created a barrier to accessing care. Increasing the funding for pediatric services as of January 1, 2008, will increase access to primary care services and result in fewer Medicaid resources being spent on expensive and less appropriate settings such as hospital emergency rooms. In recommending these funds, the Governor has reaffirmed his position to provide quality medical coverage for this most vulnerable population.

In the Fiscal 2007 Budget, the Governor made it a priority to provide health insurance to 50,000 uninsured children by the end of fiscal 2007. This initiative is on track and by fiscal 2008 the State expects to reach 68,000 children through the Medicaid and NJ FamilyCare programs.



Personal Assistance Services Program

Growth of \$3.5 million in the Personal Assistance Services Program (PASP) in the Division of Disability Services (DDS) is recommended to allow 150 potential beneficiaries to enroll in the program, which would eliminate the existing waiting list. PASP makes it possible for adults with physical disabilities to work, go to school, and engage in their communities by providing help with the activities of daily living.

Office of the Medicaid Inspector General

Governor Corzine has made it a priority to reduce fraud, waste, and abuse in the State’s Medicaid program. As part of that effort, this Budget assumes the enactment of pending legislation entitled the “Medicaid Program Integrity and Protection Act,” which establishes the Office of the Medicaid Inspector General to coordinate such efforts. To ensure the integrity of the new Office, the legislation places it within the existing Office of the Inspector General, completely independent of the Department of Human Services; \$3 million is available to support its operations during fiscal 2008.

There are other promising initiatives already underway. In one prime example, Medicaid has implemented a claims software product that automatically audits and adjusts professional billing errors to avoid overpayments. This initiative alone is projected to save the State \$11 million during fiscal 2008.

Updated Charity Care Formula

The New Jersey Hospital Care Payment Assistance Program (Charity Care) provides uninsured patients the opportunity to receive inpatient and outpatient services at acute care hospitals throughout the State of

New Jersey at a reduced cost or at no cost at all. To qualify, the resident must be ineligible for any private or governmental sponsored coverage (such as Medicaid) and meet both income and asset eligibility criteria.

For the first time in five years, Governor Corzine is recommending that the outdated Charity Care formula be changed. In fiscal 2008, the Charity Care allocation will incorporate the most recent Charity Care cost reports available. By using the most recent cost data, the Charity Care allocation of \$583.4 million will more accurately reflect the costs that hospitals are incurring to treat the uninsured.

Global Budgeting—Nursing Homes

The objective of global budgeting is to promote the independence and choice of senior citizens and individuals with disabilities to live in their homes and communities. New Jersey strives to redirect long-term care away from an over-reliance on institutional care towards more home and community-based options. On April 21, 2005, an Executive Order established a “money follows the person” pilot program in Atlantic and Warren counties and set aside funding in fiscal year 2006 to rebalance long-term care. A total of \$30 million (State and federal) was appropriated for this Global Budget program and used to transition individuals out of nursing facilities and into less expensive community-based options. Assuming the pilot program proves to be successful and cost effective, global budgeting will be carried out statewide beginning in March of 2008. The program will operate within the existing level of funding as cited in the Independence, Dignity, and Choice in Long-Term Care Act, which was signed into law by Governor Corzine in June 2006. The Act will continue to ensure the reallocation of Medicaid long-term care expenditures to create a more appropriate balance between funding for institutional care and care provided in the community.

Promoting Women’s Health

In fiscal 2007, the rising cost of healthcare, combined with declining federal support, led Governor Corzine to commit \$2 million for the promotion of women’s health through family planning services in the Department of Health and Senior Services’ Division of Family Health Services.

As a result of this commitment, the program is currently on target to reach 4,500 new clients by the end of this fiscal year. To continue this positive momentum, Governor Corzine has expanded his commitment in fiscal 2008 by increasing family planning funding by an additional \$500,000.

Family planning services may be the only source of primary care for low income and working poor families who would otherwise not seek traditional preventive health care. These services help prevent unintended pregnancies, lower the rate of abortion and sexually transmitted diseases, and lower the risk of infant mortality. Funding also allows for prenatal care, HIV testing and counseling, and essential screenings for breast and cervical cancer, hypertension, and diabetes. New Jersey receives a solid benefit from this funding as every public dollar spent on family planning services saves an estimated \$3 in associated Medicaid costs.

Health Drug Price Website

In fiscal 2007, Governor Corzine signed legislation which established the New Jersey Prescription Drug Retail Price Registry. The registry is available through the Division of Consumer Affairs website and will provide consumers with retail information for the 150 most frequently prescribed prescription drugs in the State.

The Director of the Division of Consumer Affairs, in consultation with the Commissioners of Human Services and Health and Senior Services will obtain drug price information for these prescription drugs that will allow consumers to comparison shop for drugs by name, dosage, and zip code. Consumers can then use this information to determine which pharmacies have the best price on prescription drugs they frequently purchase.

Medicaid and Long-Term Care

In the Departments of Health and Senior Services and Human Services, the recommended Medicaid State Budget is \$3.7 billion. Much of the cost increase that is required for Medicaid is attributable to the NJ FamilyCare and Managed Care programs.

The fiscal 2008 growth for the NJ FamilyCare program is \$61.1 million, or 51% over the fiscal 2007 appropriation. The majority of this growth is

attributable to the State assuming costs that were previously funded by the federal government through the State Children's Health Insurance Program (SCHIP). The Fiscal 2008 Budget assumes that, beginning on October 1, 2007, the federal match on parents (excluding pregnant women) decreases from 65% to 50%.

In addition, more families will receive health insurance benefits. Legislation, sponsored by Senator Vitale in 2004 (the "Family Health Care Coverage Act"), expands health insurance enrollment to include eligible beneficiaries with income between 100% and 133% of the federal poverty level (FPL) over a three year period. Beginning September 1, 2007, enrollment will be expanded to eligible beneficiaries whose income does not exceed 133% FPL. The Medicaid Managed Care program also includes funding to expand health insurance benefits as part of Governor Corzine's initiative to expand health insurance to uninsured children.

The combined budget growth in both programs will provide health insurance to 68,000 additional children in fiscal 2008 compared to fiscal 2006.

Funding for prescription drugs will remain flat due to continued savings from the federal Medicare Part D program.

The Fiscal 2008 Budget continues to support senior services and long term care alternative programs by recommending \$859.1 million.

To help offset growth, the following cost containment measures have been taken in various Medicaid programs resulting in a total savings of \$38.2 million:

- Moving certain Managed Care populations into a capitation plan in which the State pays health maintenance organizations (HMO) a fixed capitation rate per beneficiary so that the HMOs become responsible for the service costs to providers.
- Auditing long-term care facilities to identify unnecessary spending.
- Requiring prior authorization of prescription drugs in the General Assistance program to offset drug inflationary growth.

- Eliminating 50% of the annual inflationary increase to Nursing Homes and Medical Day Care providers.
- Eliminating bed hold reimbursement to Nursing Homes - The occupancy rate in nursing facilities has been declining due, in part, to patients being transitioned to home and community based services. As a result, it is unnecessary for facilities to hold beds when patients enter a hospital.
- Cost sharing – New Jersey is one of only five states that does not require any type of cost sharing for Medicaid services. As a result, the following cost share initiatives are recommended to offset cost growth:
 - A \$2 co-payment for all prescription drugs, capped at \$10 per month per beneficiary.
 - A \$3 co-payment on outpatient hospital visits and a \$6 co-payment on all non-emergent visits to a hospital emergency room, capped at \$12 per month per beneficiary.
 - A \$3 co-payment in the Medical Day Care program.

Federal Impact – SCHIP

The State Children's Health Insurance Program (SCHIP) is the source of federal funding for the NJ FamilyCare program (parents and children). FamilyCare serves nearly 700,000 in New Jersey, 75% of them children. Approximately 225,000 individuals are supported by SCHIP funding. The program provides health insurance to families based on income. It is free for a family of four with a yearly income of up to \$31,000. It charges a sliding scale for premiums and co-pays for a family of four with a yearly income up to about \$73,000.

The program was authorized by Congress in 1997. Because of historic underfunding by the federal government, NJ FamilyCare faces a substantial shortfall of approximately \$200 million over State fiscal years 2007 and 2008. In the past, Congress has allowed money to be redistributed from states that did not use their SCHIP allotments. This year, however, NJ FamilyCare will run out of money by May 2007, if

no new money is redistributed beyond the steps that Congress has already taken.

In addition to creating a problem for fiscal 2007, if funds are not restored in fiscal 2008 during the SCHIP reauthorization process beyond the amount that President Bush is proposing, the existing program supported by SCHIP will have to be restructured and additional resources will need to be found beyond what is included in the State's Fiscal 2008 Budget. This Budget assumes that Congress will act to restore the necessary funding. The only funding for SCHIP to replace lost federal funds in fiscal 2008 is \$40 million needed for the decrease in the federal matching rate for parents from 65% to 50%. Historically, the State had been able to take advantage of a 65% federal match on all State expenditures.

Federal Impact – Medicare Part D

Beginning on January 1, 2006, Medicare Part D benefits were coordinated with the Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold, and Medicaid Prescription Drug Programs, thus offering Medicaid dual eligibles (those eligible for Medicaid and Medicare) and senior citizens a federal prescription drug benefit. Medicare is now the primary prescription drug coverage for these beneficiaries. As a result, the State pays for drugs not covered by the Prescription Drug Plan (PDP) to make certain that access to drugs for seniors is not diminished. In keeping with past practice, PAAD and Senior Gold beneficiaries are responsible only for their respective co-payments.

The PAAD and Senior Gold programs effectively enrolled 177,000 beneficiaries into a Medicare Plan that best met their needs based on their prescription drug utilization. While enrollment in Medicare Part D is not mandatory for Senior Gold, more than 60% of beneficiaries in this program have voluntarily enrolled. This enrollment effort has resulted in savings for the State beyond those originally anticipated. Accordingly, the PAAD and Senior Gold budgets will be reduced by approximately \$73 million in fiscal 2008.

There are currently 144,000 dual-eligibles enrolled in Medicare Part D. There has been a 57% reduction in prescription drug expenditures as a result of the new federal program, but these savings have been offset

by a loss in pharmaceutical manufacturer rebates shifting to the Part D plans and increased State-only expenditures from co-payments on behalf of dual-eligibles. Further, the State is responsible for reimbursing the federal government for what it would have paid for dual-eligible prescriptions prior to the implementation of Medicare Part D. This is commonly referred to as the clawback and is estimated to cost the State \$286 million in fiscal 2008.

The Fiscal 2008 Budget recommendation includes funding to cover the copays and wraparound for dual-eligibles, the clawback, and nearly a quarter of a billion dollars in State funds for those clients not enrolled in Part D, such as those aged, blind and disabled without Medicare and prescription drugs for behavioral health services for the three quarters of a million clients in managed care.

Cost Shifts in Medicaid – Reporting Requirements

The Bush administration is proposing a number of regulatory changes that may shift costs to the State. For example, the federal Centers for Medicare and Medicaid (CMS) plan to require submission of a four page form for each governmental provider including government financial reports and the provider's appropriations or contractual reimbursements. Submission is required for all governmental providers initially and for each future Medicaid State Plan Amendment (SPA). These requirements will increase existing work and may impact Medicaid reimbursement for at least 150 governmental providers participating in the Medicaid program. These providers include State, county, and locally operated medical facilities (hospitals, nursing homes, developmental centers, and residential treatment centers); school districts; and distinct agencies (DDD Community Care Waiver and DYFS). Using current assumptions, most governmental providers should be approved by CMS. However, county operated providers and school districts will require legal analysis to assure compliance.

Human Services

Developmental Disabilities and Mental Health Placements

In fiscal 2007, Governor Corzine provided \$3 million for housing capital, a \$50 million, three-year

institutional placement and home supports initiative for the Division of Developmental Disabilities (DDD), and \$10 million for a similar program in the Division of Mental Health Services (DMHS). The Governor remains committed to providing greater options and capacity to fully integrate the developmentally disabled and mentally ill into their communities through placement from institutions and home supports for families.

An additional \$10.1 million is proposed for DDD, which is dedicated towards consumers in the community, both in residential placements and in their own homes. This will help fund the Real Life Choices program, which enables individuals to continue living at home by self-directing services specific to their needs; new family support funding to expand respite care hours; the placement of individuals on the Community Services Waiting List who require immediate housing and support services; and continuation of day program services for individuals aging out of the educational system.

In DMHS, \$20 million will be dedicated to two main areas – continuing to implement the recommendations of the Mental Health Task Force and building on last year's initiative to begin placing individuals ready to live in the community out of psychiatric hospitals, as well as providing housing and supports for the mentally ill who would otherwise be homeless or living in conditions without access to care.

Addressing the Needs of the Autism Community

Governor Corzine proudly announces a \$5 million initiative to address autism in our communities. Based on recent studies, New Jersey's rate of diagnoses is 10.6 cases per 1,000 children, or 1 in every 95. When compared to the national average of 1 in every 150 children, it is clear that New Jersey needs to take greater steps in providing services, such as respite care, job coaching, transportation, and home supports. In addition, portions of this amount will fund research grants to various organizations to better coordinate State health policy which impacts the autism community.

Community Provider Cost of Living Adjustment

In concert with efforts to serve New Jersey's most vulnerable citizens, the State's network of community providers has become indispensable in the delivery of

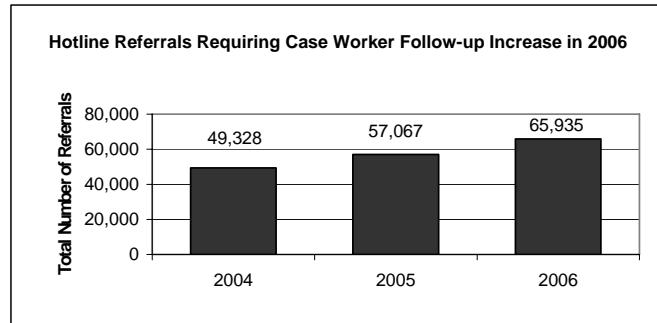
direct care to the developmentally disabled, mentally ill, and vulnerable children and families in our communities. Governor Corzine recognizes the important role these professionals fill, as well as the pressures that rising staff, energy, and transportation costs place on agencies. In order to maintain this high quality care, the Governor proposes a 2% community provider cost of living adjustment, beginning January 1, 2008 for providers contracting with the Departments of Human Services, Children and Families, Health and Senior Services, Labor and Workforce Development, and the Juvenile Justice Commission.

Federal Impact - Welfare-to-Work

The federal Deficit Reduction Act of 2005 requires states to document that 50% of families receiving welfare are engaged in work and job preparation activities. In order to provide opportunities for participants to become gainfully employed and to comply with federal regulations, growth is required in the following areas, which were funded by one-time federal resources in fiscal 2007: \$14.4 million for work activity program slots in the Department of Labor and Workforce Development; \$9.7 million for child care slots so parents can work effectively, in the Department of Human Services' Division of Family Development; and \$4 million for a system to report hours worked.

Department of Children and Families

In fiscal 2007, one of Governor Corzine's top priorities was turning around New Jersey's child welfare system through the creation of the State's first cabinet agency devoted to safeguarding vulnerable children and strengthening their families. Since that time, the Department of Children and Families (DCF) has aggressively implemented a data-driven reform plan, measuring performance and outcome targets for children in areas including referrals for abuse/neglect investigations, finalized adoptions, licensed resource families and staff caseloads. In fiscal 2008, DCF will continue to implement the requirements of the settlement agreement. Investments in children and families will grow in the Division of Youth and Family Services (DYFS) by \$20.5 million in fiscal 2008 due to the caseload increases, an additional \$29.5 million for annualized program and staff costs, and \$7 million for other services.



In calendar 2006, DCF experienced an historic surge in the number of calls reporting child abuse and neglect to the Statewide Central Registry hotline, but due to investment in staff and systems, the caseloads continued to decline. By November 2006, DYFS was on target in hiring caseload-carrying staff, having achieved 95% of the fiscal 2007 goal of 2,444. Additionally, DCF licensed 1,280 new resource (foster and adoptive) families in calendar 2006, more than in either of the prior two years, and the agency achieved its first net gain of 209 families in at least five years. Most notably, over this same period DCF made substantial progress in building specialized adoption practices in DYFS local offices, which enabled the State to exceed its target of 1,100 finalized adoptions by 275.

DCF is also engaged in an ambitious "right-sizing initiative" with counties and community organizations to identify the needs of children with mental health issues and build a continuum of services that can be accessed before crisis situations develop. A large part of this effort to improve outcomes requires a substantial investment in training staff. In fiscal 2006, DCF embarked on a pre-service training program for new workers that included a new, mandatory module on abuse and neglect investigative training. DCF trained more than three times as many DYFS staff in calendar 2006 than in the previous year, and more than doubled the number of training courses delivered to staff, supervisors, and managers across the agency.

Public Safety

Homeland Security

Governor Corzine recognizes that protecting New Jersey's citizens and critical assets is the top priority

for the State of New Jersey. We have entered into a new threat era with acts of terrorism, natural disasters, catastrophic events, and pandemics that requires a new all-hazard operations paradigm in our approach to homeland security and emergency preparedness.

Because of our State's location and our highly developed infrastructure, funding is needed to protect New Jersey's ports, chemical plants, bridges, tunnels, highways, and transit systems. Governor Corzine will continue the funding of \$15 million for homeland security needs throughout the State, supporting critical projects such as interoperable communications, tools for intelligence sharing, and enhanced infrastructure protection.

In March of 2006, Governor Corzine signed an executive order to establish the Office of Homeland Security and Preparedness (OHSP). The Office provides oversight for all homeland security and counter-terrorism related efforts. The Office has multiple responsibilities including, but not limited to, the following:

- **Grants** — Oversees and distributes discretionary State and federal homeland security preparedness funds solely on basis of risk (i.e., threat, vulnerability and consequence).
- **Preparedness Exercises** — Conducts regular exercises, such as tabletops (i.e., drills) and other simulations, to assess and prepare responses for terrorist and "all hazards" incidents.
- **Training** — Provides training to law enforcement personnel and other individuals involved with homeland security and emergency preparedness responsibilities.
- **Investigations** — Conducts joint investigations related to potential terrorist activities with the New Jersey State Police, the FBI's Joint Terrorism Task Forces, and other entities.
- **Intelligence Gathering and Sharing** — Collects, analyzes and shares intelligence data affecting New Jersey with the proper public agencies and private sector groups.
- **Clearinghouse for Legislation** — Reviews all State legislation concerning counter-terrorism and preparedness issues and makes recommendations to Governor's Office.

- **Protecting Critical Infrastructure** — Works with private industry, which controls 85% to 90% of New Jersey's critical facilities, to protect those facilities against potential terrorism and other hazardous incidents.
- **Protecting Civil Rights and Liberties** — Works with the New Jersey Office of Public Advocate, which has established a public ombudsman to help ensure that citizens' rights and civil liberties are protected, in matters of homeland security and preparedness issues.

Federal Impact – Homeland Security Grants

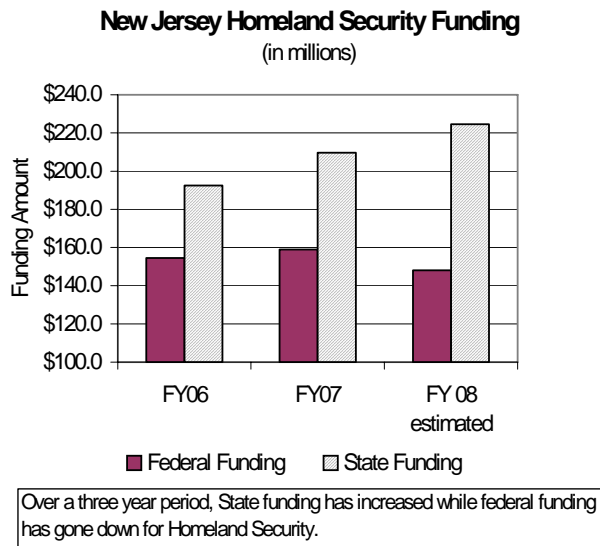
The President's budget request for federal fiscal 2008 includes an overall reduction for the federal Department of Homeland Security's major homeland security grant programs.

Two of the grants, the State Homeland Security Grant Program and the Law Enforcement Terrorism Prevention Program are shared by State and local governments, with 20% allocated to the State and 80% allocated to the counties/municipalities. The third major homeland security grant is the Urban Area Security Initiative, funding for which is fully dispersed to the counties for local use.

For the three major homeland security grants, the amounts allocated by the federal government to be shared by all 50 states have been significantly reduced. The State Homeland Security Grant Program has a proposed appropriation of \$187 million nationally, which represents \$338 million less than the federal fiscal 2007 level of \$525 million. This is a 64% reduction in one of the largest resources from the federal government for homeland security funding. The Law Enforcement Terrorism Prevention Program proposed appropriation is also reduced by 30% to \$263 million, down by \$112 million from the federal fiscal 2007 level of \$375 million. The Urban Area Security Initiative is also reduced by 22% to \$600 million, a cut of \$170 million from the federal fiscal 2007 level of \$770 million.

In forecasting the grant awards, there are two distinct amounts that are allocated to each state. There is a base amount, which is equal for every state, and there is also an amount allocated based on a risk formula. The greater the risk for terrorist threats, the greater the amount allocated to that particular state. The new

risk formula for federal fiscal 2008 has not yet been approved by Congress. Once approved, New Jersey will know if overall homeland security related funding was increased or decreased for the new federal fiscal year.



State Police

Based on P.L. 2005, c.311, the motor vehicle registration surcharge dedicated to the Division of State Police increased from \$1.00 to \$4.00 per registration. This funding provides for the purchase of new helicopters, maintenance of the existing fleet and the operation of the New Jersey Emergency Medical Service Helicopter Program as well as training of new State Trooper recruit classes. The Emergency Medical Service Helicopter Program is run by both the Department of Law and Public Safety and the Department of Health and Senior Services. A small portion of this revenue is shared with the Department of Health and Senior Services. The surcharge increase of \$3.00 is estimated to increase revenues by \$25.6 million for a total of \$34.2 million in fiscal 2008.

The Division of State Police will use a portion of this revenue for its helicopter replacement program. The new helicopters will contain the most updated equipment to ensure reliability and safety.

In addition, this revenue will support new recruit training classes. The State Police will provide two new training classes that will graduate 200 new State

troopers in fiscal 2008. With attrition, New Jersey will increase the total number of State troopers from 2,963 to 3,067 by the end of fiscal 2008. (See chart entitled “New Jersey State Trooper Strength”.)

The Division will also use the revenue to purchase new State trooper vehicles. With a three year line-of-credit, the Division will purchase 250 vehicles in fiscal 2008. Because of the annual continuation of this revenue source, the Division is able to plan for the purchase of new vehicles to replace high-mileage vehicles on an ongoing basis.

New Jersey State Trooper Strength

Year	Number of Troopers Beginning of Year	Academy Graduates	Annual Attrition	Number of Troopers End of Year
FY 1998	2,585	112	(86)	2,611
FY 1999	2,611	150	(82)	2,679
FY 2000	2,679	0	(99)	2,580
FY 2001	2,580	165	(92)	2,653
FY 2002	2,653	228	(103)	2,778
FY 2003	2,778	80	(120)	2,738
FY 2004	2,738	50	(136)	2,652
FY 2005	2,652	279	(117)	2,814
FY 2006	2,814	214	(71)	2,957
FY 2007	2,957	102	(96) *	2,963 *
FY 2008	2,963 *	200	(96) *	3,067 *

* Projected

(a) FY 2008 numbers assume the following:

- 146th class expected to graduate in July of 2007 - 50 Troopers
- 147th class expected to graduate in September of 2007 - 50 Troopers
- 148th class expected to graduate in January of 2008 - 100 Troopers

Domestic Violence

Nationwide, one in four women report they have been physically or sexually assaulted by an intimate partner. Domestic violence affects families of all different backgrounds, and survivors of domestic violence need support and security. In fiscal 2007, Governor Corzine committed an additional \$1 million to address violence against women through the Department of Law and Public Safety’s (LPS) Division of Criminal Justice STOP Violence Against Women Act and the Victims of Crime Act. In fiscal 2008, Governor Corzine increased his commitment by an additional \$500,000 for a total increase of \$1.5 million since he took office. LPS distributes grants to support domestic violence survivors through non-profit agencies and other programs. These programs provide legal and medical assistance, counseling, and access to other important community programs to address domestic violence and related issues. This

increase will ensure that many more women and their families will receive the support they need.

Fighting Gang-Related Violence

Gangs and gang related violence are an increasing threat in New Jersey's cities and suburban areas. This budget includes funding in the Departments of Law and Public Safety and Corrections to address gang related issues. In fiscal 2008, \$1 million of Governor's Priority funding is continued in the State Parole Board to provide alternative community programs for parolees affiliated with gangs. Operation CeaseFire reduces gun violence by improving arrest rates, decreasing retaliation, and changing the culture of violence through community outreach.

Fiscal 2008 funding for Operation CeaseFire includes an increase to \$850,000 to support continued efforts to address crime such as prevention, enforcement, and reentry. These initiatives will be coordinated by the Attorney General's recently reorganized units within the Division of Criminal Justice and the New Jersey State Police.

Project Phoenix and related gang prevention activities, funded at \$150,000 in fiscal 2008, provide educational information on the danger of gang involvement to high risk school districts targeted through the Juvenile Justice Commission.

Helping Troubled Youth: The Juvenile Detention Alternatives Initiative

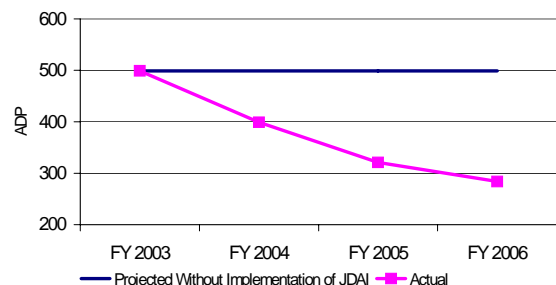
The Juvenile Detention Alternatives Initiative (JDAI) was developed in response to national trends reflecting a drastic increase in the use of secure detention for juveniles despite large decreases in juvenile arrests. This situation ultimately resulted in the overcrowding of youth detention centers nationwide.

The goal of JDAI is to reduce the number of youth inappropriately held in secure detention while maintaining public safety and ensuring that these youth appear for scheduled court dates. The JDAI also works to improve conditions in secure detention for youth who require that level of supervision. To address these issues, the program focuses on a number of core strategies including: the implementation of effective admissions policies and

practices; the enhancement of juvenile alternatives to secure detention; the identification of strategies to reduce racial disparities in secure detention; the reduction of delays in case processing that could unnecessarily extend the stay at a secure facility; and challenges presented by "special populations", including youth admitted for violations of probation and youth awaiting dispositional placement.

The JDAI, currently funded through a private grant from the Annie E. Casey Foundation, exists in five counties in New Jersey. Results in the five pilot counties have been dramatic. Comparing 2003, before the implementation of this program, to 2006, the average daily population (ADP) for detention centers in New Jersey has decreased by 43.1%. These reductions primarily impact minority youth. Through this Governor's initiative, the program will be expanded to ten counties in fiscal 2008.

Detention Centers' Average Daily Population (ADP) Decreases with the Implementation of the Juvenile Detention Alternative Initiative (JDAI)



In FY 2003, prior to the implementation of JDAI, the juvenile detention center ADP in 5 pilot counties averaged 499 juveniles/day. After JDAI, the ADP decreased by 43.1%, or 215 juveniles/day within 3 years.

Providing Appropriate Treatment for Juveniles

The Juvenile Justice Commission (JJC) currently administers the Life Skills and Leadership Academy (LSLA), which provides 50 secure care beds for juvenile offenders. The program is no longer cost effective because the level of security, which is currently provided by uniformed correction officers, exceeds the safety and security parameters required for these juvenile residents.

The juvenile population enrolled in the LSLA can be managed in a less restrictive environment. Therefore, JJC is converting the LSLA to a more appropriate program delivery system by contracting with a third-party provider, Project Use, to establish a residential program with age appropriate educational, social, and

work skills training. These learning skills should better equip these youths to re-enter the community. By completing this conversion, the JJC will increase residential and transitional living bed space by 50 and reduce secure bed space by the same amount. A fiscal savings of \$1.6 million is achieved through this conversion.

Supporting Re-Entry to Combat Recidivism

Sound re-entry policy and programs reduce recidivism, promote individual responsibility, and help former prisoners become productive members of their communities. This Budget provides \$1 million to the Department of Corrections for a new re-entry initiative to assist and guide inmates on re-entry into community life.

Proposed Salary Increases for Judges

The last salary increase for New Jersey judges was authorized by legislation signed on January 1, 2000. Since that three-step increase was implemented, New Jersey judges have fallen nearly \$25,000 behind their federal counterparts. First-year attorneys at some of the state's largest law firms are offered starting salaries higher than a Superior Court judge's salary of \$141,000.

The State is losing experienced judges and recruitment of highly qualified attorneys for positions on the bench will be hampered without an alignment of judicial salaries with the federal bench and with other states. In the past three years, 73 New Jersey judges have left the bench. Of those, 26 retired at the mandatory retirement age of 70. An additional 47, or 64 % of the experienced judges who left the bench, did so for other employment.

For these reasons, the Fiscal 2008 Budget provides the first phase of an initiative that will help prevent New Jersey judges from falling even further behind. This will serve to ensure the quality of New Jersey's court system and retain experienced judges by providing salary increases over a three year period. Fiscal 2008 will see judges' salaries increase by approximately 5.7%.

Employee Benefits Reform

Recent contract negotiations between the State and representatives of its public employees show a

commitment from the Administration to control rising employee benefit costs. Consistent with recommendations from the Joint Legislative Committee for Public Employee Benefits Reform, the proposal includes provisions that would increase cost-sharing of health care benefits for active and retired State employees and also increase employee contributions to the State's pension systems. The negotiated agreement would become effective July 1, 2007, and exclude members of the Judicial and State Police unions, whose contracts expire on June 30, 2008.

The agreement requires active State employees to contribute 1.5% of their salary towards health care costs. Contributions towards the cost of health care for local employees and educators are negotiated at the local level. Health plan changes are also projected to yield long-term savings replacing the Traditional and NJ Plus plans with a preferred provider organization (PPO). Active State employees in the State Health Benefit Program (SHBP) will also pay increased co-pays for doctor and emergency visits and for prescription drugs.

The negotiated pension benefit reforms will require legislative action. They include creating a defined contribution plan to cover earnings in excess of the social security cap for new hires, increasing employee pension contributions for all employees, and increasing the retirement benefit age for newly hired members. Effective July 1, 2007, a defined contribution pension plan will be created to cover earnings above the social security limit cap of \$97,500 for new State, municipal, and educational employees. Other reforms in pending legislation related to pensions for newly elected and appointed officials would also reduce future pension cost increases.

Anticipated savings are also projected by increasing employee contributions to the PERS and TPAF pension systems from the current 5% to 5.5% of an employee's annual salary. The increase in employee contributions begins to address the substantial unfunded liabilities in the systems.

For PERS and TPAF members hired on or after July 1, 2007, the retirement age will be increased from 55 to 60. When those members retire between ages 55 and 60, their retirement benefit will be reduced by 1%

per year prior to age 60. For those members who retire prior to age 55, a continuation of the current 3% reduction will apply for every year below age 55.

To help offset the increase in member cost-sharing for health benefits and the increase in pension contributions, salary increases of 3% in years one and two and 3.5% in years three and four will be paid to State employees for a net increase of 11% over four years. Unlike many earlier contracts, the proposed contract calls for an even distribution of salary increases across the full term of the agreement, rather than being back-loaded.

The Administration supports this proposal based on its emphasis on reducing long-term costs and providing long-term stability and security to the pension and health benefit system. While the agreement will produce savings this year, the real benefits will be felt over the next two or three decades.

Over the long run, this agreement will protect the stability and solvency of the benefit structure for taxpayers and public employees alike.

Environment

The Fiscal 2008 Budget continues to fund critical Department of Environmental Protection (DEP) programs, including the Watershed Restoration Projects program, the Diesel Emissions Reduction program, the Shore Protection program, and the Highlands Council. Additionally, as a result of a recent change in the constitutional dedication of 4% of the Corporation Business Tax (CBT), a new appropriation of \$19.1 million is recommended for Recreational Land Development, providing capital funding for parks, forestry, wildlife management areas, and historic sites. New funding is also provided for non-lethal Black Bear Management and for an Ocean/Wind Power Ecological Baseline Study.

Watershed Restoration Projects

The Fiscal 2008 Budget continues Corporation Business Tax (CBT) dedication funding for Watershed Restoration Projects at \$2.7 million, augmenting the \$5 million appropriated for this purpose in fiscal 2007. Individual regional watershed and stormwater management committees have

identified close to \$100 million in watershed restoration projects that are necessary to address the ongoing sedimentation and pollution of impaired ponds and streams. With the funding provided in fiscal 2007, the Department of Environmental Protection has initiated four projects:

- Wreck Pond Restoration Plan – Watershed Restoration. The Department is working with Monmouth County on upstream erosion and pollution prevention projects to reduce the sediment accumulation in Wreck Pond, whose discharge is the source of most of New Jersey’s ocean beach closings (i.e., in fiscal 2005, it accounted for 45 out of 52 beach closings in the state);
- Pequannock River Temperature Impairment – Characterization, Assessment and Management Plan;
- Delaware and Raritan Canal Tributary Assessment and Nonpoint Source Management Project with Franklin Township; and
- Strategic Water Quality Improvement Plan for Surface Water Quality Improvements of the Long Swamp Creek Watershed.

The fiscal 2008 appropriation will enable DEP to complete these projects and also restore other watersheds including Greenwood Lake, Lake Carasaljo, Rockaway River, Cooper River and the Sandler’s Woods portion of Newton Creek. The Department will continue to use these CBT funds to match federal grant monies.

Diesel Emissions Reduction

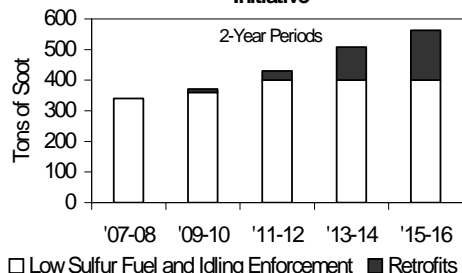
The Corporation Business Tax dedication for the Diesel Risk Reduction program will amount to \$21.6 million in fiscal 2008, bringing total State appropriations for diesel emissions to over \$59 million since the program was initiated in fiscal 2006. The program is on the verge of adopting rules to implement the Diesel Retrofit Law, which aims to reduce diesel exhaust emission levels through the use of ultra-low-sulfur diesel fuel, prevention of idling, and retrofitting of 40,000 vehicles, with initial focus on school buses, garbage trucks, and transit buses.

Specific requirements for school buses include the installation of closed crankcase ventilation technology

to prevent under-hood engine emissions from entering the cabin. Other vehicles are required to install tailpipe control technology to reduce fine particle emissions and public exposure to diesel exhaust. Once the rules are adopted, certain procedures (e.g., fleet inventory and fleet plan submission by vehicle owners and State contracts with authorized installers of retrofit devices) must be followed for installers to be reimbursed.

To date, this program’s outreach efforts have resulted in the installation of over 4,000 “No Idling Zone” signs throughout the state and nearly 100 school districts have signed a No Idling Pledge for buses. The program continues to promote idling alternatives, including electrification of truck stops and rest areas. Additionally, the Diesel Risk Reduction program is expected to complete a study to assess the need to further reduce cabin pollution levels in school buses.

Harmful Soot Reduced through Diesel Emissions Reduction Initiative



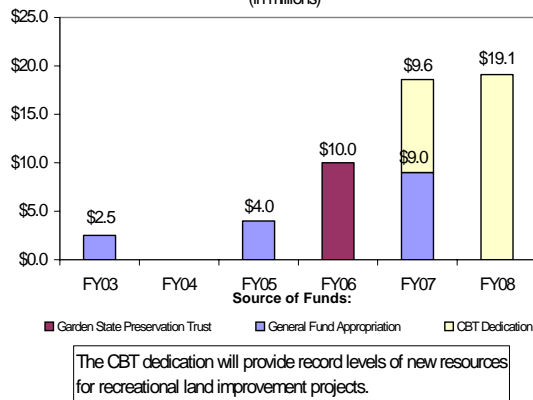
By 2016, the Diesel Emissions Reduction program will have eliminated 565 tons of soot from the atmosphere.

Recreational Land Development – Constitutional Dedication

The recent constitutional amendment dedicates \$19.1 million of Corporation Business Tax (CBT) revenue to State parks, forests, wildlife management areas and historic sites to begin to address an estimated \$250 million in deferred capital and maintenance needs. As dictated by the constitutional amendment, annual funding will range from \$14 million to \$19 million through 2015 and is expected to grow to over \$30 million annually thereafter. This marks the first time that a stable source of capital funding has been provided for the State’s natural resource facilities, thus enabling the Department of Environmental Protection to create a long-term plan to preserve those assets.

Specific projects consist of restorations to State-owned historic sites (e.g. Waterloo Village, Walt Whitman House, the homestead of Dr. James Still), construction of a new forest nursery pesticide building, urban park development, and renovations to various recreational areas throughout the state. DEP will also undertake critical health and safety improvements, including demolition of unsafe structures, asbestos removal, lead abatement, air quality improvements, and fire safety projects.

State Capital for Parks, Forestry, and Wildlife More Than Doubles With CBT Dedication
(in millions)



The CBT dedication will provide record levels of new resources for recreational land improvement projects.

Black Bear Management

Reflecting Governor Corzine’s commitment to non-lethal black bear management, the proposed Fiscal 2008 Budget recommends \$850,000 in new funding for research, education, and control. Non-lethal management is consistent with the decision to cancel a six-day bear hunt in fiscal 2007. Following the lifting of a 35-year ban in 2003, two hunts resulted in the killing of approximately 600 bears.

Human safety concerns are a critical aspect of black bear management. The state’s growing black bear population has adapted to living in close proximity to people, taking advantage of human-derived food sources. Through public education, however, people can learn how to modify their behavior and take the precautions necessary to avoid conflicts with bears. With some modest adjustments and adherence to common-sense regulations, public safety can be ensured.

Shore Protection Projects

As in previous years, \$25 million will be appropriated for the Shore Protection program to protect and

replenish New Jersey's public beaches. This dedicated appropriation will leverage up to \$49 million in federal funding and \$6 million in local funds. The projects planned for fiscal 2008 include beach fills and construction of public access points at Long Beach Island, North Wildwood and Ocean City. In fiscal 2007, the program completed beach replenishment in Surf City and intends to continue existing projects for shoreline stabilization in Island Beach State Park, bulkhead installation in Keyport and Waretown, and flume reconstruction in Fletcher Lake.

Highlands Water Protection and Planning Council

The \$3 million recommended in the Fiscal 2008 Budget for the Highlands Council will continue to fund the Council's operations as well as the adoption of the Regional Master Plan. The November 2006 release of the draft Regional Master Plan marked a historic moment for the Council. The Plan outlined the regional land use policies and strategies required to satisfy the provisions of the Highlands Water Protection and Planning Act, and will guide future land use, water resource protection, land preservation, and economic development for the Highlands region. The next phase of development includes completion of the final Plan, evaluation of municipal proposals and ordinances for 88 municipalities and seven counties to ensure conformance with the Plan, and project review. The successful implementation of the Plan is essential to the protection of 859,000 acres of land in northern New Jersey that provide over 115 billion gallons of water each year to State residents, businesses and industries.

Ocean/Wind Power Ecological Baseline Study

The Fiscal 2008 Budget provides a total of \$4.5 million in dedicated funding, which includes \$2 million from the Clean Energy Fund, to support an Ocean/Wind Power Ecological Baseline Study. In April 2006, the Blue Ribbon Panel on Development of Wind Turbine Facilities in Coastal Waters recommended baseline studies of New Jersey's coastal waters to develop spatial and temporal information regarding ocean uses and living natural resources. The scope of work includes the collection of field data over an 18-month period on the distribution, abundance and migratory patterns of avian, marine mammal, marine turtle, and other species in a study area extending approximately 15

miles offshore and 1,000 square miles in size. The results of this study will help to inform the decision to place up to 80 wind turbines, which will provide a new source of clean energy for the state. In addition, these studies will provide significant data to better understand and characterize the natural resources in the offshore waters of New Jersey, allowing the State to develop a more comprehensive strategy for our ocean resources.

Federal Impact - Clean Water State Revolving Fund

The President's Fiscal 2008 Budget continues to reduce funding for the Clean Water State Revolving Fund (SRF) program. Over the past four years, federal funding for New Jersey's Clean Water SRF program has declined 51%, from \$54.7 million in fiscal 2004 to \$26.7 million proposed in fiscal 2008. This ongoing reduction will significantly impede the New Jersey Environmental Infrastructure Financing program's ability to satisfy localities' growing demand for zero- and low-interest loans, which finance clean water infrastructure improvement projects. In the last year alone, the number of applications for local clean water projects increased 29%, from 42 applications in 2006 to 54 applications in 2007. It is estimated that the current need for these projects in the State amounts to \$15 billion.

Veterans' Affairs

Support Services for Returning Veterans

The State of New Jersey is grateful to the veterans of Iraq and Afghanistan for serving with honor, decency, and resolve. They have earned our respect, admiration, and appreciation. Currently serving in Iraq and Afghanistan, there are 3,169 active duty soldiers, 862 federal reserve troops who had been on inactive status but were called up, and 898 New Jersey Army and Air National Guard, for a total of nearly 5,000. As of February 2007, we have lost 84 New Jerseyans in these conflicts. This initiative will provide \$1 million in grants through the Department of Military and Veterans' Affairs to provide support to returning veterans and their families. This support will be made available through grants. The funds will be used specifically to aid veterans returning from Iraq and Afghanistan and give them priority service, in order to assist their rehabilitation and help them to reintegrate back into the community.

Post Traumatic Stress Disorder Treatment for Veterans

Beyond celebrating their safe return, Governor Corzine recognizes the need for support programs that assist veterans in acclimating to civilian life with their families and loved ones. In response to current conflicts and the deployment of New Jersey members of the Armed Forces and National Guard, particularly in Afghanistan and Iraq, the number of counseling sessions for post traumatic stress disorder is projected to grow to 16,848 in fiscal 2008, an increase of 161% over the past three years. To ensure that our men and women in uniform receive the services they need, the Governor is committed to meeting the increased demands by providing an additional \$500,000 of funding in fiscal 2008, for a total of \$1.3 million.

World War II Memorial

To honor the State's veterans of World War II, who made the greatest sacrifice in our behalf, this Budget provides an additional \$1 million toward the construction of the World War II Memorial in Trenton. When combined with appropriations from prior years, this increase raises the State's total commitment to this project to \$3.6 million.

Supporting New Jersey's Citizens

The following proposals highlight some of the Governor's other initiatives, including help for hungry children and their parents.

Fighting Hunger

In one of the most affluent states in the nation, approximately 1.6 million New Jerseyans still go to bed hungry, including roughly 470,000 children. That is why, despite severe fiscal constraints, Governor Corzine found it unacceptable to leave these individuals behind in the Fiscal 2007 Budget. The Fiscal 2008 Budget will continue last year's commitment and invest an additional \$1 million in the Department of Agriculture's Food Distribution Program, which services the major Emergency Feeding Organizations (EFOs) and 660 food pantries, soup kitchens, and homeless shelters. This \$4 million will be used to purchase 6.3 million pounds of nutrient-dense food, with first priority given to food items grown and/or produced in New Jersey. (To the extent available, purchasing priorities are to buy

locally first, regionally second and nationally third.) The funding will enable the Department to expand the amount of food available for the 1.6 million New Jerseyans living below 185% of the federal poverty standard.

The Department of Agriculture purchased approximately 4.7 million pounds of food in fiscal 2007 with these funds. For the first time in several years, the purchases included turkeys for Thanksgiving and Christmas. The cost of those items had increased in recent years, which had prevented many of the EFOs from purchasing those commodities. We have a moral responsibility to support New Jersey's most vulnerable citizens. This investment continues last year's important strides toward alleviating hunger in the state.

Improving Services for Hispanic Communities

Furthering the progress of New Jersey's Hispanic community through cooperation and collaboration with community-based organizations is an integral part of the economic and social success of New Jersey. Recognizing that many Hispanic families and individuals face challenges and obstacles in attaining necessary services, the Governor is increasing the budget of the Center for Hispanic Policy Research and Development in the Department of Community Affairs by \$1 million in fiscal 2008. This increase will strengthen existing programs and provide funds for new programs administered by Hispanic community-based and nonprofit organizations whose primary focus is to address the economic, educational, and social needs of the Hispanic community in New Jersey.

Arts and History

In fiscal 2008, \$25.6 million is recommended for arts and history grants funded by dedicated revenues derived from the State hotel and motel occupancy fee (P.L. 2003, c. 114). This is an increase of \$2.3 million over fiscal 2007 funding of \$23.3 million. Included are the following:

- The Council on the Arts will receive \$21.0 million to support cultural projects, an increase of \$1.9 million.

- The New Jersey Historical Commission is recommended to receive \$3.8 million for the New Jersey Historical Commission's agency grants, an increase of \$346,000.
- The New Jersey Cultural Trust will receive \$720,000, which is the same level of funding as in fiscal 2007.



CHAPTER 3: PROPOSED FY08 BUDGET MANAGEMENT EFFICIENCY AND SAVINGS MEASURES

OVERVIEW

The Fiscal 2008 Budget reflects a major emphasis on making State government more efficient. This chapter reports on new efficiency efforts for fiscal 2008 and highlights savings from initiatives that began in previous fiscal years. These efforts are central to the Corzine Administration's efforts to help achieve structural balance in the budget through minimizing recurring spending needs.

Office of the State Comptroller

The newly created Office of the State Comptroller is a critical component of Governor Corzine's commitment to sound fiscal management and honest and efficient government in New Jersey. The creation of this new office is based on a simple, fundamental idea that already is applied across all sectors of our society and economy: People who work in an organization will perform more honestly and efficiently if they know their organization will be subjected to a regular audit by a professional, independent auditor. The State Comptroller will apply this basic idea to government at all levels in New Jersey and help control state and local spending and root out waste, fraud and abuse that fuel our property tax problem and also dissipate State resources.

The State Comptroller, who will be appointed by the Governor (with the advice and consent of the Senate) for a six-year term, will have broad authority to conduct financial audits and performance reviews of all State agencies, public institutions of higher education, independent State authorities, units of local government, and boards of education. Also, in order to prevent improper expenditures from occurring in the first place, the State Comptroller will have the authority to closely monitor large-scale procurements and to halt them in any case where procurement laws and rules are not being followed.

Fiscal 2008 will be the first year of existence for this new office. It has a recommended budget of \$9.0 million and a staff of 59. The Office of the State Comptroller will perform its functions in cooperation

with the Office of the Inspector General, the Departments of Law and Public Safety, Education, Treasury, Transportation, and Community Affairs (Division of Local Government Services), and the Office of the State Auditor.

Hiring Freeze

This Administration has enacted a stringent hiring freeze on State employment. This freeze, when combined with the reduction of almost 400 unclassified positions, has reduced the State's workforce to date by 1,300 employees, compared to the number at the beginning of the Corzine Administration. This reduction is net of growth in high priority areas, such as the Department of Children and Families (DCF), where the State has added approximately 400 employees. DCF will increase its staffing level by over 600 employees between now and the end of fiscal 2008, in order to meet staffing ratios that were negotiated as part of the settlement agreement with Children's Rights, Inc. At the same time, attrition will continue to reduce the workforce in other areas.

In fiscal 2007, the State saved \$64 million through attrition, management savings, and reductions in unclassified positions. This total is a permanent reduction to the State's salary base. For fiscal 2008, the Administration recommends the continuation of the hiring freeze and other management efficiencies, for a further reduction of at least \$25 million.

Moratoria on State Agency Spending

In fiscal 2007, the State implemented new restrictions to slow the pace of spending on information technology (IT) equipment and services, equipment, and office furniture. The following section details these moratoria. The chart below identifies categories of non-salary State spending that appear to be trending down. Specifically, the chart compares spending in the first seven months of fiscal 2007—from July 2006 to January 2007—with the corresponding time period one year earlier, in fiscal 2006. It shows a spending slowdown in the four

identified categories of almost \$16 million in State funds alone. While not every dollar in spending reductions can be directly attributable to the moratoria, these trend lines reflect the Corzine Administration's approach to efficiency in State government operations.

Spending Category	Slowdown in State Spending from 1 st 7 Months of FY2007 (in millions)
IT Equipment	\$8.6
IT (Consultant Services)	\$1.0
Equipment (other than IT)	\$3.8
Office Furniture	\$2.2
Total	\$15.6

Cost Efficiencies - IT Moratorium

Beginning with an Office of Management and Budget (OMB) directive in July 2006, the purchase of IT equipment was constrained during fiscal 2007. Subsequently, the IT moratorium established through Executive Order 42 in November 2006 expanded these restrictions to include IT services (e.g., consultants). Critical ongoing projects were exempted, including initiatives whose disruption would increase future costs or trigger a significant loss of investment, as well as emergency maintenance, repairs and supplies under \$2,500, and projects mandated by the federal government.

Nonetheless, IT expenditures from State funds declined by \$8.6 million in equipment and an additional \$1 million in consultant services, in the first seven months of fiscal 2007 as compared to the same period in the previous fiscal year. Spending from other non-State funds dropped by over \$16 million, with savings mostly attributable to fewer equipment orders. Though some of this reduction may be ascribed to the vagaries of equipment purchasing from year-to-year, overall the spending trend is clearly down.

Spending Moratorium on Non-IT Equipment

In addition to the spending moratorium on information technology (IT) equipment, the Office of Management and Budget also heightened its scrutiny of other equipment purchases in fiscal 2007. Such

purchases include vehicles, telephones, fax machines, and photocopiers, as well as equipment for food preparation, laundry, and science and engineering. A comparison of the first seven months of fiscal 2006 and fiscal 2007 suggests a spending slowdown of \$3.8 million in State funds, a decrease of almost 11% in non-IT equipment spending, though some of this decline may be due to the influence of other factors, as well.

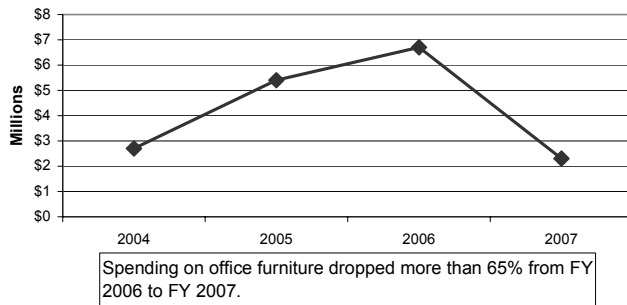
Furniture Moratorium and Re-use

Office furniture also falls under the State's spending moratoria. In an on-going initiative, the Treasury Department's Division of Property Management and Construction (DPMC) consolidated the collection of used furniture from various State agencies, centralizing it in one location. DPMC redistributes this furniture to other State agencies, thus avoiding the cost of new purchases. This initiative has produced savings of \$2.2 million in State funds from July 2006 to January 2007, compared to the same time period in fiscal 2006, and savings of an additional \$2.2 million in non-State funds.

Prior to DPMC's initiative, used office furniture was haphazardly stored and inefficiently managed. These assets often occupied costly leased space or were discarded altogether. Through aggressive central management at its First Avenue warehouse in Trenton, DPMC has created a central catalog of used furniture that departments must consult before purchasing new items and made it possible to achieve warehouse lease efficiencies. DPMC also has arranged a new partnership with the Juvenile Justice Commission in which a team of nine juveniles restores damaged furniture to its original condition while earning a salary and gaining critical job training skills.

The success of this program goes beyond one year's savings, however. When judged over time, spending from all funds for office furniture was rising significantly in recent years, more than doubling from \$2.7 million in the first seven months of fiscal 2004 to \$6.7 million in the first seven months of fiscal 2006. This initiative has restricted furniture purchases to \$2.3 million for the first seven months of fiscal 2007.

Office Furniture Expenditures
First Seven Months of Each Fiscal Year
 FY 2004 - 2007
 (All Funds, in Millions)



Re-using Personal Computers

Building on the success of the furniture initiative, DPMC recently expanded the program to include the recycling of surplus personal computers. In partnership with the Office of Information Technology, DPMC refurbishes used computers for approximately \$200 per unit. Doing so generates savings of roughly 80% compared to the average cost of buying a new computer, which is approximately \$1,000. All State departments seeking to order new computers now are referred first to DPMC, to see if their needs can be satisfied from this inventory of used computers. As a result of this partnership, orders for new computers by Executive agencies in fiscal 2007 are expected to drop by \$1.3 million.

Enhanced Debt Collection

The Fiscal 2008 Budget includes several debt collection efficiencies that are projected to generate a total of \$47 million in new revenue. Several of the more prominent proposals are described below, each of which could be a significant source of delinquent or deficient tax revenue. In addition, each will require authorizing legislation:

Sale of Business Assets and Liquor Licenses

This proposal would amend the Uniform Procedure Law to authorize collection of all outstanding tax liabilities prior to the purchase of a business, and upon the annual renewal or purchase of a liquor license. Current law limits such collections solely to the amount owed in sales tax.

Business Assistance Grants - Tax Clearance

A wide variety of State agencies (e.g., Labor, Board of Public Utilities), as well as independent authorities (e.g., Economic Development Authority) award grants and loans to businesses for various projects totaling an estimated \$1 billion per year. Unlike individual taxpayers who are subject to Treasury's existing Setoff of Individual Liability (SOIL) program, most businesses receiving State assistance are not presently checked for tax compliance. It is proposed that business applicants voluntarily agree to a tax clearance check as a standard grant or loan condition. The Division of Taxation would determine whether a tax debt exists, and the business would pay that amount before any grants could be issued. A three-year sample data match between one of the State's major business assistance programs and State debt collection records indicated a total of \$28 million in potentially outstanding taxes.

Bank Attachment – Expand to Jointly-Held Accounts

In a law enacted in 2004, the Division of Taxation was authorized to request deposit information from banks when a tax judgment has been secured against a bank customer. In a limited effort over the past two years involving only three banks, Taxation successfully recovered \$6 million from individual bank accounts. This proposal would require disclosure of all bank account information for any accounts in which at least one account holder is a Taxation judgment debtor.

In addition, the Fiscal 2008 Budget recommends a new appropriation of \$276,000 to support eight additional Taxation field staff. These investigators would be used to expand the bank attachment program to up to 30 additional banking institutions.

Arbitrary Assessments

It is proposed that a 10% cost-of-collection fee be imposed on arbitrary assessments, which result when a taxpayer fails to file or fails to register to conduct business. Current law authorizes such fees upon the filing of a formal judgment. Since 1996, when the fee was challenged as being limited to judgments only, the State has not collected this fee, and therefore has lost an estimated \$1 million per year in revenue. This

proposal would clarify that the fee could be levied before a judgment is issued, thus enabling Taxation to recover its costs for tracking down such debtors.

Lottery Winnings – Tax Clearance

For individuals who win Lottery payouts of \$600 or more, the Division of Lottery will verify with the Division of Taxation that no tax debt is owed to the State. If debt is owed, it will be deducted from the winnings. This process would mirror Lottery’s current process for checking on past-due child support and student loans and would require a statutory change to effectuate.

Personal Liability for Responsible Officers

This proposal would impose personal liability on officers who serve as the State's fiduciary agent for the collection of certain State taxes and fees (e.g., 911 Emergency Response fee, Atlantic City Luxury Tax). This reform is particularly important to ensure compliance by small businesses.

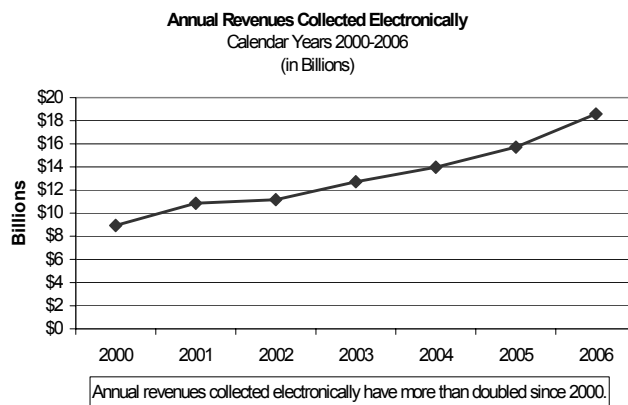
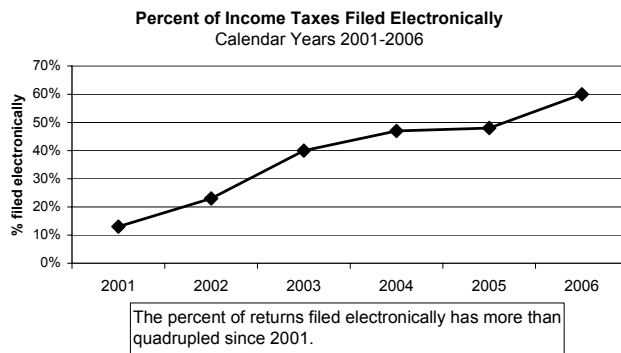
Electronic Filing

The State’s rapidly expanding electronic filing (i.e., e-filing) options have increased the number of e-filing transactions from 1.9 million in fiscal 2000 to 4.3 million in fiscal 2006. Today, nearly \$20 billion of revenue is processed electronically, compared to only \$9 billion six years ago. Programs that increase the speed and accuracy of transactions with the State for taxpayers and employers, while at the same time reducing expenditures for the State, are a “win-win” in government redesign.

The New Jersey Division of Revenue has expanded its electronic filing and processing to the point that paper transactions, which require more staff resources for data entry and manual tasks, have been reduced from 87% of all tax filings in 2001 to only 40% by 2006.

The electronic filing initiative has produced recurring annual savings for the Division. By the end of the current fiscal year, the Division of Revenue will have reduced its operating budget by \$3 million since fiscal 2005.

The State continues to expand its efforts in this area. In January 2008, in conjunction with the Department of Labor and Workforce Development, the Division will lower the threshold at which employers must use electronic filing for their quarterly wage reports from businesses with ten employees to those with five employees. In addition, e-filing is now available for a wide range of payment types, including individuals filing their income taxes and businesses filing sales and other corporate taxes.



Restructuring Information Technology

In a report published in July 2006, Governor Corzine’s Commission on Government Efficiency and Reform (GEAR) identified a critical need to overhaul and modernize the State’s information technology (IT) systems, pointedly mentioning “...a lack of accountability, control, monitoring and oversight of State department and agency information technology projects.” By reinforcing the role of the Office of Information Technology (OIT), the goal is

to bolster the State's IT infrastructure, create a comprehensive business plan for statewide IT services, coordinate planning across departments, and identify potential management efficiencies. Reforms implemented during fiscal 2007 have addressed, and, in several cases exceeded, GEAR's initial objectives.

As a first step, the Governor signed Executive Order 42 in November 2006, authorizing the following organizational changes:

IT Governing Board

Established an IT Governing Board to determine strategic direction, standards, and funding priorities. The Board shall consist of 9 voting members including a chairperson appointed by the Governor, the State Treasurer, three Executive Branch commissioners, three public members, and the Chief Technology Officer described below.

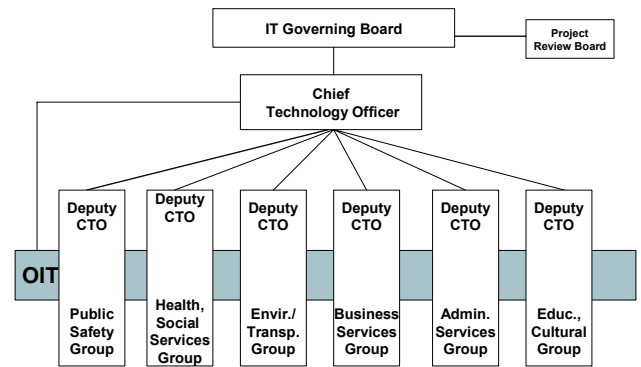
Chief Technology Officer (CTO) and Deputy CTOs

Established the position of the Chief Technology Officer (CTO) and provided for the appointment of up to six Deputy Chief Technology Officers. Serving at the pleasure of the Governor, the CTO will coordinate information technology operations across the entire Executive Branch. The six deputy chief technology officers will be responsible for IT management, planning and budgeting in single areas of interest that span multiple agencies, namely:

- Public Safety
- Health and Social Services
- Education, Cultural, and Intellectual Services
- Environmental and Transportation Services
- Business and Community Services
- Administrative Services

The deputy CTOs, who will be primarily selected from existing staff, will provide the oversight necessary to coordinate similar IT services across departmental boundaries and serve at the pleasure of the CTO.

Statewide Information Technology Governance Model



Project Review Board

Created a Project Review Board (PRB) to review and monitor large scale IT projects. In the past, control over such procurement was decentralized among the affected departments, yielding a costly patchwork of fragmented and isolated IT systems. The PRB, which will report to the new Governing Board, presently includes representatives from OIT, the Division of Purchase and Property and the Office of Management and Budget within the Department of Treasury. This collaboration will provide a fresh, objective view for the purpose of quality assurance and priority-setting.

The Board plans to review all of the State's major, long-term IT projects, which will collectively cost a projected \$500 million to develop, applying stringent management principles as a way of leveraging the State's investment. PRB reviews have already begun on Human Services' new child support (NJKids) and consolidated assistance (CASS) projects as well as the Motor Vehicle Commission's Motor Vehicle Automated Transaction System (MATRX).

Strategic Planning

In fiscal 2007, OIT initiated a detailed strategic planning process that required agencies to project their IT service needs for both new systems and ongoing services for the next three years. This plan should drive each individual department's entire IT thrust, from the service level agreements that are struck with OIT to the equipment that is purchased.

This process will be fully integrated into the State's budget process during the fiscal 2009 cycle.

Elimination of OIT Revolving Fund

Since its inception in 1984, OIT's operating budget has been funded through a revolving fund, with appropriations placed in the respective user departments that were billed for service. While the intent was to create a relationship between desired service levels and appropriations, that plan never fully materialized. Although the billing process approximated each department's service usage on various mainframes and servers, it was not equitable or completely accurate. Instead, related State appropriations were routinely swept into the revolving fund to offset OIT's fixed cost of service.

In fiscal 2008, the State-funded portion of the revolving fund has been eliminated and the supporting appropriations have been moved from the departments to OIT. OIT will continue to bill for services funded from non-state funds, which comprise about 60% of its operation. Besides eliminating an unproductive billing process, this initiative provides OIT with some degree of certainty and flexibility in operating the State's core IT infrastructure.

IT Maintenance Savings

Annually, OIT spends approximately \$10 million to maintain the State's core distributed environment (i.e., non-mainframe assets). In fiscal 2008, OIT will seek to leverage such expenses across all agencies, realizing better vendor pricing through the existing State global maintenance contract. In addition, OIT will identify instances where it would be economical to eliminate costly "24/7" type coverage in favor of "per incident" coverage, particularly for modern equipment with a good track record for repairs. A savings of \$500,000 is anticipated.

Telephone Monitoring

Late in fiscal 2007, OIT will implement a new, automated phone monitoring system that will eliminate the existing, manual-intensive process of issuing individualized, paper-based, toll statements each month to State employees for the purpose of tracking external phone calls. The new system will

improve productivity by enabling OIT to search for anomalies and suspicious patterns of usage from a central location. In addition, OIT will publish new guidelines establishing a monthly threshold below which reimbursement will not be sought, eliminating the unproductive pursuit of insignificant charges. This initiative will relinquish five OIT staff to analyze data, rather than merely assembling and sorting it, and effectively eliminate the printing of 30,000 paper bills each month. Savings of \$360,000 is projected from reduced printing costs alone.

Future Efforts

OIT will also be focusing on several other key initiatives throughout fiscal 2008, including:

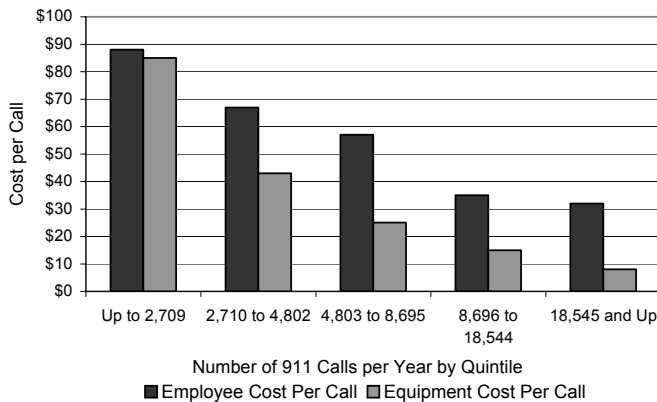
- **Data Sharing:** Establish a common, core set of data that can be shared across all levels of government, negotiating comprehensive data sharing agreements with local and county organizations.
- **Mobile Workforce:** Automate field operations by providing IT systems and infrastructure to support the direct delivery of agency services in the field, where appropriate.
- **Shared Infrastructure:** Redeploy and consolidate underused infrastructure and services to support agencies' growing demands.
- **Self Service:** Aggressively expand e-Government/e-Commerce to provide more residents and clients with quick, easy options for accessing government services.
- **Procurement:** Work with the Purchase Bureau to aggregate IT purchase requests and maximize the State's purchasing power. Early indications suggest a significant potential to reduce IT hardware costs with this approach, particularly if the effort includes local governments.

Consolidation of 911 Call Centers

In October 2006, the John J. Heldrich Center for Workforce Development, Rutgers University, completed a study commissioned by the Office of Management and Budget concerning the potential for consolidation of the State's local 911 system. The study confirmed that the existing system, which includes approximately 200 primary Public Service

Answering Points (PSAPs) and 100 secondary Public Service Dispatch Points (PSDPs) spread across a multitude of municipalities and counties, is significantly overbuilt. This finding was bolstered by a November 2006 report, issued by the Joint Legislative Committee on Government Consolidation and Shared Services, which recommended that the State's 911 Commission be given the specific authority to consolidate PSAPs on an as-needed basis.

Local 911 Call Centers: Employee and Equipment Cost per Call Categorized by Annual Call Volume Per Center



Costs per 911 call decrease significantly as call center volume increases. Source: Heldrich Center/PSAP Survey, Verizon, and OETS, 2005.

Within the existing system, New Jersey has a relatively high number of very small 911 call centers, with 36% of PSAPs receiving less than one call per hour. On the other hand, only 15% of the existing PSAPs handle nearly 80% of all 911 calls. The Heldrich Center report concluded that these larger PSAPs are more efficient by every known measure. Furthermore, because small 911 centers are easily overwhelmed in a crisis situation, consolidation offers an opportunity to save money *and* significantly bolster public safety by improving service.

The Fiscal 2008 Budget recommends action on two of the key recommendations of the Heldrich Center report, both of which support efforts toward future consolidation:

- To improve the collection of financial and performance information on PSAP and dispatch operations, 911 grants and state Aid to localities that are issued through the Department of Community Affairs' existing Municipal Homeland Security Assistance Aid program will be predicated on the

submission of budget, staffing, and call volume data to the State's Office of Emergency Telecommunications Services (OETS) during fiscal 2008.

- To target the issuance of State grants for 911 operations and equipment to the most efficient PSAPs, the Budget empowers OETS to set grant criteria. Effective with the fiscal 2008 grants, the 911 Commission recently adopted OETS' recommendation that requires all PSAPs to certify that they use a minimum of two call takers per shift in order to qualify for State assistance. This level of service, which is typical of larger 911 centers, will support future consolidation efforts and enhance public safety.

Rent Consolidation

In fiscal 2007, the Department of the Treasury's Division of Property Management and Construction (DPMC) conducted audits of State-owned buildings in the Trenton area, as well as all leased facilities, to identify opportunities for reducing lease costs. Due to a reduction in workforce initiated by the Governor, DPMC and State departments collaborated to identify initiatives that would enable the State to either close leases or relinquish existing office space for staff associated with new or enhanced programs. As a result, nine leases will be eliminated from the Fiscal 2008 Budget, generating a reduction of \$1.8 million in rent expense. The audits also identified opportunities to consolidate into existing vacant space as a means of absorbing five new or enhanced programs, generating \$1.7 million in cost avoidance.

The Joint Space Utilization Committee is expanding this inquiry, requiring all agencies to justify their current allocations and project future requirements for office space. This information will be captured in the State's Land, Building, and Asset Management system (LBAM), and will be used for future space planning initiatives.

Roofs – Central Account (Capital)

The Fiscal 2008 Budget recommends a total of \$7 million in capital funding for roofing projects that were previously deferred. In a break with past practice, these funds have been budgeted in a central (i.e., Interdepartmental) account so that projects may

be prioritized across departments. After first creating a statewide database of roof conditions, the Department of Treasury's Office of Management and Budget and its Division of Property Management and Construction will rank projects based on a set of specific criteria, including the importance of the facility, its age, and potential operating savings. By appropriating funds within a central account an added degree of flexibility and accountability will be provided, thus ensuring that the maximum number of projects can be funded at the lowest responsible cost.

Automated Records Management Systems

In an interagency effort involving the Department of Treasury's Office of Management and Budget (OMB), Division of Revenue (DOR) and Office of Information Technology (OIT), as well as the Department of State's Division of Archives and Records Management (DARM), strict procedures were established in July 2006 for the review and approval of new automated records management systems and services. The initiative, which applies to all Executive Branch departments, requires agencies to first consult the considerable expertise that exists in DOR, DARM, and OIT before supplementing or replacing paper-based records with new automated systems or services.

Up until now, individual departments would independently purchase new automated systems and services, including electronic imaging and related technologies, with quality varying significantly across agencies. There was little attempt to leverage these investments across other departments with similar needs under the new effort. As of fiscal 2007, agencies must submit proposals including a detailed conceptual design or requirements statement, along with a cost/benefit analysis. The joint review will establish whether departments can avoid unnecessary expenditures by taking advantage of unused capacity in the State's existing systems (e.g., DOR imaging), some of which fluctuates seasonally, and whether proposed new systems will be compatible with other affected departments.

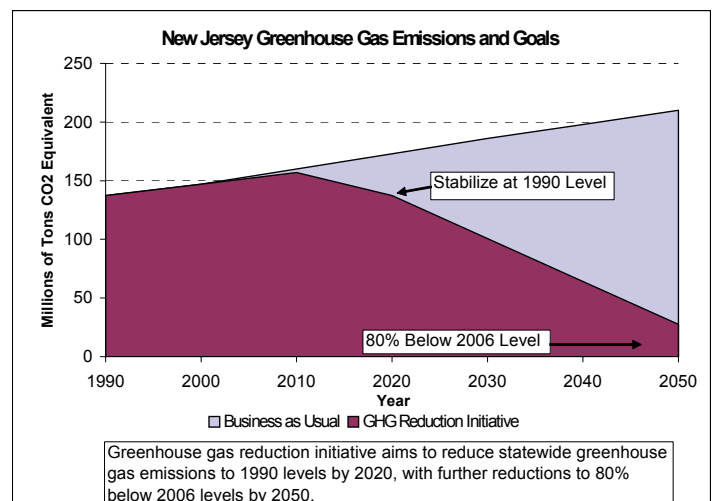
In sum, this initiative will help State government save money, streamline records management operations, and maximize the benefits of standardization and resource sharing across agency lines.

Energy Savings and Efficiencies

This Administration is committed to maintaining New Jersey's status as a leader in the effort to curb greenhouse gases. Moreover, with the actions it is taking to save energy at its own facilities, the State is striving to show how conserving energy helps the environment while generating savings for taxpayers. The following policy initiatives illustrate the steps the State is taking to save energy and combat global warming.

Reducing Greenhouse Gases

On February 13, 2007, the Governor signed Executive Order 54, establishing a goal of reducing statewide greenhouse gas emissions to 1990 levels by 2020, with further reductions to 80% below 2006 levels by 2050. The Order mandates that the Department of Environmental Protection work with the Board of Public Utilities, the Department of Transportation, and the Department of Community Affairs, to evaluate methods to meet or exceed the 2020 target reductions and to develop a 1990 greenhouse gas emission inventory and a monitoring system to track progress. The Order also requires the Director of Energy Savings to develop targets and implement strategies to reduce energy use by State facilities and vehicle fleets.



Lighting Reduction

With the signing of Executive Order 11, Governor Corzine created the position of the Director of Energy Savings within the Department of Treasury. The Director is responsible for implementing a program to increase energy efficiency, reduce energy usage, and improve the procurement of energy for all State facilities. The Executive Order mandates the performance of energy audits at State buildings, the purchase of energy-efficient products, and the development of a plan for the use of renewable energy and advanced energy sources. Since the issuance, off-peak lighting restrictions have been implemented in State offices located in the city of Trenton, resulting in a reduction of more than 3.5 million kilowatt hours per year and generating fiscal 2008 savings of \$250,000 in the central fuel and utility account.

Capital Investments – State Facilities

To reduce energy use in State facilities, the Fiscal 2008 Budget authorizes \$10 million in critical capital investments from the Clean Energy Fund, a dedicated program administered by the Board of Public Utilities that supports energy efficiency investments by businesses, residents and governmental entities. The projects chosen for the \$10 million, all of which were approved by the Commission on Capital Budgeting and Planning, were drawn from a larger list of nearly \$90 million in energy-saving needs identified by various departments during the Fiscal 2008 Budget process. The facilities affected include institutions that house sensitive clients as well as major office buildings, all of which are in dire need of new energy-efficient support systems. Major projects include:

- Heating, Ventilating, and Air Conditioning (HVAC) at various Human Services institutions (\$6 million);
- Automated energy control (i.e., pneumatic) systems in State office buildings (\$2.8 million);
- Boiler at Agriculture’s Beneficial Insect Laboratory (\$275,000);
- Energy efficiency study, State-owned facilities (\$200,000)

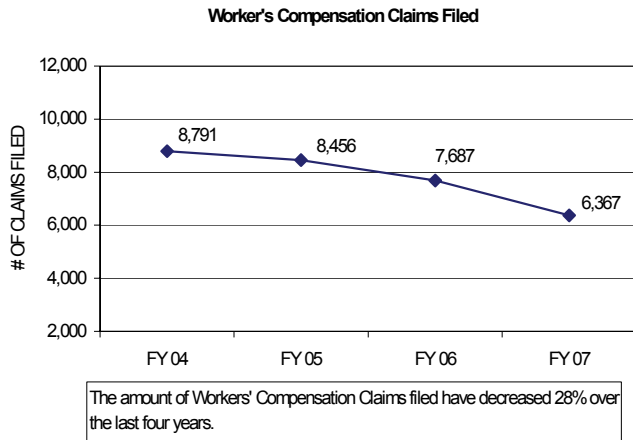
To achieve maximum energy efficiency, these investments will be subject to the review of the Department of Treasury’s Director of Energy Savings.

Energy Monitoring

This budget provides funding from the Petroleum Overcharge Reimbursement Fund to institute a centralized Energy Tracking System (ETS) to determine current levels of energy performance for State facilities and develop a cost-effective, targeted strategy for reducing consumption, cost, and related greenhouse gas emissions. In addition, by tracking ongoing energy performance, the ETS will increase accountability for all State agencies. The State spends well over \$100 million a year on energy and utility costs for its facilities and institutions. Thus, ETS will serve as the foundation for a sustainable energy management program that will save the State millions each year and be a major contributor to New Jersey’s greenhouse gas reduction initiative. The Office of Energy Savings is preparing a Request for Proposal for such a system to be used statewide, with oversight by the Director of Energy Savings.

Risk Management

A consultant report commissioned by the Department of Treasury in 2005 suggested numerous management reforms for the State’s Workers Compensation program that are gradually being implemented by the Bureau of Risk Management (BRM). One of the key suggestions was to expand BRM’s investigative staff to increase the number of field investigations and improve the overall administration of claims. In response, the Bureau hired seven new investigators, an increase of 100% over BRM’s existing investigatory staff. This enabled BRM to assign more reasonable caseloads consistent with industry standards. Due in part to that initiative, there was a noticeable decrease in the number of Workers Compensation claims reported for fiscal 2006 as compared to fiscal 2005. Specifically, 2006 claims fell 9% from the number of claims filed in fiscal 2005. This trend has continued into fiscal 2007 (see chart below). To sustain this progress, BRM will need to retain key investigative staff to provide a degree of continuity in this program.



efficiencies totaling \$50 million. Savings will be realized across the various departments, each of which will be asked to identify efficiency gains through such means as: utilization of internal economies-of-scale; consolidation of functions; and improvements in operating methods.

Over the past few months, the BRM has partnered with other agencies to obtain accurate information regarding the true value of State-owned assets. As a result, several facilities were removed from BRM's property schedule, thus lowering the cost of related insurance premiums by \$150,000. In addition, the Bureau has established a "First Response" team of trained Treasury staff who can respond to notifications from State agencies regarding potential damage to state property. Since BRM is responsible for the handling of all claims or loss to state property, this early notification system mitigates losses and helps improve the accuracy of claims.

Pending legislation (S-45) would establish the Bureau of Risk Management as a discrete Treasury Division, reporting directly to the State Treasurer. If passed with the recommendations added by the Governor, this legislation will empower Risk Management to establish a Statewide Risk Management Committee, establish programs to protect agencies' physical assets, and implement safety programs. These reforms would help arrest claims growth, improve claims management, and substantially improve workplace safety, thus accomplishing the combined goal of reducing costs to the taxpayer while protecting the health and welfare of public workers, clients, and visitors.

Statewide Management Efficiency Savings

This Budget assumes \$25 million in savings from management efficiencies in fiscal 2008. This initiative is similar to that implemented in the Fiscal 2007 Budget, which recommended management



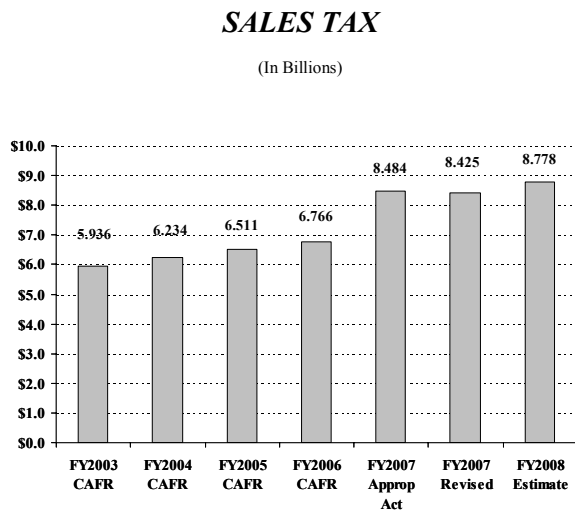
CHAPTER 4: REVENUE FORECASTS & PROPOSED REVENUE ENHANCEMENTS

Fiscal 2008 Revenue Projections

Total revenues for fiscal 2008 are expected to be \$32.0 billion, \$1.1 billion above the revised fiscal 2007 anticipated levels, and include revenue solutions of \$387 million, none of which involve new or increased taxes. Base revenues are expected to grow moderately in fiscal 2008. Most economic indicators for the nation and New Jersey are projected to be softer in 2007 than they were in 2006, but show some improvement in 2008.

Sales Tax

The forecast of \$8.8 billion in Sales Tax revenue for fiscal 2008 is an increase of \$353 million over the revised fiscal 2007 level. This forecast takes into account the fiscal 2007 changes in the Sales Tax, by annualizing the changes resulting from the new tax base and tax rate. The basic underlying growth of 2.8% reflects anticipated slower growth in wages and business investment in calendar years 2007 and 2008.



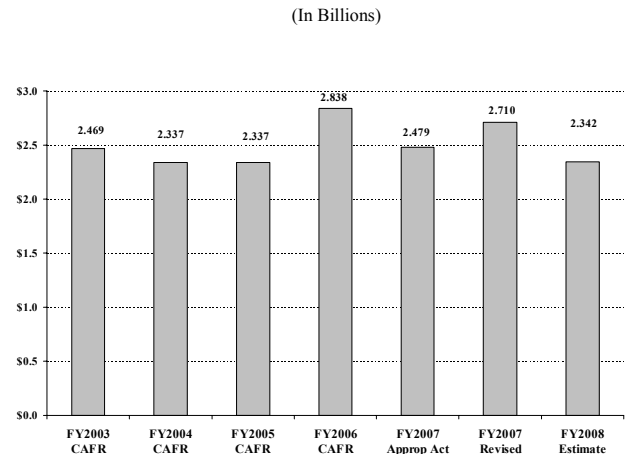
FY2007 had a change in tax policy.
 - increase in sales tax rate from 6% to 7%
 - broadened sales tax base

Sales tax excludes the tax on energy
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Corporation Business Tax

The fiscal 2008 Corporation Business Tax (CBT) revenue forecast of \$2.3 billion represents a decrease of \$368 million (13.6%), compared with the revised fiscal 2007 level. This net downward revision is the result of losses due to: the expiration of the Alternative Minimum Assessment or AMA (-\$160 million); fully phasing-in full net operating loss (NOL) deductibility (-\$80 million); and the elimination of the 0.67% tax rate on S-corporations (-\$35 million). It also assumes slower growth in payments for calendar year 2007 associated with the anticipated slowdown in corporate pre-tax profit growth, from over 19% in 2006 to under 4% in 2007.

CORPORATION BUSINESS TAX



Corporation business tax excludes the tax on energy
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Gross Income Tax

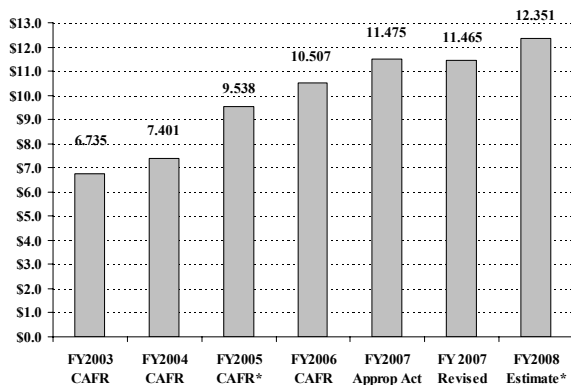
The fiscal 2008 forecast of \$12.4 billion is an increase of \$886 million over the revised fiscal 2007 level. This forecast encompasses a \$64 million decline, to take into account the proposed expansion of the New

Jersey Earned Income Tax Credit (EITC). The basic underlying growth rate of 8.3% over the revised fiscal 2007 level reflects the continuation of current income growth trends. New Jersey Total Income, which is the tax base, increased 9.2% in 2004 and 6.6% in 2005. The tax base is projected to grow by 7.3% in 2006 and 5.3% in 2007, reflecting the outlook for personal income anticipated by a number of independent economic forecasting services. Households reporting over \$100,000 in total income account for almost 85% of the income tax revenue. Growth in income for these households is expected to increase 11.3% in calendar 2006 and between 8% and 9% in 2007 and 2008. This is well below the 14.6% rate experienced in the 1994-96 period, when economic conditions were similar.

The current EITC in New Jersey, equal to 20% of the federal Earned Income Tax Credit, is available only to taxpayers who have an eligible dependent and who earn no more than \$20,000 in New Jersey Gross Income. The expanded EITC would be available to all taxpayers who are eligible for the federal credit.

GROSS INCOME TAX

(In Billions)



*These revenues include changes in tax policy.
 FY 2005 – Tax rate increase on incomes of \$500,000 or greater
 FY 2008 – EITC Expansion (\$64 million)

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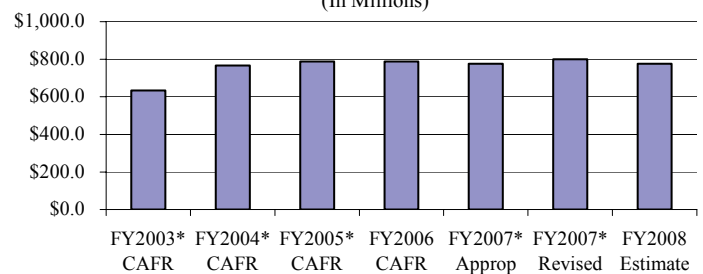
Cigarette Tax

For fiscal 2008 the gross cigarette tax collections are estimated to be \$776 million. This estimate assumes

a 3% decline in consumption from the revised fiscal 2007 estimate for gross collections. From the fiscal 2008 gross collections, \$370 million is dedicated to the Health Care Subsidy Fund to assist hospitals with charity care and other uncompensated care disproportionate share payments, for subsidies for the New Jersey Kid Care program, and for other hospital financial assistance. Also \$154 million has been pledged to bondholders with the issuance of the Cigarette Tax Revenue Bonds, Series 2004. The remaining funds of \$252 million are available to support the General Fund.

CIGARETTE TAX GROSS COLLECTIONS

(In Millions)



*Includes change in tax rate.

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Revenue Initiatives

Tobacco Settlement Financing Corporation Debt Restructuring (Tobacco Settlement Fund, \$108.6 million)

In August 2002, New Jersey sold its right to receive amounts payable to the State under the Master Settlement Agreement (MSA) to the Tobacco Settlement Financing Corporation (TSFC). In return, the TSFC pledged 50% of the Tobacco Settlement Revenues (TSRs), in order to secure the Series 2002 bonds that it issued. In 2003, the TSFC pledged the other 50% of the TSRs to secure the Series 2003 bonds. In January 2007, these bonds were refunded, and the TSFC issued Series 2007-1 refunding bonds totaling \$3.6 billion in exchange for the previous two issues. The Series 2007-1 bonds pledged 76.3% of the revenue received under the MSA for payment of the bonds. The non-pledged portion of the revenue received under the MSA amounts to 23.7% of the TSRs, and will be paid to the State on an annual basis. The amount of revenues not pledged to bond holders and reclaimed as a revenue of the State in fiscal 2008 is estimated to be \$108.6 million.

***Non-Pledged Dedicated Cigarette Tax Revenue
(\$85.1 million)***

The NJ Economic Development Authority (NJEDA) is a state entity that operates under the NJEDA Act, P.L. 1974, c. 80. The EDA Act was supplemented by the Cigarette Tax Securitization Act of 2004, Chapter 68. In October 2004, the Authority issued \$1.5 billion of Cigarette Tax Revenue Bonds, Series 2004. Beginning July 1, 2006, the State began depositing into the “Dedicated Cigarette Tax Revenue Fund” an amount equal to \$0.0325 of the tax per cigarette, about 25% of the total cigarette tax collected. Of this amount, about 78.6 % is pledged to secure the bonds. The remaining 21.4% of the dedicated tax has not been pledged and is available in the Dedicated Cigarette Tax Revenue Fund. The amount of non-pledged revenue available for fiscal 2008 is estimated at \$85.1 million.

State Disability Benefits Fund (\$75 million)

The Fiscal 2008 Budget proposes a \$75 million diversion from the State Disability Benefits Fund. The fund’s fiscal 2007 ending balance is projected to be a healthy \$221 million and would have grown to an estimated \$285 million in fiscal 2008, the highest fund balance since fiscal 1996. Annual revenues are projected to outpace expenditures by approximately \$64 million. Following the proposed \$75 million diversion, the fund is projected to have an ending balance of \$210 million. This initiative will not impact the fund’s ability to meet its obligations.

(For information regarding Enhanced Debt Collection, please see Chapter 3.)



CHAPTER 5: CHARTS & GRAPHS

Overview

This chapter presents a wide range of charts and graphs to better explain the components of the recommended Fiscal 2008 Budget. They also include the revisions that were made in the current Fiscal 2007 Budget.

The FY 2008 Budget

(In Millions)

	FY2007 Adjusted Approp.	FY2008 Budget	% Change
Opening Surplus	\$ 1,779	\$ 1,941	9.1
Revenues			
Income			
Base	11,465	12,415	8.3
EITC Expansion		(64)	
Sales			
Base	8,425	8,778	4.2
Corporate			
Base	2,710	2,342	(13.6)
Other			
Base	8,223	8,094	(1.6)
Additions		387	
Total Revenues	\$ 30,823	\$ 31,952	3.7
Lapses	400		
Total Resources	\$ 33,002	\$ 33,893	2.7
Appropriations			
Original	\$ 30,819	\$ 33,292	8.0
Supplemental	242		
Total Appropriations	\$ 31,061	\$ 33,292	7.2
Fund Balance	\$ 1,941	\$ 601	

FY 2007 Revenues

(In Millions)

	FY2007 Approp. Act Revenues	FY2007 Adjusted Revenues	Change	
			\$	%
Income	\$ 11,475	\$ 11,465	\$ (10)	(0.1)
Sales	8,484	8,425	(59)	(0.7)
Corporate	2,479	2,710	231	9.3
Other*	<u>8,186</u>	<u>8,223</u>	<u>37</u>	0.5
Total	<u>\$ 30,624</u>	<u>\$ 30,823</u>	<u>\$ 199</u>	0.6

* All Sales Tax and Corporation Business Tax on Energy are included in Other.

FY 2007 Supplementals

(In Millions)

Employee Benefits	\$ 60.0
Debt/Insurance/Other Central Costs/Torts	24.4
Nursing Homes	17.0
Children and Families	15.0
Jersey City Medical Center ⁽¹⁾	12.4
Early Childhood Intervention	12.0
UI/Noncontributory Insurance	11.4
Rent	11.0
Addiction Services	10.0
Snow Removal	10.0
DHS Child Support Systems	9.0
Fair and Clean Elections	7.7
Senior Tax Freeze	7.6
Asset Diversification	4.7
Abbott School Aid Appeals	3.8
Taxation Collection Services	3.5
Medicaid Office of Inspector General	3.0
Other Spending Issues	19.1
Total Appropriation/Spending Issues	\$ 241.6

(1) Replaces unavailable federal funds

FY 2008 Revenues

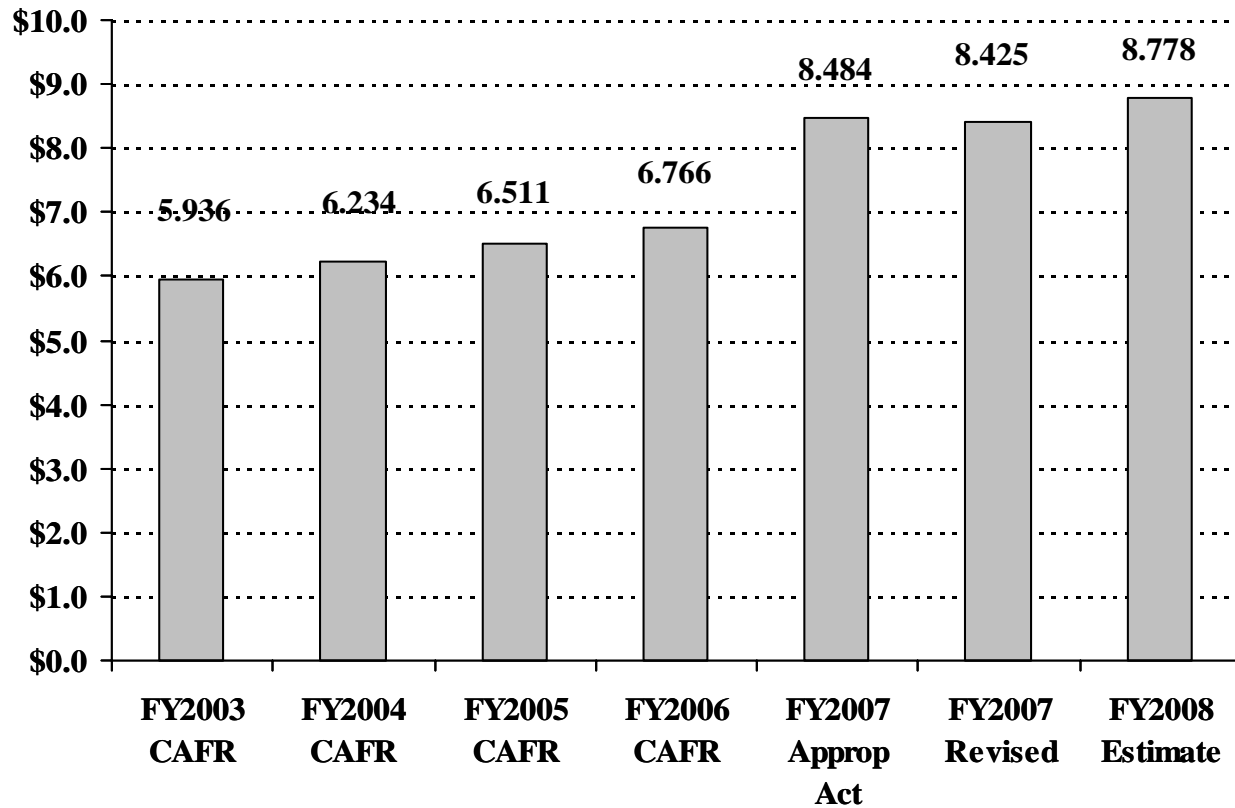
(In Millions)

	FY2007 Adjusted Revenues	FY2008 Budget	Change	
			\$	%
Income	\$ 11,465	\$ 12,351	\$ 886	7.7
Sales	8,425	8,778	353	4.2
Corporate	2,710	2,342	(368)	(13.6)
Other*	<u>8,223</u>	<u>8,481</u>	<u>258</u>	3.1
Total	<u>\$ 30,823</u>	<u>\$ 31,952</u>	<u>\$ 1,129</u>	3.7

* All Sales Tax and Corporation Business Tax on Energy are included in Other.

SALES TAX

(In Billions)



FY2007 had a change in tax policy.

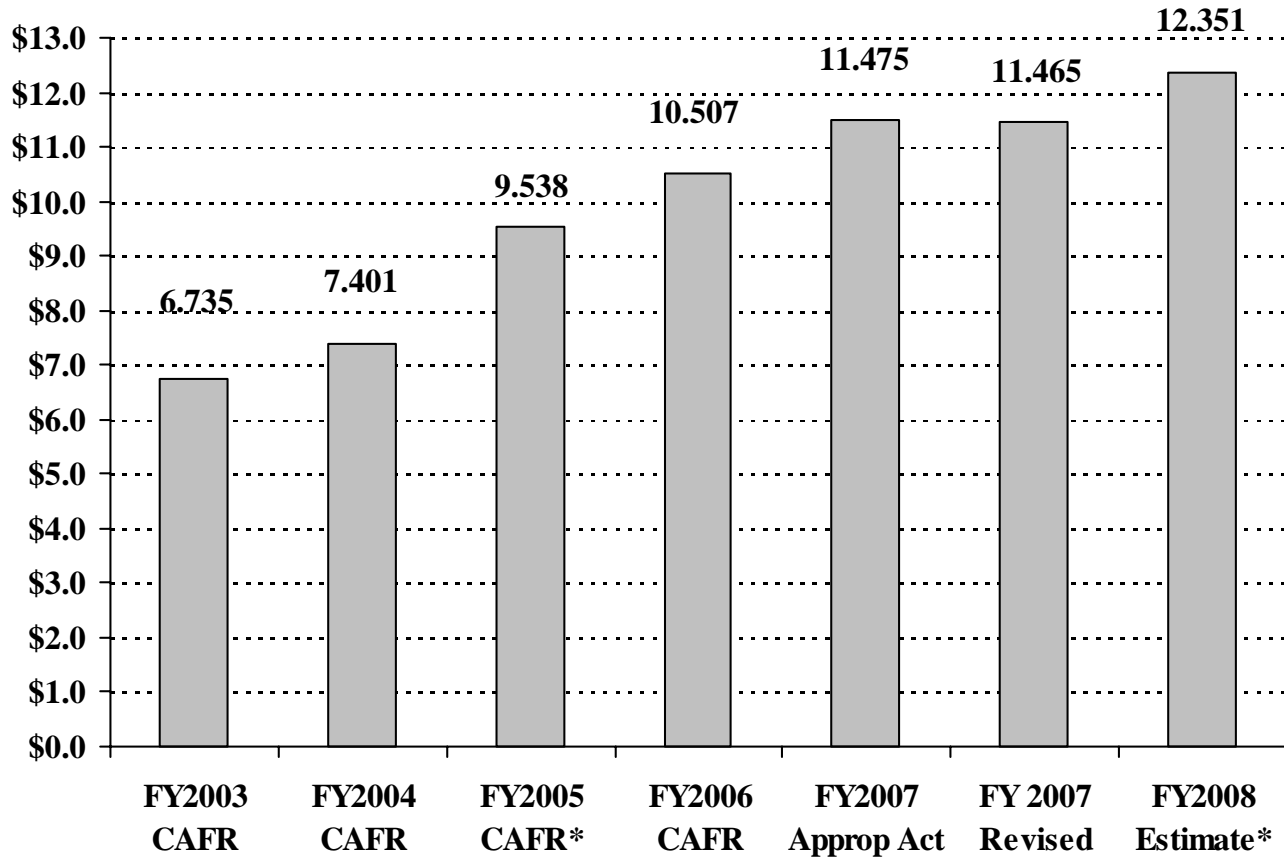
- increase in sales tax rate from 6% to 7%
- broadened sales tax base

Sales tax excludes the tax on energy

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GROSS INCOME TAX

(In Billions)



*These revenues include changes in tax policy.

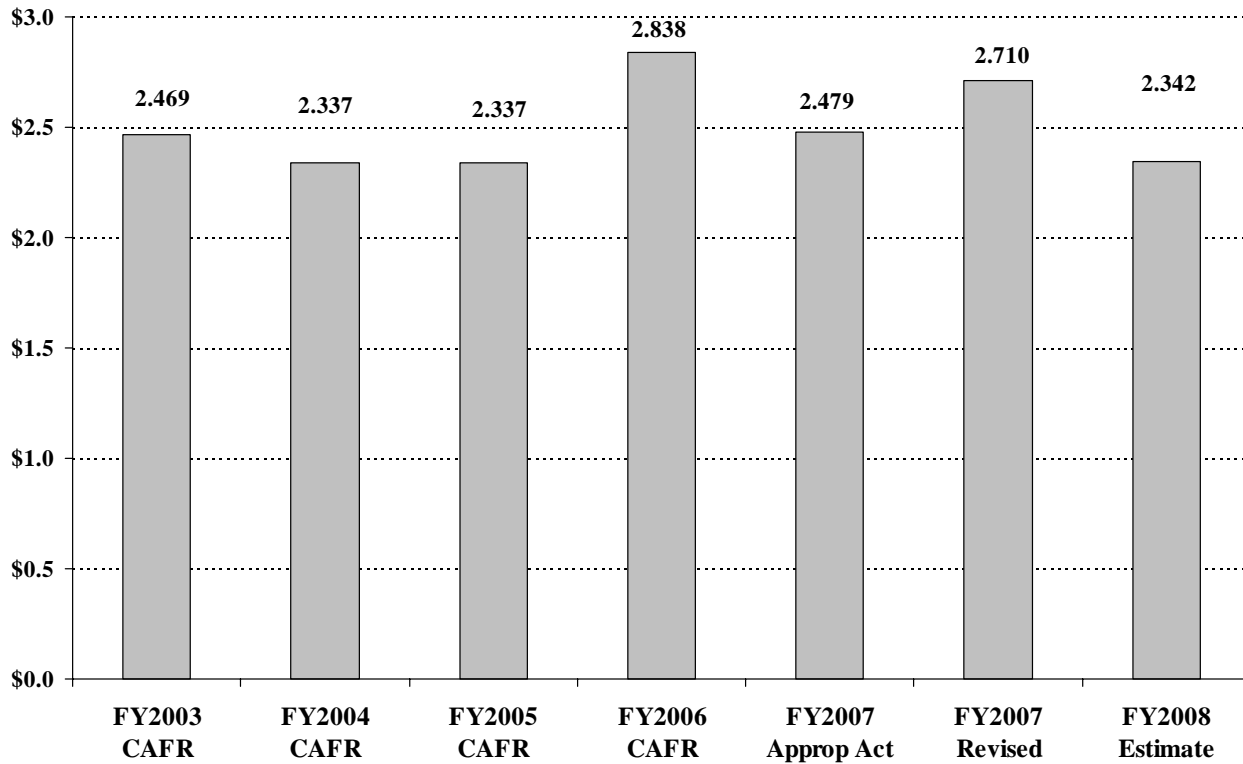
FY 2005 – Tax rate increase on incomes of \$500,000 or greater

FY 2008 – EITC Expansion (\$64 million)

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CORPORATION BUSINESS TAX

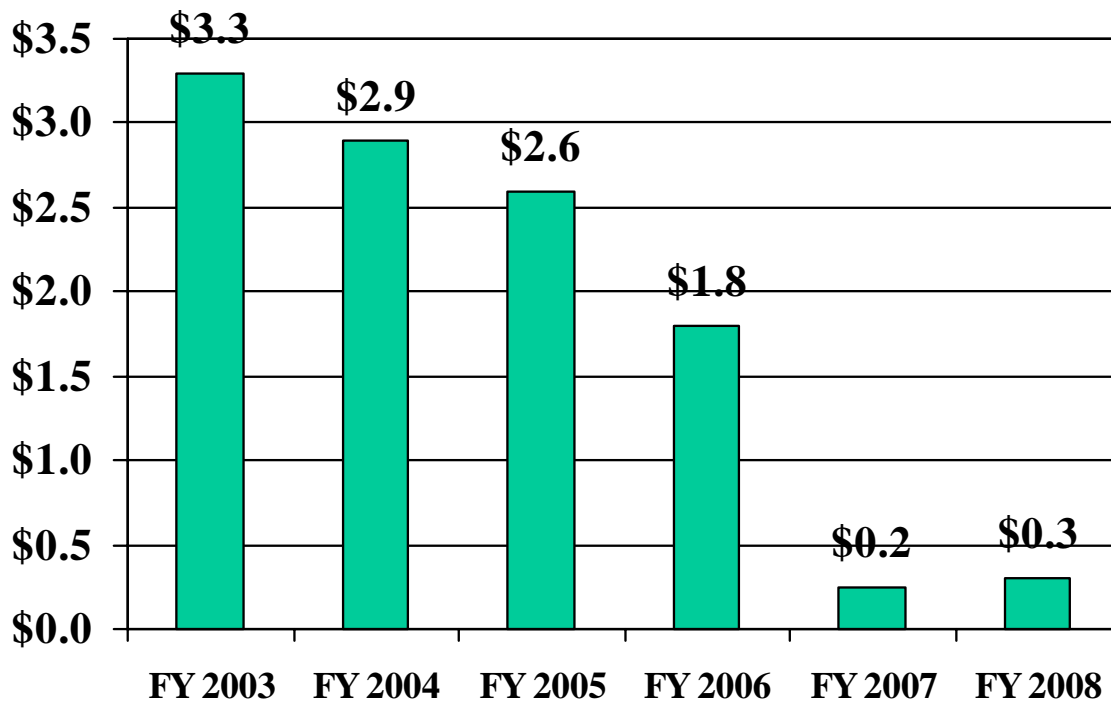
(In Billions)



Corporation business tax excludes the tax on energy
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*Diversions from Dedicated Funds Down by
More Than 80% Compared to the
Average of Last 5 Years*

(In Billions)



Note: Excludes \$80 million of one-time revenues for capital improvement projects in FY07.

Diversions from Dedicated Funds Down by More Than 80%
Compared to the Average of Last 5 Years
(In Millions)

	FY 2003	FY 2004	FY 2005	FY 2006	Gov Budget FY2007	Approp Act FY 2007	Gov Budget FY2008
Tobacco Securitization	\$ 1,557	\$ 1,612	\$ -	\$ -	\$ -	\$ -	\$ -
New Revenue Securitization	-	-	1,930	-	-	-	-
Unemployment Insurance Fund	325	325	100	350	-	-	-
Millionaire's Tax - Retroactive Impact	-	-	156	-	-	-	-
Federal Stimulus	106	433	-	-	-	-	-
PAAD Waiver	147	148	-	-	-	-	-
CBT Accelerated Payments	651	-	-	-	-	-	-
Car Registration Acceleration **	-	-	16	22	22	22	6
Unclaimed Property	100	-	-	-	-	-	-
State Disability Fund	-	30	110	-	50	50	75
Securities Enforcement Collections	-	10	2	-	-	-	-
Real Estate Guarantee	-	1	-	-	-	-	-
NJ Redevelopment Authority	-	9	-	-	-	-	-
Hotel Revenue State Share	-	25	-	-	-	-	-
Economic Development Authority	-	30	2	2	-	-	-
Toll Road Revenue TTF	22	22	-	-	-	-	-
Catastrophic Illness in Children Relief Fund	-	4	-	-	-	-	-
Drug Enforcement Demand Reduction	4	3	1	2	1	1	2
Educational Facilities Authority	-	-	2	-	-	-	-
Federal TANF Balances	70	86	18	-	-	-	-
VOI/TIS Federal Funds	12	13	-	-	-	-	-
Cash Management Fund	20	-	-	12	-	-	-
Free Public Schools	25	-	-	-	-	-	-
Meadowlands Commission	62	-	-	-	-	-	-
Sanitary Landfill Contingency	6	6	-	-	-	-	-
Second Injury Fund	20	-	-	5	-	-	-
Surplus Lines	43	-	-	-	-	-	-
UMDNJ Self Insurance Fund	77	-	-	-	-	-	-
UEZ Balances	37	-	-	-	50	-	-
Mutual Workers' Compensation Fund	-	-	5	-	-	-	-
Petroleum Surcharge Fund	-	-	-	5	-	-	-
PAAD / ADDP Rebate Receivable	-	-	-	56	-	-	-
PAAD Medicare D Administration	-	-	-	5	-	-	-
Bond Refinancing	-	-	-	150	-	-	-
Benefit Enhancement Fund / Pensions	-	126	265	385	-	-	-
Asset Sales	-	-	-	200	-	-	-
Human Services-Revenues	-	-	-	4	94	94	75
Tobacco Settlement Fund	-	-	-	10	-	13	-
New Home Warranty Security Fund	-	-	-	20	-	-	-
Phase-out of Casino Comps	-	-	-	43	-	-	-
Public Records Preservation Fund	-	-	-	5	-	-	-
G.O. / Bldg. Authority Refinance Savings	-	-	-	266	-	-	-
Health Benefits / Rx Fund Balance	-	-	-	60	60	-	-
Health Care Subsidy Fund	-	-	-	-	-	-	12
Market Transition Facility	-	-	-	-	-	-	11
Supplemental Workforce Fund	-	-	-	-	-	-	6
Cigarette Tax Revenue (Non-Pledged)****	-	-	-	-	-	-	43
Cigarette and MVC Revenues	-	-	-	243	-	-	-
Tobacco Settlement Debt Restructuring****	-	-	-	-	-	-	51
Workforce Development Fund***	-	-	-	-	-	20	20
<u>Fund Shifts (various)</u>	-	-	-	-	-	44	-
Total, Dedicated fund Diversions	\$ 3,284	\$ 2,883	\$ 2,607	\$ 1,845	\$ 277	\$ 244	\$ 301
General Fund Surplus *	15	-	463	44	223	794	672
<u>Deferred Sales Tax Revenue</u>	-	-	-	-	-	-	668
Grand Total	\$ 3,299	\$ 2,883	\$ 3,070	\$ 1,889	\$ 500	\$ 1,038	\$ 1,641

Comparing Approp Act to Approp Act

* Excluding Property Tax Reserve Fund, FY2007 Approp Act

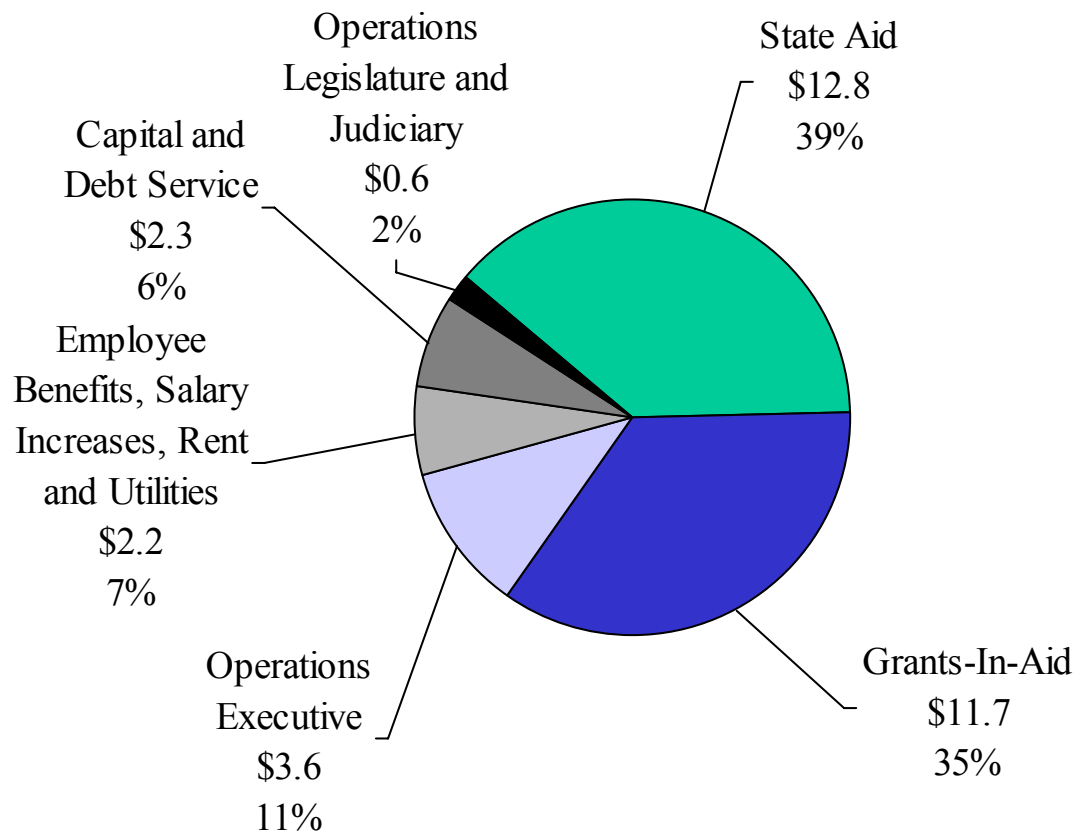
** Impact from 4 year vehicle registration

*** Originally projected as a one-time revenue in FY2007, sustained in FY2008

**** A portion of this revenue is non-recurring and a similar amount does recur each year

Where Does the Money Go – State Aid and Grants Represent 74% of Budget

(In Billions)



74 cents of every dollar goes to Property Tax Relief and Grants in Aid

State Aid: includes Education Aid programs, Municipal Aid, Property Tax Relief programs, General Assistance, and Aid to County Colleges.

Grant-In-Aid: includes Property Tax Relief programs, Medicaid, Pharmaceutical Assistance for the Aged and Disabled, Nursing Home and long-term care alternative programs, and support for Higher Education.

Operations Executive: includes funding for adult prisons and juvenile facilities, State Police and other Law Enforcement programs, Human Services institutions, Veterans Homes, and the new Children and Families and the Public Advocate Departments.

Property Tax Relief and Mandatory Growth Greater Than Overall Growth

(In Millions)

Property Tax Relief		\$ 1,847.6
New Credit / Rebate Program		
Homeowners	1,068.7	
Tenants	125.0	
Existing Direct Relief Programs		
Senior and Disabled Property Tax Freeze	26.5	
School Formula Aid	309.8	
Other School Aid	23.4	
Teacher Pension, Social Security and Post Retirement Medical	53.6	
School Construction Debt Service	192.2	
Municipal Aid (1)	20.0	
County Colleges and Psychiatric Hospitals	28.4	
Salary Increase State/Higher Education Employees		248.8
Medicaid/General Assistance Health Care		185.4
Child Welfare Reform		55.1
Employer Taxes (2)		43.7
Employees Pension (2)		39.6
Employees Active and Retirees Health Benefits (2)		28.9
TANF Work Activities and Case Management		28.1
Correctional Programs		27.8
General Obligation and Other Debt Service		20.6
Tuition Aid Grants and NJ STARS I+II		21.9
Replace Federal Revenue		19.0
Early Childhood Intervention		5.0
Statewide Education Assessment		4.5
Enhanced Mental Health Staffing		3.5
Transportation for the Elderly		2.0
		\$ 2,581.5

(1) one time \$80m for Special Municipal Aid netted out of base for FY07 - was FY06 cost

(2) State, Higher Education, County Colleges and Municipalities

*Funding for
Property Tax Relief*

(In Millions)

<u>Programs</u>	<u>FY2007 Adjusted Approp.</u>	<u>FY2008 Budget</u>	<u>\$ Change</u>
School Aid	\$ 10,297.7	\$ 10,876.8	\$ 579.1
Municipal Aid	1,917.5	1,937.5	20.0
Other Local Aid	811.6	830.9	19.3
Direct Taxpayer Relief	<u>1,714.9</u>	<u>2,959.1</u>	<u>1,244.2</u>
Total Direct Aid	<u><u>\$ 14,741.7</u></u>	<u><u>\$ 16,604.3</u></u>	<u><u>\$ 1,862.6</u></u>

Direct Property Tax Relief

(In Millions)

	FY2007 Adjusted Approp.	FY2008 Budget	\$ Change
Homestead Property Tax Credits/Rebates for Homeowners	\$ 931.3	\$ 2,000.0	\$ 1,068.7
Homestead Rebates for Tenants	126.0	251.0	125.0
Senior/Disabled Citizens Property Tax Freeze	126.5	153.0	26.5
Property Tax Deduction Act	432.0	456.0	24.0
Municipal Reimbursement - Veterans' Tax Deductions	76.4	76.4	-
Municipal Reimbursement - Senior/Disabled Citizens' Tax Deductions	22.7	22.7	-
Total Direct Property Tax Relief	\$ 1,714.9	\$ 2,959.1	\$ 1,244.2

School Aid

(In Millions)

	FY2007 Adjusted Approp.	FY2008 Budget	\$ Change
Formula/Supplemental Programs	\$ 7,132.9	\$ 7,349.8	\$ 216.9
Abbott Preschool Expansion	243.2	246.3	3.1
Nonpublic School Aid	101.6	104.7	3.1
Targeted At-Risk Aid	-	66.8	66.8
Full-Day Kindergarten Supplemental Aid	-	26.2	26.2
Preschool Expansion and Enhancement Grants	-	10.0	10.0
Other Aid	136.2	138.9	2.7
Total Direct School Aid	\$ 7,613.9	\$ 7,942.7	\$ 328.8
Teachers' Pension and Annuity Fund	\$ 693.9	\$ 692.3	\$ (1.6)
Post Retirement Medical	721.4	751.1	29.7
Debt Service on Pension Obligation Bonds	95.1	103.5	8.4
Teachers' Social Security	691.8	717.2	25.4
Total Direct State Payments for Education	\$ 2,202.2	\$ 2,264.1	\$ 61.9
School Construction and Renovation Fund	\$ 364.8	\$ 557.0	\$ 192.2
Debt Service Aid	116.8	113.0	(3.8)
Total School Building Aid	\$ 481.6	\$ 670.0	\$ 188.4
Total School Aid	\$ 10,297.7	\$ 10,876.8	\$ 579.1

Municipal Aid

(In Millions)

	<u>FY2007 Adjusted Approp.</u>	<u>FY2008 Budget</u>	<u>\$ Change</u>
Consolidated Municipal Property Tax Relief Aid (CMPTRA)	\$ 835.4	\$ 835.4	\$ -
Energy Tax Receipts Property Tax Relief Aid	788.5	788.5	-
Special Municipal Aid	94.7	132.0	37.3
Legislative Initiative Municipal Block Grant Program	34.8	34.8	-
2008 Municipal Property Tax Assistance	-	32.6	32.6
Municipal Homeland Security Assistance	32.0	32.0	-
Extraordinary Aid	43.0	25.0	(18.0)
Consolidation Fund / SHARE	4.2	19.2	15.0
Trenton Capitol City Aid	16.5	16.5	-
Highlands Protection Fund Aid	12.0	12.0	-
Regional Efficiency Aid Program (REAP)	11.0	-	(11.0)
Open Space - Payment In Lieu of Taxes (PILOT)	9.5	9.5	-
Municipal Assistance - Legislative Earmarks	<u>35.9</u>	<u>-</u>	<u>(35.9)</u>
Total Direct Municipal Aid	<u>\$ 1,917.5</u>	<u>\$ 1,937.5</u>	<u>\$ 20.0</u>

Higher Education

(In Millions)

	FY2007 Adjusted Approp.	FY2008 Budget	Change	
			\$	%
Colleges and Universities				
Senior Public Colleges and Universities	\$ 1,468.5	\$ 1,490.8	\$ 22.3	1.5
County Colleges	217.5	232.0	14.5	6.7
Independent Colleges and Universities	19.5	20.4	0.9	4.4
Student Financial Assistance	250.2	268.3	18.1	7.2
Educational Opportunity Fund	40.6	40.6	-	-
Facility and Capital Improvement Programs	98.5	93.4	(5.1)	(5.2)
Other Programs	18.3	16.9	(1.4)	(7.6)
Total Higher Education	\$ 2,113.1	\$ 2,162.4	\$ 49.3	2.3

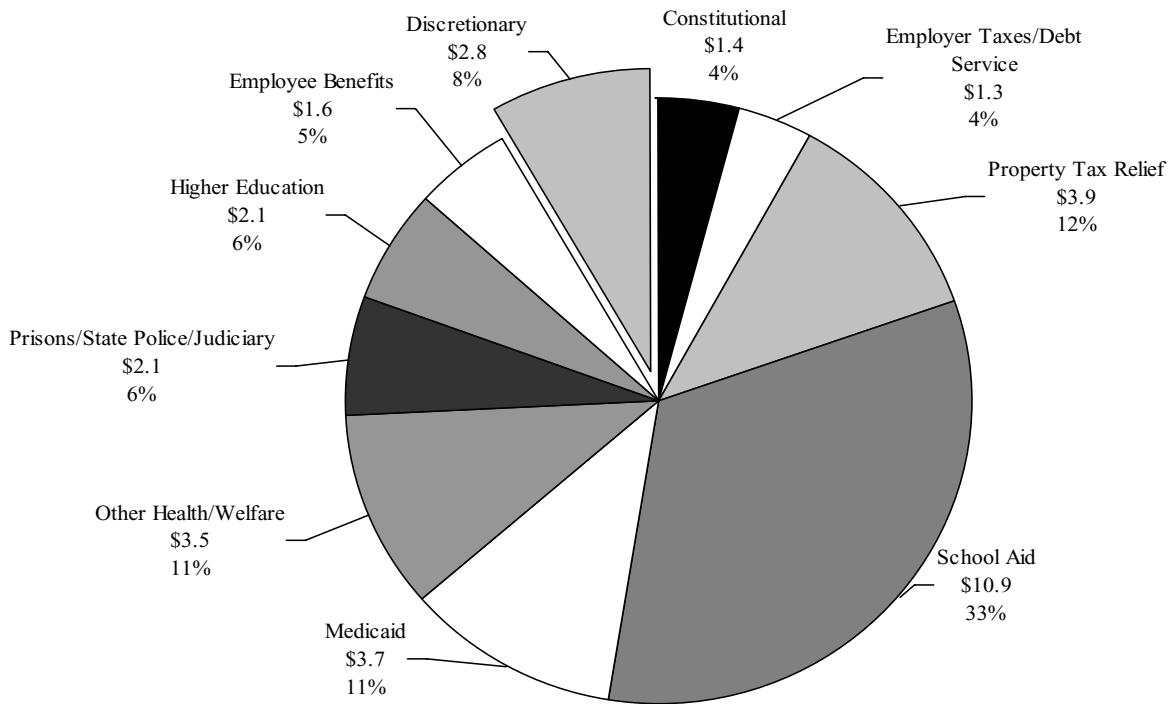
Higher Education

(In Millions)

	FY2007 Adjusted Approp.	FY2008 Budget	\$ Change
Senior Public Institutions			
Rutgers University	\$ 309.4	\$ 321.7	\$ 12.3
UMDNJ	220.7	231.2	10.5
NJIT	47.2	48.5	1.3
Thomas Edison State College	6.2	5.9	(0.3)
Rowan University	36.5	38.2	1.7
New Jersey City University	31.0	32.5	1.5
Kean University	39.6	41.2	1.6
William Paterson University	39.0	40.9	1.9
Montclair State University	46.1	48.0	1.9
College of New Jersey	35.0	36.6	1.6
Ramapo College of New Jersey	19.6	20.2	0.6
Richard Stockton College of New Jersey	23.7	24.8	1.1
Subtotal Senior Publics Direct Aid	\$ 854.0	\$ 889.7	\$ 35.7
Senior Publics Salary Funding	-	11.0	11.0
Senior Publics Net Fringe Benefits	614.5	590.1	(24.4)
Total Senior Publics	\$ 1,468.5	\$ 1,490.8	\$ 22.3
County Colleges			
Operating Support	155.8	163.4	7.6
Fringe Benefits	34.2	35.1	0.9
Chapter 12 Debt Service	27.5	33.5	6.0
Total County Colleges	217.5	232.0	14.5
Total Independent Colleges and Universities	19.5	20.4	0.9
Student Financial Assistance			
Tuition Aid Grants (TAG)	214.7	230.2	15.5
Part-time TAG for County Colleges	4.9	5.5	0.6
NJSTARS I & II	8.0	13.8	5.8
EOF Grants and Scholarships	40.6	40.6	-
Loan Forgiveness for Mental Health Workers	3.5	3.5	-
Other Student Aid Programs	19.0	15.2	(3.8)
Total Student Financial Assistance	\$ 290.8	\$ 308.9	\$ 18.1
Other Programs			
Capital Grants and Facilities Support	98.5	93.4	(5.1)
New Jersey Stem Cell Research Institute	5.5	5.5	-
All Other Programs	12.8	11.4	(1.4)
Total Other Programs	\$ 116.8	\$ 110.3	\$ (6.5)
Grand Total Higher Education	\$ 2,113.1	\$ 2,162.4	\$ 49.3

Fiscal Year 2008

(In Billions)



Total Spending \$33.3 Billion

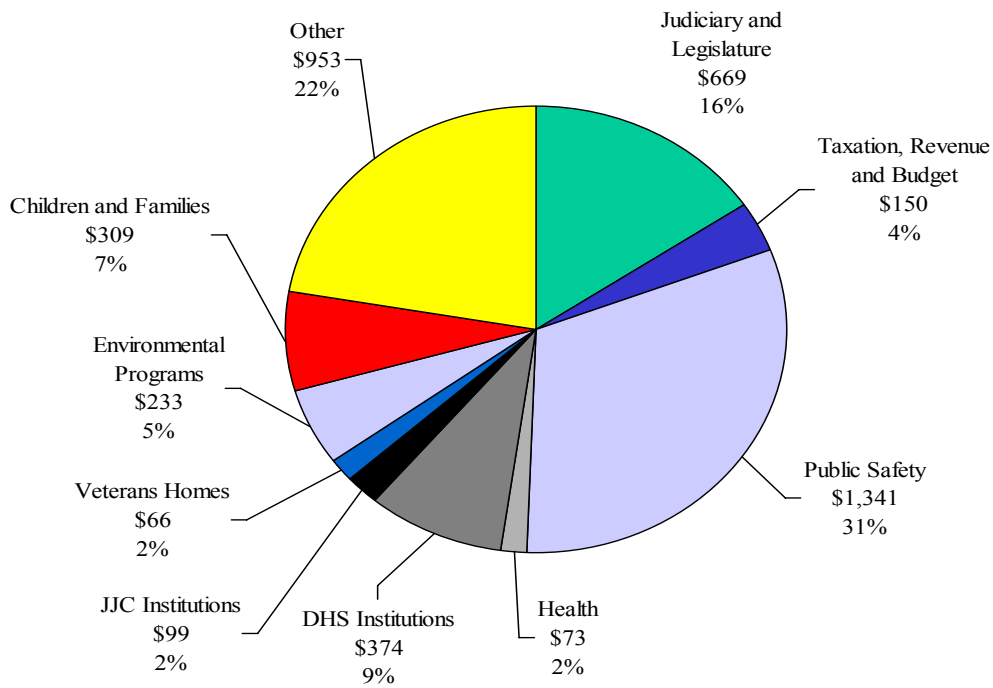
**Total Direct State Services
By Department**

(In Thousands)

	FY2007		FY2008		Change	
	FY2007 Appropriation	Adjusted Appropriation	Recommendation	\$	%	
Chief Executive	\$ 4,924	\$ 5,056	\$ 5,056	\$ -	-	
Agriculture	8,994	9,088	9,238	150	1.7%	
Banking and Insurance	68,944	70,311	70,311	-	-	
Community Affairs	36,914	38,773	38,678	(95)	-0.2%	
Corrections	942,404	963,938	974,226	10,288	1.1%	
Education	57,542	69,518	76,733	7,215	10.4%	
Environmental Protection	238,217	243,643	233,056	(10,587)	-4.3%	
Health & Senior Services	79,177	76,587	73,116	(3,471)	-4.5%	
Human Services-Other	37,841	46,986	44,919	(2,067)	-4.4%	
Central Office	30,696	17,115	26,036	8,921	52.1%	
Developmental Disabilities	95,188	107,470	108,901	1,431	1.3%	
Medical Assistance	25,641	25,229	24,249	(980)	-3.9%	
Mental Health	264,015	281,295	283,070	1,775	0.6%	
Labor	61,849	63,169	63,264	95	0.2%	
Law & Public Safety	146,894	149,066	145,376	(3,690)	-2.5%	
State Police	306,524	300,478	291,593	(8,885)	-3.0%	
Division of Law	17,052	17,010	16,010	(1,000)	-5.9%	
Juvenile Justice Commission	98,507	101,104	98,517	(2,587)	-2.6%	
Military & Veterans' Affairs	86,411	89,016	88,906	(110)	-0.1%	
Personnel	23,990	22,687	22,437	(250)	-1.1%	
Public Advocate	19,420	19,202	19,202	-	-	
State	13,213	13,447	13,752	305	2.3%	
Public Broadcasting	5,604	5,759	5,759	-	-	
State Library	4,570	4,509	7,509	3,000	66.5%	
Transportation	86,448	99,204	88,712	(10,492)	-10.6%	
Treasury	408,776	479,910	458,455	(21,455)	-4.5%	
Miscellaneous Commissions	1,407	1,408	1,444	36	2.6%	
Total Executive Branch	\$ 3,171,162	\$ 3,320,978	\$ 3,288,525	\$ (32,453)	-1.0%	
Legislature	\$ 73,451	\$ 75,080	\$ 74,638	\$ (442)	-0.6%	
Judiciary	567,750	597,398	594,398	(3,000)	-0.5%	
Subtotal Operations-Base	\$ 3,812,363	\$ 3,993,456	\$ 3,957,561	\$ (35,895)	-0.9%	
Children and Families	\$ 272,646	\$ 293,103	\$ 309,450	\$ 16,347	5.6%	
Total Operating Departments	\$ 4,085,009	\$ 4,286,559	\$ 4,267,011	\$ (19,548)	-0.5%	
Interdepartmental						
Other	\$ 70,642	\$ 46,407	\$ 23,443	\$ (22,964)	-49.5%	
Pension, Health Benefits & PRM	1,240,387	1,306,687	1,391,877	85,190	6.5%	
Employer Taxes	340,337	344,937	386,146	41,209	11.9%	
Insurance, Utilities, and Other	325,617	351,617	347,916	(3,701)	-1.1%	
Salary Program	107,860	-	212,845	212,845	-	
Subtotal Interdepartmental	\$ 2,084,843	\$ 2,049,648	\$ 2,362,227	\$ 312,579	15.3%	
Total	\$ 6,169,852	\$ 6,336,207	\$ 6,629,238	\$ 293,031	4.6%	

Operations Budgets

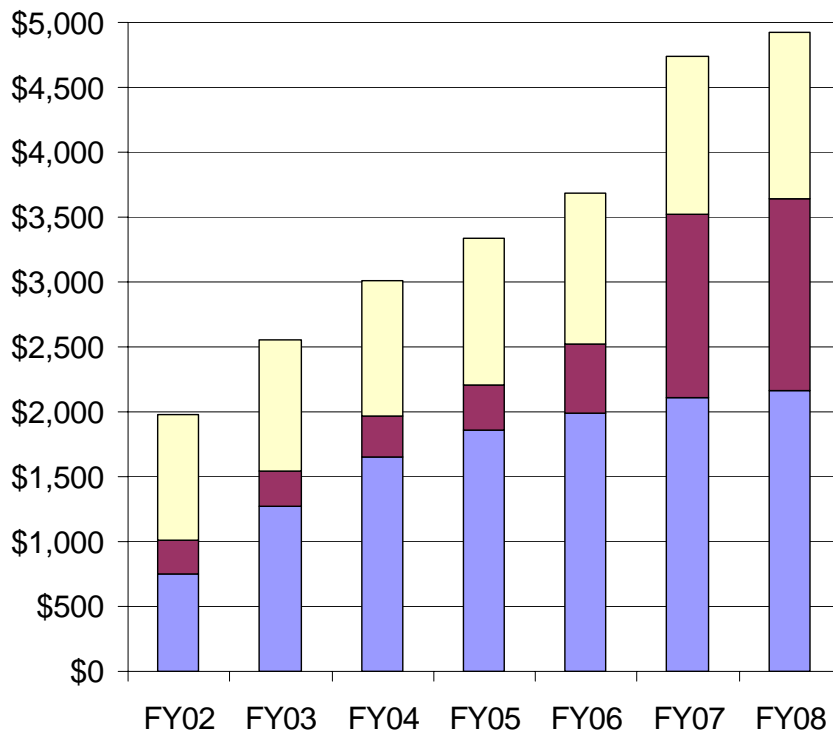
(In Millions)



Total Operating Budget is \$4.3 billion

Employee Benefit Costs

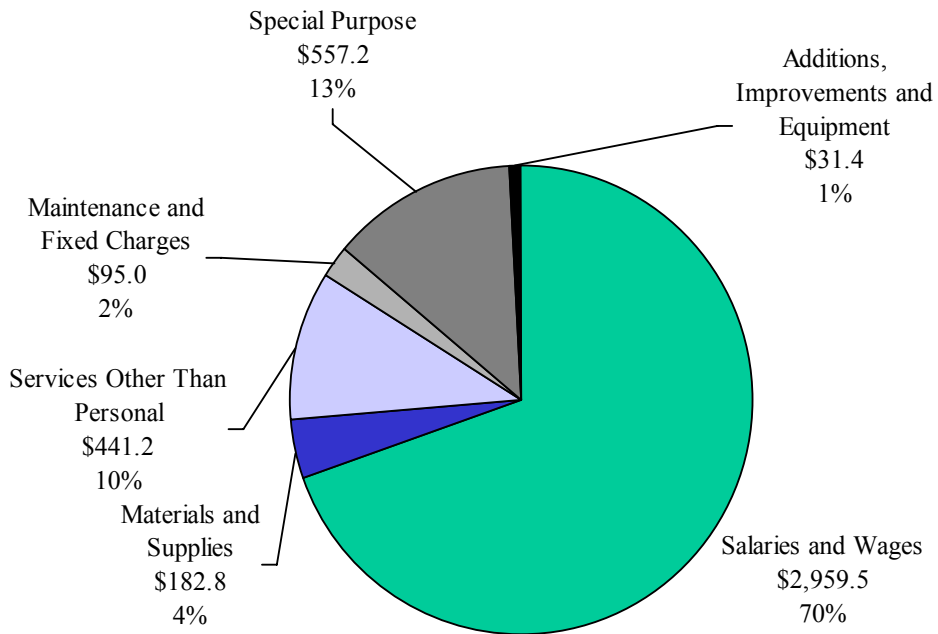
(In Millions)



■ Health Benefits/PRM
 ■ Pensions/Debt Service
 ■ Employer Taxes

Operating Split between Salaries and Other Costs

(In Millions)



Total Operating Budget is \$4.3 billion

Projected Shortfall Continues Into FY 2009

(In Millions)

	<u>FY2008</u>	<u>FY2009</u>	<u>-----DIFF-----</u>	
			<u>\$</u>	<u>%</u>
OPENING FUND BALANCE				
Sales Tax Dedication	\$ 668	\$ -	\$ (668)	-
Other	1,273	601	\$ (672)	-52.79%
REVENUES				
Income	12,351	13,500	1,149	9.3%
Sales	8,778	9,000	222	2.5%
Corporate	2,342	2,200	(142)	-6.1%
Other	8,094	8,200	106	1.3%
FY 2008 Revenue Solutions	<u>387</u>	<u>-</u>	<u>(387)</u>	<u>-</u>
Total	\$ 31,952	\$ 32,900	\$ 948	3.0%
RECOMMENDATIONS/PROJECTIONS				
Employee Benefits (other than pensions)	\$ 33,292	\$ 35,404	\$ 2,112	6.3%
Pensions 60%		\$445		
Aid to Education		340		
Medicaid		330		
One-Time Balances		320		
Salary Increases		300		
Homestead Credits/Rebates		160		
Debt Service		120		
Annualized Community Programs		57		
		40		
FUND BALANCE				
Sales Tax Dedication	<u>-</u>	<u>-</u>		
Other	\$ 601	\$ (1,903)		
Required Ending		\$ 601		
Fund Balance with Required Ending		<u>\$ (2,504)</u>		



CHAPTER 6: SUMMARIES OF FY07-F08 APPROPRIATION RECOMMENDATIONS

Overview

This chapter presents information about the recommended fiscal 2008 appropriations levels. The first chart summarizes the recommended major increases and decreases in the Fiscal 2008 Budget. Next, Table I through Table IV presents a series of increasingly-detailed charts listing prior year financial data, current year appropriations, and recommendations for fiscal 2008 appropriations. The final four tables summarize appropriations by use and department, and summarize debt service on general obligation bonds by specific bond issues.

**SUMMARY OF APPROPRIATIONS
MAJOR INCREASES AND DECREASES**

This table summarizes the major increases and decreases in the Fiscal 2008 Budget and is organized by category.

Categories of recommended appropriations are defined as follows:

State Operations consists of programs and services operated directly by the State government. The largest single component is for the salary and benefits of State employees. This portion of the Budget is subject to the spending limitations imposed by the Cap Law.

Grants-in-Aid appropriations are for programs and services provided to the public on behalf of the State by a third party provider, or grants made directly to individuals based on assorted program eligibility criteria. The Medicaid program, Tuition Aid Grant Program, Homestead Rebates, payments for State inmates housed in county jails, and funding for New Jersey Transit and State colleges and universities fall into this category.

State Aid consists of payments to or on behalf of counties, municipalities, and school districts to assist them in carrying out their local responsibilities. In addition to school aid, this category of expenditure includes the Consolidated Municipal Property Tax Relief Aid program, the Municipal Block Grant program and other forms of municipal aid. It also includes funding for county colleges, local public assistance and county psychiatric hospital costs.

Debt Service payments represent the interest and principal on capital projects funded through the sale of general obligation bonds.

Capital Construction represents pay-as-you-go allocations for construction and other infrastructure items.

**APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)**

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
State Operations			
Salary Increase - State Employees	\$ 169.495		
State Active and Retiree Employee Health Benefits	126.268		
Employer Taxes	38.777		
Pension - State Employees	24.068		
Child Welfare Reform	16.347		
Office of the State Comptroller	9.000		
Debt Service - Pension	6.229		
Replace Federal Funds - Human Services	6.203		
Greystone Facility Debt Service	4.514		
Statewide Education Assessment	4.500		
Education Staffing	3.865		
Enhanced Mental Health Hospital Staffing	3.498		
Ancora Renovations Debt Service	3.250		
State Library - New Jersey Knowledge Initiative	3.000		
Corporate Business Tax Dedication	2.226		
Property Assessment and Management System (PAMS)	1.900		
Mental Health Staffing for Community Programs	1.310		
Pharmaceutical Assistance to the Aged and Disabled (PAAD)	1.079		
Prison Inmate Re-entry Initiative	1.000		
Pharmaceutical Assistance to the Aged and Disabled (PAAD) Imaging Project	1.000		

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Black Bear Management Program	0.850		
Garden State Network Increase for Leased Lines	0.744		
Developmental Disabilities Staffing for Community Programs	0.717		
Property Insurance Premiums	0.707		
State Museum Re-opening Costs	0.700		
Addiction Services Staffing	0.607		
Expand Challenge Youth Program	0.350		
Fuel/Utilities/Rent	0.329		
Medicare Part D Staffing	0.277		
Bank Attachment - Expanded Staff	0.276		
Heat Pumps for DEP Facility	0.250		
Council on Gender Parity	0.095		
Delaware River Basin Commission	0.036		
<i>Subtotal - State Operations Increases</i>	<u>\$ 433.467</u>		
Employee Benefit Negotiation Savings		\$ (37.763)	
Debt Service		(32.156)	
Management Efficiencies		(25.000)	
Passaic River Litigation		(12.000)	
Tort Claims		(11.000)	
Snow Removal - Winter Operations		(10.000)	
Division of Investments/Pension Fund		(8.687)	
Inspection of Health Care Facilities		(5.550)	
Automated Child Support Enforcement System (ACSES)		(5.156)	
Investments - Consultants for Diversification Initiative		(4.700)	
Taxation - Fees for Collection Services		(3.500)	
Geographic Information Systems		(2.500)	
Statewide 911 Emergency Telephone System Reduction		(2.500)	
OIT Efficiencies		(1.910)	
Literacy Program Administration		(0.950)	
Casualty Insurance Premiums		(0.929)	
Department of Corrections Efficiencies		(0.746)	
Victims of Crime Compensation Volunteer Board		(0.400)	
Energy Efficiency		(0.400)	
Time and Leave Reporting Migration Acceleration		(0.250)	
Smart Growth Enforcement		(0.250)	
Office of Administrative Law Efficiencies		(0.208)	
Department of Transportation Efficiencies		(0.192)	
Department of Environmental Protection Efficiencies		(0.137)	
Nursing Incentive Program		(0.086)	
Commission on Higher Education Efficiencies		(0.035)	
Other (Net)		<u>(8.169)</u>	
<i>Subtotal - State Operations Decreases</i>		<u>\$ (175.174)</u>	
<i>Net Change (State Operations)</i>			<u>\$ 258.293</u>
Grants-In-Aid			
Property Tax Credits/Rebates for Homeowners	\$ 1,068.712		
Medicaid/General Assistance Health Care	220.926		
Homestead Rebates for Tenants	125.000		
Senior Public Colleges and Universities - Increase Base Operating Support	41.415		

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Child Welfare Reform	39.747		
TANF Work Activities and Case Management	28.089		
Senior/Disabled Citizens' Property Tax Freeze	26.500		
Community Provider COLA	25.282		
Family Development - Substance Abuse Treatment Services	19.442		
Correctional Programs	19.047		
Mental Health Community Programs	18.690		
Debt Service	17.160		
Pensions - Higher Education	16.437		
Tuition Aid Grants	15.992		
Cancer Research	14.750		
Senior Public Colleges and Universities - Portion of Salary Increase	11.047		
Preschool Expansion and Enhancement Grants	10.000		
Developmental Disabilities Community Programs	9.365		
Active and Retiree Employee Health Benefits - Higher Education	6.877		
NJSTARS I & II	5.789		
Stem Cell Research Grants	5.000		
Early Childhood Intervention	5.000		
Addressing Needs of the Autism Community	5.000		
Medicaid - Access to Health Care for Children	5.000		
JJC - Juvenile Detention Alternative Initiative (JDAI)	4.000		
Personal Assistance Service Program	3.500		
Cancer Institute of New Jersey	3.000		
Employer Taxes - Higher Education	2.466		
Arts/History Programs - 10% Increase	2.257		
Developmental Disabilities - ICF/MR Provider Tax Regulations Change	1.100		
Hunger Initiative/Food Assistance Program	1.000		
Support Services for Returning Veterans	1.000		
Center for Hispanic Policy, Research and Development	1.000		
Independent Colleges and Universities	0.954		
Post-Traumatic Stress Disorder	0.500		
Promoting Women's Health	0.500		
Addressing Violence Against Women	0.500		
Fort Monmouth Economic Revitalization Planning Authority	0.150		
<i>Subtotal - Grants-In-Aid Increases</i>	<u>\$ 1,782.194</u>		
Pharmaceutical Assistance to the Aged and Disabled (PAAD)		\$ (70.000)	
Jersey City Medical Center		(38.100)	
Hospital Assistance Grants		(35.200)	
Cancer Research		(32.000)	
Health Care Subsidy Fund		(23.500)	
Nursing Home/Medical Day Care Rates		(23.000)	
Reform Co-Payment for After School/Summer Child Care		(20.000)	
In-District Autism and Special Education Grants		(19.500)	
Medicaid Rx \$2 Co-Payment		(6.981)	
Cancer Institute of New Jersey, South Jersey - Debt Service		(6.900)	
Tuition Policy for Out-of-State Undergraduate Students		(5.071)	
Medical Day Care \$3 Co-Payment		(5.000)	
Trinitas Hospital - Debt Defeasance		(4.700)	
St. Mary Hospital, Hoboken		(4.000)	
Capital Improvements for Homeless Shelters		(4.000)	

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Outstanding Scholars Recruitment Program		(3.261)	
Developmental Disabilities - Group Home Capital Improvements		(3.000)	
AIDS Drug Distribution Program		(3.000)	
Senior Gold		(2.500)	
Corporate Business Tax Dedication		(2.465)	
Capital Improvements for Child Advocacy Centers		(2.000)	
Addiction Services - Substance Abuse Treatment Capital		(2.000)	
Solaris Health System		(1.800)	
Newark Museum		(1.570)	
Capital Improvements for Women's Shelters		(1.500)	
Life Skills Academy		(1.500)	
Battleship New Jersey Museum		(1.500)	
Boys and Girls Clubs of New Jersey		(1.500)	
Lourdes Health System - Osborn Family Clinic		(1.500)	
Enroll Developmental Disability Clients in HMOs		(1.347)	
Literacy Grants		(1.275)	
Bloomfield College - Academic Center		(1.000)	
Palisades Medical Center		(1.000)	
Family Development - Breaking the Cycle		(1.000)	
Larc School Bellmawr		(1.000)	
Capital Improvements for Storing Food for Food Banks		(1.000)	
UMDNJ - NJ Cares Program		(0.800)	
Big Brothers/Big Sisters		(0.650)	
Ellis Island New Jersey Foundation		(0.600)	
Medicaid Co-Payment on Emergency Room Visits		(0.550)	
Wynona M. Lipman Child Advocacy Center		(0.511)	
Paterson Library		(0.500)	
Piscataway Community Center		(0.500)	
Community YMCA of Red Bank - ESL Program		(0.500)	
Cerebral Palsy of Middlesex County		(0.500)	
Capital Improvements for Rape Care Centers		(0.500)	
Rutgers Camden Performing Arts Center		(0.450)	
Coordinated Garden State Scholarship Programs		(0.427)	
Wood-Ridge Brownfields Projects		(0.350)	
Camden Optometric Eye Center		(0.350)	
St. Barnabas Neurological Center		(0.350)	
John S. Watson Institute for Public Policy		(0.314)	
United Way 2-1-1		(0.300)	
Asperger's Syndrome Pilot Program		(0.300)	
Commission on Higher Education - NJ Transfer		(0.297)	
Passaic County Domestic Violence Training Program		(0.250)	
West New York Senior Outreach Transportation Program		(0.250)	
Court Appointed Special Advocate Program		(0.200)	
Latino Institute		(0.200)	
Hemophilia Association of New Jersey		(0.200)	
Montclair Art Museum		(0.200)	
Area Health Education Centers		(0.160)	
Sewell Boys and Girls Club Renovation - Mantua Township		(0.150)	
UMDNJ Clinical Affiliation Contract		(0.150)	
Center for Great Expectations		(0.125)	
NJ Fire and EMS Crisis Intervention Services Telephone Hotline - UMDNJ		(0.095)	

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Institute for Advanced Study, Park City Mathematics Institute		(0.080)	
Institute for Advanced Study, Discrete Mathematics and Computer Science Center		(0.080)	
Trenton Catholic Charities		(0.075)	
Lawrence Non-Profit Housing Inc.		(0.075)	
Belleville Township - Disabled American Veterans		(0.075)	
Lawrence Neighborhood Center - After School Program		(0.075)	
Mentor Power		(0.075)	
Passaic PRIDE Program		(0.050)	
United Jewish Appeal of River Edge - Capital Improvements		(0.050)	
Community Theater of Morristown		(0.050)	
NJIT CIM Technology Program		(0.050)	
Barnesboro Fire House (Mantua) - Roof Repair		(0.040)	
Voices for Patient Protection		(0.032)	
Other (Net)		<u>(10.386)</u>	
Subtotal - Grants-In-Aid Decreases		\$ (356.592)	
Net Change (Grants-In-Aid)			\$ 1,425.602
State Aid			
Education Formula/Supplemental Programs	\$ 216.844		
School Construction and Renovation Fund Debt Service	192.194		
Education Targeted At-Risk Aid	66.798		
Special Municipal Aid	37.300		
2008 Municipal Property Tax Assistance	32.600		
Post-Retirement Medical - Teachers' Pension and Annuity Fund	29.746		
Full-Day Kindergarten Supplemental Aid	26.182		
Local School Districts Teacher Social Security Payments	25.400		
Consolidation Fund	15.000		
County Psychiatric Hospitals	13.864		
Debt Service - Pensions-BOE	8.375		
County College Operating Support	7.631		
Charter School Aid	5.720		
General Assistance/Supplemental Security Income	4.197		
Abbott Preschool Expansion Aid	3.100		
Nonpublic School Aid	3.049		
Elderly and Handicapped Transportation Services	1.998		
Debt Service	0.964		
Local Employee Benefits	0.932		
County College Employee Benefits	0.925		
Other (Net)	<u>0.173</u>		
Subtotal - State Aid Increases	\$ 692.992		
Special Municipal Aid - One-Time		\$ (80.000)	
Newark Municipal Assistance		(24.000)	
Extraordinary Municipal Aid		(18.000)	
Regional Efficiency Aid Program (REAP)		(10.992)	
TANF Federal Block Grant Balances		(9.000)	
TANF Caseload Trend		(4.000)	
Trenton Municipal Assistance		(4.000)	
East Orange Municipal Assistance		(1.900)	

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Irvington Municipal Assistance		(1.900)	
Teachers' Pension and Annuity Fund		(1.520)	
Ewing Municipal Assistance		(1.500)	
East Brunswick School District		(1.300)	
Edison School District		(1.300)	
Montclair Board of Education - Minority Student Achievement Network		(1.000)	
Gloucester City Municipal Assistance		(0.950)	
Orange Municipal Assistance		(0.950)	
Lawrence Township (Mercer) School District Extraordinary Aid		(0.675)	
Bloomfield Municipal Assistance		(0.665)	
Cherry Hill Township - Library Debt Service		(0.500)	
Mosquito Control Program		(0.300)	
West Deptford Township - Diesel-Fired Electric Generator		(0.200)	
South Plainfield School District		(0.195)	
Logan Township Sidewalk Improvements		(0.110)	
Paulsboro Borough - Property Acquisition and Demolition Costs		(0.050)	
Mercer Shared Services		<u>(0.015)</u>	
<i>Subtotal - State Aid Decreases</i>		<u>\$ (165.022)</u>	
<i>Net Change (State Aid)</i>			<u>\$ 527.970</u>
Capital Construction			
Capital Improvements for State Parks and Recreation Areas	\$ 10.059		
Energy Efficiency - Statewide Projects	10.000		
NJ Building Authority	6.536		
World War II Memorial	1.000		
Other (Net)	<u>11.075</u>		
<i>Subtotal - Capital Construction Increases</i>	<u>\$ 38.670</u>		
Corporate Business Tax Dedication - Other		\$ (19.790)	
Statewide Automated Child Welfare Information System		(10.000)	
Capital Improvements for Sheltering Homeless Veterans		<u>(2.000)</u>	
<i>Subtotal - Capital Construction Decreases</i>		<u>\$ (31.790)</u>	
<i>Net Change (Capital Construction)</i>			<u>\$ 6.880</u>
Debt Service			
General Obligation Debt Service	<u>\$ 12.613</u>		
<i>Subtotal - Debt Service Increases</i>	<u>\$ 12.613</u>		
<i>Net Change (Debt Service)</i>			<u>\$ 12.613</u>
GRAND TOTAL	<u>\$2,959.936</u>	<u>(\$728.578)</u>	<u>\$2,231.358</u>

TABLE I
SUMMARY OF FISCAL YEAR 2007-08 APPROPRIATION RECOMMENDATIONS
(thousands of dollars)

Table I shows the appropriations from all State sources by Fund. It highlights the percent change in appropriations between fiscal years.

	2007 Adjusted Approp.	2008 Recommended	----- Change ----- Dollar	Percent
GENERAL FUND AND PROPERTY TAX RELIEF FUND				
State Aid and Grants	22,599,541	24,524,301	1,924,760	% 8.5
State Operations				
Executive Branch	3,539,079	3,522,973	-16,106	-0.5
Legislature	75,080	74,638	-442	-0.6
Judiciary	597,398	594,398	-3,000	-0.5
Interdepartmental	2,049,648	2,362,227	312,579	15.3
Total State Operations	6,261,205	6,554,236	293,031	% 4.7
Capital Construction	1,238,779	1,245,659	6,880	0.6
Debt Service	427,785	440,398	12,613	2.9
TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND	30,527,310	32,764,594	2,237,284	% 7.3
CASINO CONTROL FUND	74,039	74,039	---	---
CASINO REVENUE FUND	459,029	453,103	-5,926	-1.3
GRAND TOTAL STATE APPROPRIATIONS	31,060,378	33,291,736	2,231,358	% 7.2

TABLE II
SUMMARY OF FISCAL YEAR 2007-08 APPROPRIATION RECOMMENDATIONS
(thousands of dollars)

Table II shows comprehensive prior year financial data, current year appropriations, and budget year recommendations by fund and major spending category.

Year Ending June 30, 2006					Year Ending June 30, 2008		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recom- mended
General Fund							
5,933,843	589,086	40,664	6,563,593	6,099,019	6,261,205	6,555,028	6,554,236
8,107,067	397,615	-39,559	8,465,123	8,189,816	8,941,505	9,267,166	9,120,081
1,595,005	46,101	1,915	1,643,021	1,538,495	2,231,339	1,696,589	1,687,220
1,091,220	210,483	-1,355	1,300,348	1,102,132	1,238,779	1,245,659	1,245,659
169,326	---	---	169,326	169,323	427,785	440,398	440,398
16,896,461	1,243,285	1,665	18,141,411	17,098,785	19,100,613	19,204,840	19,047,594
10,606,600	407,101	-47,411	10,966,290	10,934,203	11,426,697	13,717,000	13,717,000
71,285	874	---	72,159	71,116	74,039	74,039	74,039
511,311	165,650	---	676,961	669,159	459,029	453,103	453,103
2,025	---	---	2,025	1,788	---	---	---
28,087,682	1,816,910	-45,746	29,858,846	28,775,051	31,060,378	33,448,982	33,291,736
GRAND TOTAL STATE APPROPRIATIONS					31,060,378	33,448,982	33,291,736

TABLE III
SUMMARY OF APPROPRIATIONS BY ORGANIZATION
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recommended
<u>DIRECT STATE SERVICES</u>							
Legislative Branch							
11,644	3,006	625	15,275	10,791	11,859	11,859	11,859
18,192	3,447	500	22,139	19,218	18,274	18,274	18,274
29,068	2,661	923	32,652	30,878	29,714	29,272	29,272
15,269	7,223	---	22,492	14,400	15,233	15,233	15,233
74,173	16,337	2,048	92,558	75,287	75,080	74,638	74,638
Executive Branch							
4,972	1,299	210	6,481	4,860	5,056	5,056	5,056
9,215	2,613	551	12,379	11,074	9,088	9,238	9,238
67,037	5,815	756	73,608	65,605	70,311	70,311	70,311
182,509	75	8,494	191,078	190,875	293,103	309,450	309,450
36,008	40,429	-7,224	69,213	56,926	38,773	38,678	38,678
909,913	1,502	25,863	937,278	929,625	963,938	974,226	974,226
60,694	9,414	13,620	83,728	75,524	69,518	76,733	76,733
221,540	40,111	9,105	270,756	254,163	243,643	233,056	233,056
63,676	13,981	19,822	97,479	95,341	76,587	73,116	73,116
62,805	13,938	19,691	96,434	94,324	75,716	72,245	72,245
871	43	131	1,045	1,017	871	871	871
571,697	18,045	53,437	643,179	532,721	478,095	487,175	487,175
60,696	41,001	732	102,429	97,273	63,169	63,264	63,264
566,510	196,800	15,643	778,953	656,407	567,658	551,496	551,496
523,819	196,738	15,643	736,200	613,969	522,967	506,805	506,805
42,599	62	---	42,661	42,346	44,599	44,599	44,599
92	---	---	92	92	92	92	92
85,851	4,369	2,275	92,495	89,468	89,016	88,906	88,906
24,540	6,852	483	31,875	28,730	22,687	22,437	22,437
16,004	2,222	-107	18,119	14,211	19,202	19,202	19,202
26,505	1,122	1,646	29,273	27,757	23,715	27,812	27,020
99,675	4,777	4,280	108,732	106,868	99,204	88,712	88,712
415,542	107,779	-17,796	505,525	470,870	479,910	458,455	458,455
386,856	106,967	-17,796	476,027	442,100	450,470	429,015	429,015
28,686	812	---	29,498	28,770	29,440	29,440	29,440
1,428	---	4	1,432	1,425	1,408	1,444	1,444
3,424,012	498,206	131,794	4,054,012	3,709,723	3,614,081	3,598,767	3,597,975
3,351,764	497,289	131,663	3,980,716	3,637,498	3,539,079	3,523,765	3,522,973
71,285	874	---	72,159	71,116	74,039	74,039	74,039
963	43	131	1,137	1,109	963	963	963

TABLE III
SUMMARY OF APPROPRIATIONS BY ORGANIZATION
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recommended
<u>DIRECT STATE SERVICES</u>							
Interdepartmental Accounts							
147,220	6,060	4,976	158,256	154,160	163,490	167,431	167,431
101,333	16,217	-655	116,895	113,952	122,211	108,489	108,489
1,442,797	---	15,529	1,458,326	1,446,297	1,651,624	1,778,023	1,778,023
79,722	1,610	13,918	95,250	69,617	36,107	13,143	13,143
147,624	37,612	-128,789	56,447	8,337	10,300	223,145	223,145
35,184	1,574	655	37,413	37,264	65,916	71,996	71,996
1,953,880	63,073	-94,366	1,922,587	1,829,627	2,049,648	2,362,227	2,362,227
Judicial Branch							
554,026	12,387	1,319	567,732	556,607	597,398	594,398	594,398
554,026	12,387	1,319	567,732	556,607	597,398	594,398	594,398
6,006,091	590,003	40,795	6,636,889	6,171,244	6,336,207	6,630,030	6,629,238
5,933,843	589,086	40,664	6,563,593	6,099,019	6,261,205	6,555,028	6,554,236
71,285	874	---	72,159	71,116	74,039	74,039	74,039
963	43	131	1,137	1,109	963	963	963
<u>GRANTS-IN-AID</u>							
Executive Branch							
1,575	452	480	2,507	2,157	5,025	4,875	4,875
541,692	159	24,673	566,524	565,978	708,517	751,524	751,524
55,710	39,409	7,795	102,914	87,717	61,845	50,260	50,260
138,654	---	-271	138,383	132,899	133,151	150,698	150,698
18,129	---	-222	17,907	17,163	39,713	28,938	28,938
750	5,369	16,734	22,853	5,206	27,165	24,700	24,700
1,592,488	181,940	-18,819	1,755,609	1,696,846	1,792,676	1,581,045	1,581,045
1,261,776	16,333	-18,688	1,259,421	1,208,340	1,484,824	1,281,117	1,281,117
330,712	165,607	-131	496,188	488,506	307,852	299,928	299,928
3,528,651	255,512	-29,316	3,754,847	3,676,405	3,733,581	3,983,504	3,983,504
3,385,807	255,512	-29,316	3,612,003	3,533,653	3,620,737	3,870,660	3,870,660
142,844	---	---	142,844	142,752	112,844	112,844	112,844
47,282	---	-3,000	44,282	44,252	56,973	71,579	71,579
44,842	---	-3,000	41,842	41,812	54,533	69,139	69,139
2,440	---	---	2,440	2,440	2,440	2,440	2,440
23,202	---	20	23,222	22,985	22,469	27,938	27,938
21,177	---	20	21,197	21,197	22,469	27,938	27,938
2,025	---	---	2,025	1,788	---	---	---
1,544	15	---	1,559	1,450	1,544	3,044	3,044
1,251,942	14,664	37,163	1,303,769	1,270,304	1,184,238	1,373,427	1,235,601
273,700	2,182	93	275,975	273,786	298,200	298,200	298,200
1,036,285	418,739	-21,104	1,433,920	1,407,856	1,588,090	2,827,865	2,818,606
239,797	18,686	-21,104	237,379	213,522	404,302	423,865	414,606
796,488	400,053	---	1,196,541	1,194,334	1,183,788	2,404,000	2,404,000
8,511,604	918,441	14,226	9,444,271	9,205,004	9,653,187	11,177,597	11,030,512
7,237,095	352,781	14,357	7,604,233	7,375,184	8,046,263	8,358,385	8,211,300
796,488	400,053	---	1,196,541	1,194,334	1,183,788	2,404,000	2,404,000
475,996	165,607	-131	641,472	633,698	423,136	415,212	415,212
2,025	---	---	2,025	1,788	---	---	---

TABLE III
SUMMARY OF APPROPRIATIONS BY ORGANIZATION
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008			
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recommended	
GRANTS-IN-AID								
Interdepartmental Accounts								
673,658	352	-2,600	671,410	668,121	Employee Benefits	758,504	749,905	749,905
54,925	44,482	-15,780	83,627	41,757	Other Interdepartmental Accounts	---	---	---
35,546	---	-35,546	---	---	Salary Increases and Other Benefits	---	11,047	11,047
105,843	---	10	105,853	104,754	Aid to Independent Authorities	136,738	147,829	147,829
869,972	44,834	-53,916	860,890	814,632	Total Interdepartmental Accounts	895,242	908,781	908,781
9,381,576	963,275	-39,690	10,305,161	10,019,636	Total Grants-in-Aid	10,548,429	12,086,378	11,939,293
8,107,067	397,615	-39,559	8,465,123	8,189,816	(From General Fund)	8,941,505	9,267,166	9,120,081
796,488	400,053	---	1,196,541	1,194,334	(From Property Tax Relief Fund)	1,183,788	2,404,000	2,404,000
475,996	165,607	-131	641,472	633,698	(From Casino Revenue Fund)	423,136	415,212	415,212
2,025	---	---	2,025	1,788	(From gubernatorial Elections Fund)	---	---	---
STATE AID								
Executive Branch								
11,727	1,023	---	12,750	10,132	Department of Agriculture	11,727	11,727	11,727
1,034,515	3,923	-58,059	980,379	964,815	Department of Community Affairs	1,213,540	1,153,568	1,153,568
107,446	3,923	---	111,369	95,812	(From General Fund)	152,068	87,196	87,196
927,069	---	-58,059	869,010	869,003	(From Property Tax Relief Fund)	1,061,472	1,066,372	1,066,372
9,361,268	12,090	3,008	9,376,366	9,335,039	Department of Education	10,297,668	10,866,744	10,866,744
654,245	5,042	-7,640	651,647	624,590	(From General Fund)	1,283,865	795,907	795,907
8,707,023	7,048	10,648	8,724,719	8,710,449	(From Property Tax Relief Fund)	9,013,803	10,070,837	10,070,837
19,072	151	1,000	20,223	19,674	Department of Environmental Protection	20,716	20,416	20,416
10,072	151	1,000	11,223	11,013	(From General Fund)	11,216	10,916	10,916
9,000	---	---	9,000	8,661	(From Property Tax Relief Fund)	9,500	9,500	9,500
9,552	---	---	9,552	9,309	Department of Health and Senior Services	9,552	9,552	9,552
468,633	621	8,639	477,893	460,241	Department of Human Services	417,105	427,166	427,166
1,522	---	---	1,522	1,506	Department of Labor and Workforce Development	1,522	1,522	1,522
8,030	14,647	---	22,677	13,320	Department of Law and Public Safety	23,030	26,545	26,545
18,537	---	---	18,537	18,232	Department of State	18,520	19,520	18,520
34,352	---	---	34,352	34,352	Department of Transportation	34,930	36,928	36,928
34,352	---	---	34,352	34,352	(From Casino Revenue Fund)	34,930	36,928	36,928
472,261	20,694	-84	492,871	446,096	Department of the Treasury	460,868	472,829	464,460
305,241	20,694	-84	325,851	294,340	(From General Fund)	302,734	306,538	298,169
167,020	---	---	167,020	151,756	(From Property Tax Relief Fund)	158,134	166,291	166,291
11,439,469	53,149	-45,496	11,447,122	11,312,716	Total Executive Branch	12,509,178	13,046,517	13,037,148
1,595,005	46,101	1,915	1,643,021	1,538,495	(From General Fund)	2,231,339	1,696,589	1,687,220
9,810,112	7,048	-47,411	9,769,749	9,739,869	(From Property Tax Relief Fund)	10,242,909	11,313,000	11,313,000
34,352	---	---	34,352	34,352	(From Casino Revenue Fund)	34,930	36,928	36,928
11,439,469	53,149	-45,496	11,447,122	11,312,716	Total State Aid	12,509,178	13,046,517	13,037,148
1,595,005	46,101	1,915	1,643,021	1,538,495	(From General Fund)	2,231,339	1,696,589	1,687,220
9,810,112	7,048	-47,411	9,769,749	9,739,869	(From Property Tax Relief Fund)	10,242,909	11,313,000	11,313,000
34,352	---	---	34,352	34,352	(From Casino Revenue Fund)	34,930	36,928	36,928

TABLE III
SUMMARY OF APPROPRIATIONS BY ORGANIZATION
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recommended
<u>CAPITAL CONSTRUCTION</u>							
Legislative Branch							
---	289	---	289	---	Legislative Support Services	---	---
---	289	---	289	---	Total Legislative Branch	---	---
Executive Branch							
---	993	---	993	---	Department of Agriculture	---	250
3,500	4,582	---	8,082	5,276	Department of Children and Families	10,000	---
5,000	5,667	---	10,667	2,777	Department of Corrections	---	3,936
1,050	844	---	1,894	227	Department of Education	2,450	2,800
84,263	117,638	-23,854	178,047	77,463	Department of Environmental Protection	116,767	107,271
---	443	---	443	317	Department of Health and Senior Services	---	---
8,100	11,071	---	19,171	1,879	Department of Human Services	7,700	2,800
4,805	11,050	1,545	17,400	6,823	Department of Law and Public Safety	1,500	3,800
175	2,797	77	3,049	661	Department of Military and Veterans' Affairs	2,590	1,165
---	2	---	2	---	Department of Personnel	---	---
---	619	1,100	1,719	180	Department of State	---	---
805,000	---	---	805,000	805,000	Department of Transportation	895,000	895,000
---	7,276	3,058	10,334	507	Department of the Treasury	6,916	6,500
---	2	---	2	---	Miscellaneous Commissions	---	---
911,893	162,984	-18,074	1,056,803	901,110	Total Executive Branch	1,042,923	1,023,522
Interdepartmental Accounts							
179,327	47,210	16,719	243,256	201,022	Capital Projects - Statewide	195,856	222,137
179,327	47,210	16,719	243,256	201,022	Total Interdepartmental Accounts	195,856	222,137
1,091,220	210,483	-1,355	1,300,348	1,102,132	Total Capital Construction	1,238,779	1,245,659
<u>DEBT SERVICE</u>							
Executive Branch							
24,675	---	---	24,675	24,673	Department of Environmental Protection	64,664	56,790
144,651	---	---	144,651	144,650	Department of the Treasury	363,121	383,608
169,326	---	---	169,326	169,323	Total Executive Branch	427,785	440,398
169,326	---	---	169,326	169,323	Total Debt Service	427,785	440,398
28,087,682	1,816,910	-45,746	29,858,846	28,775,051	GRAND TOTAL - STATE APPROPRIATIONS	31,060,378	33,448,982
16,896,461	1,243,285	1,665	18,141,411	17,098,785	(From General Fund)	19,100,613	19,204,840
71,285	874	---	72,159	71,116	(From Casino Control Fund)	74,039	74,039
10,606,600	407,101	-47,411	10,966,290	10,934,203	(From Property Tax Relief Fund)	11,426,697	13,717,000
511,311	165,650	---	676,961	669,159	(From Casino Revenue Fund)	459,029	453,103
2,025	---	---	2,025	1,788	(From gubernatorial Elections Fund)	---	---

TABLE IV
SUMMARY OF APPROPRIATIONS BY CATEGORY OR PURPOSE
(thousands of dollars)

	2006 Expenditures	2007 Adjusted Appropriation	2008 Requested	2008 Recom- mended
General Fund--				
Direct State Services--				
Personal Services	2,823,049	2,869,816	3,117,708	3,116,916
Materials and Supplies	226,352	239,330	244,724	244,724
Services Other Than Personal	494,295	453,081	453,265	453,265
Maintenance and Fixed Charges	243,147	262,791	254,004	254,004
Improvements and Equipment	47,211	35,143	35,371	35,371
Employee Pension and Health Benefits	1,446,297	1,651,624	1,778,023	1,778,023
Special Purpose	818,668	749,420	671,933	671,933
<i>Total Direct State Services</i>	<u>6,099,019</u>	<u>6,261,205</u>	<u>6,555,028</u>	<u>6,554,236</u>
Grants-in-Aid--				
Employee Benefits-Colleges and Universities	668,121	758,504	749,905	749,905
Rutgers, The State University	356,160	309,370	331,600	321,737
University of Medicine and Dentistry of New Jersey	247,081	220,731	258,131	231,160
New Jersey Institute of Technology	52,112	47,182	50,775	48,490
State Colleges and Universities	300,352	276,717	386,703	288,293
Other Higher Education Programs	65,263	99,158	104,897	104,571
Student Aid-Scholarships and Grants	266,565	290,870	308,963	308,963
Support of Independent Higher Education Institutions	25,959	21,878	30,902	21,672
Correctional Facilities	132,899	133,151	150,698	150,698
Support of the Arts	30,030	24,532	24,173	24,173
Transit Subsidy	273,700	298,200	298,200	298,200
Welfare Support Programs	273,232	258,454	270,707	270,707
Medicaid	3,259,714	3,359,452	3,554,847	3,554,847
Pharmaceutical Assistance Programs	67,540	172,974	106,898	106,898
Children and Families	565,978	708,517	751,524	751,524
Services for the Developmentally Disabled	476,939	498,568	508,886	508,886
Mental Health Services	264,579	270,178	277,633	277,633
AIDS Programs	22,972	32,369	30,442	30,442
Other Health and Human Services Programs	377,032	501,566	390,364	390,364
Economic Development	138,694	322,504	338,395	338,395
Other Grants-In-Aid	324,894	336,630	342,523	342,523
<i>Total Grants-in-Aid</i>	<u>8,189,816</u>	<u>8,941,505</u>	<u>9,267,166</u>	<u>9,120,081</u>
State Aid--				
Aid to County Colleges	179,008	175,993	186,918	178,549
Educational	624,591	1,283,865	795,907	795,907
Cash Assistance and County Welfare Administration	323,917	293,930	285,127	285,127
Health and Senior Services and Human Services	145,633	132,727	151,591	151,591
Aid to Counties and Municipalities	235,716	298,379	227,386	226,386
Other State Aid	29,630	46,445	49,660	49,660
<i>Total State Aid</i>	<u>1,538,495</u>	<u>2,231,339</u>	<u>1,696,589</u>	<u>1,687,220</u>

TABLE IV
SUMMARY OF APPROPRIATIONS BY CATEGORY OR PURPOSE
(thousands of dollars)

	2006	2007	2008	2008
	Expenditures	Adjusted	Requested	Recom-
		Appropriation		mended
Capital Construction--				
Transportation Trust Fund	805,000	895,000	895,000	895,000
Educational	227	2,450	2,800	2,800
Institutional	4,656	7,700	6,736	6,736
Constitutionally Dedicated Projects	174,431	200,212	199,481	199,481
All Other	117,818	133,417	141,642	141,642
<i>Total Capital Construction</i>	<u>1,102,132</u>	<u>1,238,779</u>	<u>1,245,659</u>	<u>1,245,659</u>
Debt Service--				
Principal	13,670	254,246	267,075	267,075
Interest	155,653	173,539	173,323	173,323
<i>Total Debt Service</i>	<u>169,323</u>	<u>427,785</u>	<u>440,398</u>	<u>440,398</u>
<i>Total General Fund</i>	<u>17,098,785</u>	<u>19,100,613</u>	<u>19,204,840</u>	<u>19,047,594</u>
Property Tax Relief Fund--				
Aid to County Colleges	25,439	27,500	33,464	33,464
Educational	8,710,449	9,013,803	10,070,837	10,070,837
Direct Property Tax Relief	1,293,315	1,282,888	2,503,100	2,503,100
Aid to Municipalities	905,000	1,102,506	1,109,599	1,109,599
<i>Total Property Tax Relief Fund</i>	<u>10,934,203</u>	<u>11,426,697</u>	<u>13,717,000</u>	<u>13,717,000</u>
Casino Control Fund--				
Enforcement	42,346	44,599	44,599	44,599
Administration	28,770	29,440	29,440	29,440
<i>Total Casino Control Fund</i>	<u>71,116</u>	<u>74,039</u>	<u>74,039</u>	<u>74,039</u>
Casino Revenue Fund--				
Medicaid	139,581	110,686	109,186	109,186
Pharmaceutical Assistance Programs	443,757	262,017	255,593	255,593
Programs for Senior Citizens and the Disabled	85,821	86,326	88,324	88,324
<i>Total Casino Revenue Fund</i>	<u>669,159</u>	<u>459,029</u>	<u>453,103</u>	<u>453,103</u>
Gubernatorial Elections Fund--				
Public Financing of Gubernatorial General Election	1,788	---	---	---
<i>Total Gubernatorial Elections Fund</i>	<u>1,788</u>	<u>---</u>	<u>---</u>	<u>---</u>
GRAND TOTAL STATE APPROPRIATIONS	<u>28,775,051</u>	<u>31,060,378</u>	<u>33,448,982</u>	<u>33,291,736</u>

GRANTS-IN-AID

Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recom- mended	
1,575	452	480	2,507	2,157	5,025	4,875	4,875	
541,692	159	24,673	566,524	565,978	708,517	751,524	751,524	
55,710	39,409	7,795	102,914	87,717	61,845	50,260	50,260	
138,654	---	-271	138,383	132,899	133,151	150,698	150,698	
18,129	---	-222	17,907	17,163	39,713	28,938	28,938	
750	5,369	16,734	22,853	5,206	27,165	24,700	24,700	
1,261,776	16,333	-18,688	1,259,421	1,208,340	1,484,824	1,281,117	1,281,117	
3,385,807	255,512	-29,316	3,612,003	3,533,653	3,620,737	3,870,660	3,870,660	
44,842	---	-3,000	41,842	41,812				
					Development	54,533	69,139	69,139
21,177	---	20	21,197	21,197	Department of Law and Public Safety	22,469	27,938	27,938
1,544	15	---	1,559	1,450	Department of Military and Veterans' Affairs	1,544	3,044	3,044
1,251,942	14,664	37,163	1,303,769	1,270,304	Department of State	1,184,238	1,373,427	1,235,601
273,700	2,182	93	275,975	273,786	Department of Transportation	298,200	298,200	298,200
239,797	18,686	-21,104	237,379	213,522	Department of the Treasury	404,302	423,865	414,606
869,972	44,834	-53,916	860,890	814,632	Interdepartmental Accounts	895,242	908,781	908,781
8,107,067	397,615	-39,559	8,465,123	8,189,816	Total Appropriation	8,941,505	9,267,166	9,120,081

STATE AID

Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2006					Year Ending June 30, 2008		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2007 Adjusted Approp.	Requested	Recom- mended
11,727	1,023	---	12,750	10,132	Department of Agriculture	11,727	11,727
107,446	3,923	---	111,369	95,812	Department of Community Affairs	152,068	87,196
654,245	5,042	-7,640	651,647	624,590	Department of Education	1,283,865	795,907
10,072	151	1,000	11,223	11,013	Department of Environmental Protection	11,216	10,916
9,552	---	---	9,552	9,309	Department of Health and Senior Services	9,552	9,552
468,633	621	8,639	477,893	460,241	Department of Human Services	417,105	427,166
1,522	---	---	1,522	1,506	Department of Labor and Workforce Development	1,522	1,522
8,030	14,647	---	22,677	13,320	Department of Law and Public Safety	23,030	26,545
18,537	---	---	18,537	18,232	Department of State	18,520	19,520
305,241	20,694	-84	325,851	294,340	Department of the Treasury	302,734	306,538
1,595,005	46,101	1,915	1,643,021	1,538,495	Total Appropriation	2,231,339	1,696,589

CAPITAL CONSTRUCTION
Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2006						Year Ending —June 30, 2008—		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended		2007 Adjusted Approp.	Requested	Recommended
---	289	---	289	---	Legislature	---	---	---
---	993	---	993	---	Department of Agriculture	---	250	250
3,500	4,582	---	8,082	5,276	Department of Children and Families	10,000	---	---
5,000	5,667	---	10,667	2,777	Department of Corrections	---	3,936	3,936
1,050	844	---	1,894	227	Department of Education	2,450	2,800	2,800
84,263	117,638	-23,854	178,047	77,463	Department of Environmental Protection	116,767	107,271	107,271
---	443	---	443	317	Department of Health and Senior Services	---	---	---
8,100	11,071	---	19,171	1,879	Department of Human Services	7,700	2,800	2,800
4,805	11,050	1,545	17,400	6,823	Department of Law and Public Safety	1,500	3,800	3,800
175	2,797	77	3,049	661	Department of Military and Veterans' Affairs	2,590	1,165	1,165
---	2	---	2	---	Department of Personnel	---	---	---
---	619	1,100	1,719	180	Department of State	---	---	---
805,000	---	---	805,000	805,000	Department of Transportation	895,000	895,000	895,000
---	7,276	3,058	10,334	507	Department of the Treasury	6,916	6,500	6,500
---	2	---	2	---	Miscellaneous Commissions	---	---	---
179,327	47,210	16,719	243,256	201,022	Interdepartmental Accounts	195,856	222,137	222,137
1,091,220	210,483	-1,355	1,300,348	1,102,132	Total Appropriation	1,238,779	1,245,659	1,245,659

DEBT SERVICE
(thousands of dollars)

Year Ending June 30, 2006						Year Ending —June 30, 2008—		
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended		2007 Adjusted Approp.	Requested	Recommended
155,656	---	---	155,656	155,653	Interest on Bonds	173,539	173,323	173,323
13,670	---	---	13,670	13,670	Bond Redemption	254,246	267,075	267,075
169,326	---	---	169,326	169,323	Total Appropriation	427,785	440,398	440,398
102	---	---	102	102	Water Conservation Bonds (P.L. 1969, c. 127)	825	721	721
10	---	---	10	10	State Recreation and Conservation Land Acquisition and Development Bonds (P.L. 1974, c. 102)	157	---	---
20	---	---	20	20	Clean Waters Bonds (P.L. 1976, c. 92)	205	100	100
134	---	---	134	134	State Land Acquisition and Development Bonds (P.L. 1978, c. 118)	813	277	277
50	---	---	50	49	Transportation Rehabilitation and Improvement Bonds (P.L. 1979, c. 165)	786	---	---
63	---	---	63	63	Energy Conservation Bonds (P.L. 1980, c. 68)	236	236	236
1,115	---	---	1,115	1,115	Natural Resources Bonds (P.L. 1980, c. 70)	1,888	1,731	1,731
136	---	---	136	135	Hazardous Discharge Bonds (P.L. 1981, c. 275)	744	587	587
716	---	---	716	716	Community Development Bonds (P.L. 1981, c. 486)	555	318	318

DEBT SERVICE
(thousands of dollars)

Year Ending June 30, 2006						Year Ending June 30, 2008		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2007 Adjusted Approp.	Requested	Recom- mended
13	---	---	13	13	1983 New Jersey Green Acres Bonds (P.L. 1983, c. 354)	100	100	100
3	---	---	3	3	Shore Protection Bonds (P.L. 1983, c. 356)	53	---	---
15	---	---	15	15	Human Services Facilities Construction Bonds (P.L. 1984, c. 157)	235	---	---
122,642	---	---	122,642	122,642	Refunding Bonds (P.L. 1985, c. 74 as amended by P.L. 1992, c. 182)	311,650	322,392	322,392
1,401	---	---	1,401	1,401	Resource Recovery and Solid Waste Disposal Facility Fund (P.L. 1985, c. 330)	1,340	1,338	1,338
7,670	---	---	7,670	7,670	Hazardous Discharge Bonds (P.L. 1986, c. 113)	11,567	10,164	10,164
229	---	---	229	229	1987 Green Acres, Cultural Centers and Historic Preservation Bonds (P.L. 1987, c. 265)	802	806	806
760	---	---	760	760	Jobs, Education and Competitiveness Bonds (P.L. 1988, c. 78)	5,888	1,954	1,954
778	---	---	778	778	1989 Bridge Rehabilitation and Improvement and Railroad Right-of-way Preservation Bonds (P.L. 1989, c. 108)	4,138	3,614	3,614
243	---	---	243	243	Stormwater Management and Combined Sewer Overflow Abatement Bonds (P.L. 1989, c. 181)	676	682	682
1,694	---	---	1,694	1,693	1989 New Jersey Open Space Preservation Bonds (P.L. 1989, c. 183)	7,578	4,903	4,903
544	---	---	544	544	Public Purpose Buildings and Community-Based Facilities Construction Bonds (P.L. 1989, c. 184)	1,736	1,736	1,736
4,353	---	-473	3,880	3,880	Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 (P.L. 1992, c. 88)	16,271	13,748	13,748
3,828	---	---	3,828	3,828	Developmental Disabilities Waiting List Reduction and HS Facility Construction Bonds (P.L. 1994, c. 108)	9,217	8,646	8,646
5,071	---	---	5,071	5,071	Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act of 1995 (P.L. 1994, c. 108)	16,509	16,512	16,512
2,481	---	473	2,954	2,954	Port of New Jersey Revitalization, Dredging Bonds (P.L. 1996 c. 70)	5,136	5,121	5,121
3,809	---	---	3,809	3,809	Urban and Rural Centers Unsafe Buildings Demolition Bonds (P.L. 1997, c. 125)	3,808	3,809	3,809
11,446	---	---	11,446	11,446	Statewide Transportation and Local Bridge Bond Act of 1999 (P.L. 1999, c. 181)	24,872	24,853	24,853
---	---	---	---	---	Payments on Future Bond Sales	---	16,050	16,050
169,326	---	---	169,326	169,323	Total Appropriation	427,785	440,398	440,398



CHAPTER 7: REVENUES AND EXPENDITURES

Overview

This chapter presents a series of charts that summarize the actual State and non-state revenues and expenditures in fiscal 2006, as well as estimates of these revenues and expenditures for the current Fiscal 2007 Budget and the proposed Fiscal 2008 Budget.

SUMMARY
ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES
(thousands of dollars)

	----- Fiscal Year Ending June 30 -----	
	2007	2008
	Estimated	Estimated
Beginning Balances July 1		
Undesignated Fund Balances		
General Fund and Surplus Revenue Fund	\$ 1,776,508	\$ 1,272,357
Property Tax Relief Fund	2,613	668,000
Gubernatorial Elections Fund	---	700
Casino Control Fund	(1,645)	---
Casino Revenue Fund	1,002	---
	<u>1,778,478</u>	<u>1,941,057</u>
<i>Total Undesignated Fund Balances</i>		
State Revenues		
General Fund	18,823,425	19,073,237
Property Tax Relief Fund	11,465,000	12,351,000
Gubernatorial Elections Fund	700	700
Casino Control Fund	75,684	74,039
Casino Revenue Fund	458,027	453,103
	<u>30,822,836</u>	<u>31,952,079</u>
<i>Total State Revenues</i>		
Other Adjustments		
General Fund		
Balances lapsed	311,757	---
From/(To) Property Tax Relief Fund	129,280	---
From/(To) Property Tax Relief Fund - Dedication	(668,000)	(698,000)
Property Tax Relief Fund		
From/(To) General Fund	(129,280)	---
From/(To) General Fund-Dedication	668,000	698,000
Balances lapsed	88,364	---
	<u>400,121</u>	<u>---</u>
<i>Total Other Adjustments</i>		
<i>Total Available</i>	<u>33,001,435</u>	<u>33,893,136</u>
Appropriations		
General Fund	19,100,613	19,047,594
Property Tax Relief Fund	11,426,697	13,717,000
Gubernatorial Elections Fund	---	---
Casino Control Fund	74,039	74,039
Casino Revenue Fund	459,029	453,103
	<u>31,060,378</u>	<u>33,291,736</u>
<i>Total Appropriations</i>		
Ending Balances June 30		
Undesignated Fund Balances		
General Fund and Surplus Revenue Fund	1,272,357	600,000
Property Tax Relief Fund	668,000	---
Gubernatorial Elections Fund	700	1,400
Casino Control Fund	---	---
Casino Revenue Fund	---	---
	<u>\$ 1,941,057</u>	<u>\$ 601,400</u>
<i>Total Undesignated Fund Balances</i>		

STATE REVENUES
FISCAL YEARS 2007 AND 2008 ESTIMATES
(\$ In Thousands)

	APPROP ACT FY2007	REVISED FY2007	CHANGE FY2007	FY2008	CHANGE FY07 to FY08
Major Taxes					
Sales	\$8,483,600	\$8,424,968	(\$58,632)	\$8,778,000	\$353,032
Sales - Energy	238,000	342,563	104,563	410,178	67,615
Corporation Business	2,478,571	2,710,000	231,429	2,342,000	(368,000)
Corporation Business-Energy	128,500	88,200	(40,300)	91,700	3,500
Motor Fuels	553,000	566,000	13,000	580,000	14,000
Motor Vehicle Fees	275,244	295,244	20,000	278,444	(16,800)
Transfer Inheritance	600,000	602,000	2,000	602,000	-
Insurance Premium	495,000	488,000	(7,000)	503,000	15,000
Cigarette	215,033	228,058	13,025	252,039	23,981
Petroleum Products Gross Receipts	225,000	231,000	6,000	237,000	6,000
Public Utility Excise (Reform)	10,912	10,931	19	10,931	-
Corporation Banks and Financial Institutions	120,000	100,000	(20,000)	100,000	-
Alcoholic Beverage Excise	94,000	92,000	(2,000)	94,000	2,000
Realty Transfer	415,000	396,000	(19,000)	380,000	(16,000)
Savings Institution	-	-	-	-	-
Tobacco Products Wholesale Sales	16,000	14,000	(2,000)	14,000	-
Total Major Taxes	<u>14,347,860</u>	<u>14,588,964</u>	<u>241,104</u>	<u>14,673,292</u>	<u>84,328</u>
Miscellaneous Taxes, Fees, Revenues					
Assessment on Real Property Greater Than \$1 Million	113,000	150,000	37,000	157,000	7,000
Medicaid Uncompensated Care	349,831	368,888	19,057	464,845	95,957
Good Driver	77,450	77,450	-	71,950	(5,500)
Motor Vehicle Inspection Fund	78,900	78,900	-	77,200	(1,700)
Hotel/Motel Occupancy Tax	76,000	79,000	3,000	79,000	-
Investment Earnings	-	23,000	23,000	-	(23,000)
Public Utility GRFT	75,000	82,200	7,200	82,200	-
TEFA	250,924	221,660	(29,264)	234,221	12,561
Fringe Benefit Recoveries	446,646	431,900	(14,746)	475,993	44,093
Other Miscellaneous Revenue	1,308,665	1,269,787	(38,878)	1,269,242	(545)
Total Miscellaneous Taxes, Fees, Revenues	<u>2,776,416</u>	<u>2,782,785</u>	<u>6,369</u>	<u>2,911,651</u>	<u>128,866</u>
Interfund Transfers					
State Lottery Fund	846,000	812,700	(33,300)	848,000	35,300
Tobacco Settlement/Securitization	27,278	14,746	(12,532)	108,619	93,873
Other Funds	611,089	624,230	13,141	531,675	(92,555)
Total Interfund Transfers	<u>1,484,367</u>	<u>1,451,676</u>	<u>(32,691)</u>	<u>1,488,294</u>	<u>36,618</u>
Total State Revenues General Fund	<u>18,608,643</u>	<u>18,823,425</u>	<u>214,782</u>	<u>19,073,237</u>	<u>249,812</u>
Property Tax Relief Fund*	11,475,000	11,465,000	(10,000)	12,351,000	886,000
Casino Control Fund	72,039	75,684	3,645	74,039	(1,645)
Casino Revenue Fund	468,087	458,027	(10,060)	453,103	(4,924)
Gubernatorial Elections Fund	700	700	-	700	-
TOTAL STATE REVENUES	<u><u>\$30,624,469</u></u>	<u><u>\$30,822,836</u></u>	<u><u>\$198,367</u></u>	<u><u>\$31,952,079</u></u>	<u><u>\$1,129,243</u></u>

*For FY07 \$668 million and for FY08 \$698 million will be transferred from Sales Tax to the Property Tax Relief Fund representing the Sales Tax dedication.

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Major Taxes:			
Sales	6,853,418	8,767,531	9,188,178
Corporation Business	3,007,852	2,798,200	2,433,700
Transfer Inheritance	610,848	602,000	602,000
Motor Fuels	550,909	566,000	580,000
Insurance Premium	512,044	488,000	503,000
Realty Transfer	459,743	396,000	380,000
Motor Vehicle Fees	284,084	295,244	278,444
Cigarette	632,599	228,058	252,039
Petroleum Products Gross Receipts	224,843	231,000	237,000
Corporation Banks and Financial Institutions	153,840	100,000	100,000
Alcoholic Beverage Excise	90,965	92,000	94,000
Tobacco Products Wholesale Sales	13,840	14,000	14,000
Public Utility Excise (Reform)	10,931	10,931	10,931
<i>Total Major Taxes</i>	<u>13,405,916</u>	<u>14,588,964</u>	<u>14,673,292</u>
Miscellaneous Taxes, Fees, and Revenues:			
Executive Branch--			
Department of Agriculture:			
Animal Disease Control	197	---	---
Environmental Services	338	---	---
Fertilizer Inspection Fees	535	366	366
Milk Control Licenses and Fees	722	---	---
Miscellaneous Revenue	537	362	362
	<u>2,329</u>	<u>728</u>	<u>728</u>
Department of Banking and Insurance:			
Actuarial Services	126	55	55
Bank Assessments	2,974	9,093	9,200
Banking - Examination Fees	2,182	---	---
Banking - Licenses and Other Fees	12,002	3,347	3,400
FAIR Act Administration	20,985	16,500	16,500
Fraud Fines	1,579	2,000	2,000
Insurance - Examination Billings	2,494	2,400	2,500
Insurance - Special Purpose Assessment	13,787	15,000	15,000
Insurance Fraud Prevention	30,578	32,000	32,000
Insurance Licenses and Other Fees	15,193	30,226	25,480
Public Adjusters Licenses	36	---	---
Real Estate Commission	7,333	10,000	6,500
	<u>109,269</u>	<u>120,621</u>	<u>112,635</u>
Department of Children and Families:			
Child Care Licensing/Adoption Law	338	350	350
Marriage License Fees	1,178	1,309	1,309
	<u>1,516</u>	<u>1,659</u>	<u>1,659</u>
Department of Community Affairs:			
Affordable Housing and Neighborhood Preservation - Fair Housing	20,003	20,465	20,765
Boarding Home Fees	662	---	---
Construction Fees	22,508	14,675	14,675
Divorce Filing Fees	1,435	1,400	1,400
Fire Safety	25,582	15,722	15,722
Housing Inspection Fees	11,151	8,558	8,558
Miscellaneous Revenue	77	---	---
NJ Meadowlands Commission	28,700	---	---
Planned Real Estate Development Fees	3,392	828	828
Truth In Renting	194	---	---
	<u>113,704</u>	<u>61,648</u>	<u>61,948</u>

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Department of Corrections:			
Miscellaneous Revenue	41	---	---
Department of Education:			
Audit Recoveries	512	450	425
Audit of Enrollments	1,156	198	23
Local School District Loan Recoveries - NJEDA	8,369	8,264	8,155
Nonpublic Schools Handicapped and Auxiliary Recoveries	12,457	2,000	2,000
Nonpublic Schools Textbook Recoveries	1,267	1,200	1,200
School Construction Inspection Fees	3,295	1,292	1,100
State Board of Examiners	6,106	5,000	5,000
	<u>33,162</u>	<u>18,404</u>	<u>17,903</u>
Department of Environmental Protection:			
Air Pollution Fees - Minor Sources	2,368	10,000	10,000
Air Pollution Fees - Title V Operating Permits	13,433	13,100	13,100
Air Pollution Fines	3,948	3,250	2,800
Clean Water Enforcement Act	2,050	1,500	1,510
Coastal Area Facility Review Act	2,131	3,330	3,330
Endangered Species Tax Checkoff	195	175	158
Environmental Infrastructure Financing Program Administrative Fee	5,000	5,000	5,000
Excess Diversion	240	218	251
Freshwater Wetlands Fees	3,580	5,310	5,310
Freshwater Wetlands Fines	270	500	200
Hazardous Discharge Site Cleanup	5,732	---	---
Hazardous Waste Fees	2,456	2,760	4,211
Hazardous Waste Fines	951	737	700
Highlands Permitting	663	660	670
Hunters' and Anglers' Licenses	11,523	11,000	11,000
Industrial Site Recovery Act	645	700	980
Laboratory Certification Fees	756	900	2,400
Laboratory Certification Fines	12	40	80
Lake Restoration Fund	177	---	---
Marina Rentals	1,339	885	885
Marine Lands - Preparation and Filing Fees	2,267	130	140
Medical Waste	4,206	4,150	4,400
Miscellaneous Revenue	22	---	---
New Jersey Pollutant Discharge Elimination System/Stormwater Permits	19,009	16,700	16,700
New Jersey Spill Compensation Fund	6,930	---	---
Parks Management Fees and Permits	5,532	4,300	4,300
Parks Management Fines	168	165	165
Pesticide Control Fees	4,374	4,200	4,200
Pesticide Control Fines	169	50	50
Radiation Protection Fees	3,710	4,728	3,898
Radiation Protection Fines	104	88	88
Radon Testers Certification	253	263	280
Shellfish and Marine Fisheries	9	9	9
Solid Waste - Utility Regulation Assessments	4,546	3,100	3,100
Solid Waste Fines	1,049	600	650
Solid Waste Management Fees	8,905	9,776	7,482
Solid and Hazardous Waste Disclosure	237	---	---
Spring Meadow Golf Course	300	300	300
Stream Encroachment	3,368	3,710	3,710
Toxic Catastrophe Prevention Fees	1,397	1,400	1,500
Toxic Catastrophe Prevention Fines	158	45	48
Treatment Works Approval	2,351	1,957	1,957
Underground Storage Tanks Fees	992	1,000	1,200
Water Allocation	5,658	2,050	2,050
Water Supply Fund	381	---	---
Water Supply Management Regulations	1,713	1,300	1,300
Water/Wastewater Operators Licenses	210	215	215
Waterfront Development Fees	2,383	3,510	3,510
Waterfront Development Fines	17	10	10

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Well Permits/Well Drillers/Pump Installers Licenses	1,015	1,350	1,100
Wetlands	3	100	44
Worker Community Right to Know - Fees	71	---	---
Worker Community Right to Know - Fines	17	48	48
	<u>138,993</u>	<u>125,319</u>	<u>125,039</u>
Department of Health and Senior Services:			
Admission Charge Hospital Assessment	6,000	6,000	6,000
Clinical Laboratory	642	---	---
Consumer Health Penalties	6,084	---	---
HMO Covered Lives	1,812	1,800	1,800
Health Care Reform	1,200	1,200	1,200
Licenses, Fines, Permits, Penalties and Fees	6,591	790	790
Miscellaneous Revenue	784	400	400
Pharmaceutical Assistance to the Aged - Recoveries	6,100	---	---
	<u>29,213</u>	<u>10,190</u>	<u>10,190</u>
Department of Human Services:			
Commission for the Blind - Miscellaneous	752	---	---
Early Periodic Screening, Diagnosis and Treatment	1,807	1,800	1,800
Family Care II	329	---	---
General Assistance Prescription Drug Rebates	13,402	---	---
Interim Assistance	488	---	---
Medicaid Uncompensated Care - Acute	280,367	140,525	250,000
Medicaid Uncompensated Care - Mental Health	34,457	38,689	36,160
Medicaid Uncompensated Care - Psychiatric	184,458	189,674	178,685
Medical Assistance - Recoveries	967	---	---
Medical Assistance-Federal Match on PAAD/Medicaid Dual Eligibles	4,076	---	---
Miscellaneous Revenue	5,039	1,500	1,500
Patients' and Residents' Cost Recovery - Developmental Disability	15,928	16,642	16,642
Patients' and Residents' Cost Recovery - Psychiatric Hospitals	69,350	69,179	63,016
Payments for Medical Assistance Recipients - Prescription Drugs	195,014	---	---
Purchased Institutional Care	2,116	---	---
School Based Medicaid	22,186	---	6,013
	<u>830,736</u>	<u>458,009</u>	<u>553,816</u>
Department of Labor and Workforce Development:			
Miscellaneous Revenue	137	155	155
Special Compensation Fund	1,930	1,739	1,739
State Disability Benefits Fund	6,882	---	---
Urban Enterprise Zone Administration Cost	30	---	---
Workers' Compensation Assessment	20,320	12,639	12,639
Workforce Development	11,885	---	---
Workplace Standards - Licenses, Permits and Fines	10,630	4,720	4,720
	<u>51,814</u>	<u>19,253</u>	<u>19,253</u>
Department of Law and Public Safety:			
Beverage Licenses	8,652	3,960	3,960
Charities Registration Section	1,797	695	695
Consumer Affairs	6,774	---	---
Controlled Dangerous Substances	874	100	100
Criminal Disposition	460	---	---
EDA School Construction Recoveries	995	499	499
Forfeiture Funds	---	250	250
General Client Services	38,338	---	---
Legal Services	24,973	---	---
Legalized Games of Chance Control	1,339	1,200	1,200
Miscellaneous Revenue	564	---	---
New Jersey Cemetery Board	203	96	111
New Jersey Emergency Medical Service Helicopter Response Program	---	21,000	---
Pleasure Boat Licenses	2,455	3,000	3,000
Private Employment Agencies	834	258	258
Retired Officer Handgun Permit	235	---	---

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Safe and Secure Receipts	221	---	---
Securities Enforcement	51,492	8,994	8,994
State Board of Architects	972	420	450
State Board of Audiology and Speech-Language Pathology Advisory	479	18	270
State Board of Certified Public Accountants	2,581	42	42
State Board of Chiropractors	1,160	90	545
State Board of Cosmetology and Hairstyling	2,003	2,700	970
State Board of Court Reporting	444	9	122
State Board of Dentistry	4,438	210	1,650
State Board of Electrical Contractors	1,904	300	120
State Board of Marriage Counselor Examiners	300	420	93
State Board of Master Plumbers	140	540	45
State Board of Medical Examiners	5,576	6,600	2,710
State Board of Mortuary Science	562	210	225
State Board of Nursing	10,301	2,400	6,450
State Board of Occupational Therapists and Assistants	433	16	24
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	700	12	242
State Board of Optometrists	120	270	18
State Board of Orthotics and Prosthetics	6	25	5
State Board of Pharmacy	1,357	1,260	450
State Board of Physical Therapy	1,197	30	301
State Board of Polysomnography	---	---	50
State Board of Professional Engineers and Land Surveyors	1,840	300	960
State Board of Professional Planners	428	12	215
State Board of Psychological Examiners	147	480	60
State Board of Public Movers and Warehousemen	268	---	---
State Board of Real Estate Appraisers	1,319	51	410
State Board of Respiratory Care	558	10	301
State Board of Social Workers	308	200	120
State Board of Veterinary Medical Examiners	177	270	42
State Police - Fingerprint Fees	13,669	3,694	3,694
State Police - Nuclear Facilities Security Detail	---	1,600	1,600
State Police - Other Licenses	302	227	227
State Police - Private Detective Licenses	493	220	220
State Police Recruit Training	36	---	---
Victim and Witness Advocacy Fund	1,264	---	---
Violent Crime Compensation	8,512	3,930	3,930
Weights and Measures - General	4,607	2,612	2,612
	208,807	69,230	48,240
Department of Military and Veterans' Affairs:			
Miscellaneous Revenue	2,315	---	---
Nuclear Facilities Security Detail	---	2,930	2,930
Soldiers' Homes	32,110	35,526	37,370
	34,425	38,456	40,300
Department of Personnel:			
Examination Fees	2,240	---	---
Human Resource Development Institute	3,176	---	---
	5,416	---	---
Department of the Public Advocate:			
Licenses, Fines, Permits, Penalties and Fees	3	---	---
Office of Dispute Settlement Mediation	105	158	158
Rate Counsel	6,388	7,296	7,296
	6,496	7,454	7,454
Department of State:			
Autism Medical Research	4,541	---	---
Governor's Teaching Scholars Program Loan Repayment	51	91	91
Miscellaneous Revenue	53	120	25
	4,645	211	116

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Department of Transportation:			
Air Safety Fund	1,377	965	965
Applications and Highway Permits	2,700	1,300	1,300
Auto Body Repair Shop Licensing	50	536	50
Autonomous Transportation Authorities	2,291	52,000	24,500
Drunk Driving Fines	338	350	350
Good Driver	80,959	77,450	71,950
Graduated Driver's License	1,364	1,390	1,390
Heavy Duty Diesel Fines	530	500	500
Interest on Purchase of Right of Way	17	5	5
Logo Sign Program Fees	420	300	300
Miscellaneous Revenue	52	---	---
Motor Vehicle Database-Automated Access	48,732	47,500	47,500
Motor Vehicle Fees	113	---	---
Motor Vehicle Inspection Fund	80,347	78,900	77,200
Outdoor Advertising	9,363	5,947	8,512
Parking Offenses	468	450	450
Placarded Railcar	131	---	---
Rental Receipts - Tenant Relocation Program	410	---	---
Salvage Title Program	1,108	1,100	1,100
Special Plate Fees	850	1,000	1,000
Uninsured Motorists Program	5,810	5,700	5,700
	<u>237,430</u>	<u>275,393</u>	<u>242,772</u>
Department of the Treasury:			
Assessment on Real Property Greater Than \$1 Million	86,316	150,000	157,000
Assessments - Cable TV	4,443	4,564	4,564
Assessments - Public Utility	30,679	30,327	30,327
Casino Fines	562	---	---
Coin Operated Telephones	3,984	3,800	3,900
Commercial Recording - Expedited	3,001	2,853	2,853
Commissions (Notary)	1,879	1,800	1,900
Communication Fee - Lottery	71	---	---
Cost Assessment	4,747	---	---
Domestic Security	---	41,000	36,000
Dormitory Safety Trust Fund - Debt Service Recovery	---	5,708	5,698
Enhanced Debt Collection	---	---	47,000
Equipment Leasing Fund - Debt Service Recovery	5,103	4,625	3,480
Escrow Interest - Construction Accounts	82	122	124
Fur Clothing Tax	---	5,000	5,000
General Revenue - Fees (Commercial Recording and UCC)	47,226	49,300	49,300
Higher Education Capital Improvement Fund - Debt Service Recovery	---	15,382	15,388
Hotel/Motel Occupancy Tax	78,949	79,000	79,000
Investment Earnings	90,778	23,000	---
MVC Securitization	125	---	---
Miscellaneous Revenue	2,912	2,200	2,200
NJ Economic Development Authority	2,001	---	---
NJ Public Records Preservation	43,496	59,900	37,100
Non-Pledged Dedicated Cigarette Tax	---	---	43,220
Nuclear Emergency Response Assessment	5,233	5,363	4,266
Public Defender Client Receipts	4,616	4,900	4,900
Public Utility - Customer Specific Tax	372	---	---
Public Utility Fines	1,328	1,200	1,200
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	82,202	82,200	82,200
Railroad Tax - Class II	3,479	3,800	3,800
Railroad Tax - Franchise	1,258	1,000	1,000
Sale of Real Property	1,807	---	---
State Disability Benefits Fund	51	---	---
State Lottery Fund	6,600	---	---
Stormwater Management-Combined Sewer Overflow	890	---	---
Surplus Property	1,803	1,800	1,500
Tax Audit Services - Uncollected Revenue Recovery	290	---	---
Tax Referral Cost Recovery Fee	5,996	3,400	5,000
Telephone Assessment	123,788	124,000	124,000
Tire Clean-Up Surcharge	9,970	10,000	10,000
Transitional Energy Facilities Assessment	253,975	221,660	234,221
	<u>910,012</u>	<u>937,904</u>	<u>996,141</u>

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Other Sources:			
Miscellaneous Revenue	865	500	500
Interdepartmental Accounts:			
Administration and Investment of Pension and Health Benefit Funds - Recoveries	50,639	25,129	5,185
Employee Maintenance Deductions	300	300	300
Fringe Benefit Recoveries from Colleges and Universities	141,950	144,000	159,777
Fringe Benefit Recoveries from Federal and Other Funds	214,598	237,000	261,616
Fringe Benefit Recoveries from School Districts	38,997	50,900	54,600
Indirect Cost Recoveries - DEP Other Funds	9,675	11,307	10,323
MTF Revenue Fund	87,434	41,500	52,500
Miscellaneous Revenue	1	---	---
Rent of State Building Space	1,975	1,900	1,900
Social Security Recoveries from Federal and Other Funds	59,297	61,610	62,596
Standard Offer Payments - Utilities	1,200	---	---
	<u>606,066</u>	<u>573,646</u>	<u>608,797</u>
Judicial Branch--			
The Judiciary:			
Civil Arbitration Program	2,717	---	---
Court Fees	62,309	64,160	64,160
Miscellaneous Revenue	458	---	---
	<u>65,484</u>	<u>64,160</u>	<u>64,160</u>
<i>Total Miscellaneous Taxes, Fees, and Revenues</i>	<u>3,390,423</u>	<u>2,782,785</u>	<u>2,911,651</u>
Interfund Transfers:			
Beaches and Harbor Fund	23	98	70
Clean Energy Fund	---	---	10,000
Correctional Facilities Construction Fund	25	20	14
Correctional Facilities Construction Fund of 1987	52	39	26
Cultural Centers and Historic Preservation Fund	80	55	100
Developmental Disabilities Waiting List Reduction Fund	847	589	106
Dredging and Containment Facility Fund	348	375	375
Emergency Flood Control Fund	15	15	15
Energy Conservation Fund	12	15	15
Enterprise Zone Assistance Fund	10,160	13,220	14,567
Fund for the Support of Free Public Schools	4,099	5,750	6,050
Garden State Farmland Preservation Trust Fund	1,669	1,764	1,764
Garden State Green Acres Preservation Trust Fund	4,783	5,007	5,007
Garden State Historic Preservation Trust Fund	497	616	616
Hazardous Discharge Fund	8	10	10
Hazardous Discharge Site Cleanup Fund	16,592	14,115	15,196
Housing Assistance Fund	220	287	276
Human Services Facilities Construction Fund	3	---	---
Jobs, Education and Competitiveness Fund	258	252	43
Jobs, Science and Technology Fund	1	---	---
Judiciary Bail Fund	1,319	1,612	1,612
Judiciary Child Support and Paternity Fund	882	547	547
Judiciary Probation Fund	406	469	469
Judiciary Special Civil Fund	104	158	158
Judiciary Superior Court Miscellaneous Fund	231	199	199
Legal Services Fund	10,077	10,410	10,410
Mortgage Assistance Fund	747	828	752
Motor Vehicle Security Responsibility Fund	10	3	3
NJ Bridge Rehab. and Improvement and R.R. Right-of-Way Preservation Fund	263	324	308
Natural Resources Fund	142	135	78
New Home Warranty Security Fund	20,000	---	---
New Jersey Green Acres Fund - 1983	839	850	850
New Jersey Spill Compensation Fund	15,022	15,274	15,232
New Jersey Workforce Development Partnership Fund	13,457	17,426	17,426
Pollution Prevention Fund	1,570	1,497	1,497
Public Purpose Buildings Construction Fund	7	8	8
Public Purpose and Community Based Facilities Construction Fund	180	196	107

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Safe Drinking Water Fund	1,646	2,333	2,333
Sanitary Landfill Facility Contingency Fund	---	5,000	---
School Fund Investment Account	3,521	3,809	3,809
Shore Protection Fund	423	598	495
Solid Waste Service Tax Fund	9	9	9
State Disability Benefit Fund	20,769	78,581	103,581
State Land Acquisition and Development Fund	2	10	30
State Lottery Fund	866,982	812,700	848,000
State Lottery Fund - Administration	---	21,818	21,818
State Recreation and Conservation Land Acquisition and Development Fund	29	15	10
State of New Jersey Cash Management Fund	2,539	2,540	2,540
Statewide Transportation and Local Bridge Fund	1,517	1,000	500
Supplemental Workforce Fund for Basic Skills	1,299	2,000	2,000
Tobacco Settlement Fund	12,482	14,746	108,619
Transportation Rehabilitation and Improvement Fund	10	---	---
Unclaimed Personal Property Trust Fund	289,075	311,342	183,600
Unclaimed Utility Deposits Trust Fund	191	248	280
Unemployment Compensation Auxiliary Fund	17,579	22,297	26,297
Universal Services Fund	72,468	72,570	72,570
Wage and Hour Trust Fund	92	75	75
Water Conservation Fund	38	32	32
Water Supply Fund	3,728	4,126	4,126
Worker and Community Right to Know Fund	3,184	3,664	3,664
<i>Total Interfund Transfers</i>	<u>1,402,531</u>	<u>1,451,676</u>	<u>1,488,294</u>
Total State Revenues General Fund	<u>18,198,870</u>	<u>18,823,425</u>	<u>19,073,237</u>
 PROPERTY TAX RELIEF FUND			
Gross Income Tax	<u>10,506,565</u>	<u>11,465,000</u>	<u>12,351,000</u>
 CASINO CONTROL FUND			
Investment Earnings	400	350	350
License Fees	<u>67,650</u>	<u>75,334</u>	<u>73,689</u>
<i>Total Casino Control Fund</i>	<u>68,050</u>	<u>75,684</u>	<u>74,039</u>
 CASINO REVENUE FUND			
Casino Simulcasting Fund	675	550	550
Gross Revenue Tax	413,340	417,274	421,120
Investment Earnings	1,397	2,250	2,250
Other Casino Taxes and Fees	86,885	37,953	29,183
PAAD Recoveries	<u>165,607</u>	<u>---</u>	<u>---</u>
<i>Total Casino Revenue Fund</i>	<u>667,904</u>	<u>458,027</u>	<u>453,103</u>
 GUBERNATORIAL ELECTIONS FUND			
Taxpayers' Designations	<u>501</u>	<u>700</u>	<u>700</u>
TOTAL STATE REVENUES	<u>29,441,890</u>	<u>30,822,836</u>	<u>31,952,079</u>

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Dedicated:			
Executive Branch--			
Chief Executive:			
State Authority Review and Oversight	1,302	1,100	900
Department of Agriculture:			
American Veterinary Medical Foundation	---	---	20
Animal Disease Control	---	153	80
Commodity Distribution	1,649	1,501	1,501
Dairy Fee Administration	2	---	100
Development Potential Transfer Bank Administration	---	200	200
Environmental Services	---	250	250
Farmland Preservation Administrative Costs	700	415	---
Food Distribution Assessment	27	15	15
Fruit and Vegetable Grading Service	395	162	162
Future Farmers of America - Student Loans from Department of Education	68	75	75
Garden State Preservation Trust	---	125	670
Horse Breeding and Development Fund	343	380	320
Marketing and Development Services	---	724	724
Nursery Inspection Program	---	289	235
Organic Certification	74	75	75
Plant Pest and Disease Control	---	23	15
Poultry Service	879	810	610
Sire Stakes	4,792	5,000	4,500
Standardbred Breeder Awards	211	240	240
Stormwater Discharge Administration	3	---	174
Wine Promotion Program	116	90	90
Miscellaneous	284	237	212
	<u>9,543</u>	<u>10,764</u>	<u>10,268</u>
Department of Banking and Insurance:			
Individual Health Care Program Assessments	3,936	---	---
Public Adjusters Licensing	---	52	52
Small Employer Health Benefits	371	380	380
Supervision and Examination of Financial Institutions	---	400	400
Miscellaneous	91	64	64
	<u>4,398</u>	<u>896</u>	<u>896</u>
Department of Children and Families:			
Administration and Support Services	33,107	24,573	52,495
Adopt U.S. Kids	43	---	---
Child Protective and Permanency Services	---	1,797	1,852
Criminal History Record Checks	285	120	120
Domestic Violence Victims Fund	622	---	---
Legally Responsible Relatives - Probation Supplement	2,962	2,054	2,054
Old Age Survivors Insurance	1,492	1,492	1,492
	<u>38,511</u>	<u>30,036</u>	<u>58,013</u>
Department of Community Affairs:			
Boarding Home Regulation and Assistance	---	775	775
Comfort Partners Program	1,241	2,482	4,700
Fire Certification Program	12	325	324
Grants to Displaced Homemaker Centers	730	688	688
Historic Preservation License	21	25	25
Housing Code Enforcement	---	4,719	3,604
Housing Opportunities for Persons with AIDS	1,494	1,318	1,318
Housing Services	89,427	75,000	75,000
Lead Hazard Control Assistance Fund	459	708	891
Neighborhood Revitalization Tax Credit	250	250	250
New Home Warranty Program	4,523	4,816	4,816
New Jersey Meadowlands Commission - Operations	---	110	110
New Jersey Meadowlands Tax Sharing Stabilization Fund	---	190	---
Paterson Housing Opportunities for Persons with AIDS Program	483	600	1,003
Prevention of Homelessness	311	293	243
Section 8 Housing Voucher Portability	50	1,600	1,600
Subcontract with the City of Camden - Section 8	383	637	637
Truth in Renting	---	150	150

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Uniform Construction Code	---	10,442	9,019
Uniform Fire Code	---	10,485	10,153
Universal Services Fund	1,024	3,000	3,000
Miscellaneous	1,374	1,161	1,179
	<u>101,782</u>	<u>119,774</u>	<u>119,485</u>
Department of Corrections:			
Administration and Support Services	24,398	23,497	23,904
Nicholson Foundation Grant - Reentry and Access to Programs	---	71	179
Nicholson Foundation Reentry Grant	37	150	150
Workplace Literacy - Learning Lab Program	211	---	---
Miscellaneous	1,617	---	---
	<u>26,263</u>	<u>23,718</u>	<u>24,233</u>
Department of Education:			
Compliance and Auditing	425	385	610
Early Childhood Compliance Audits	---	307	---
Katzenbach One on One Aides	---	625	750
Katzenbach PLUS Program	636	1,061	1,028
Katzenbach Partnership Programs	---	220	272
Katzenbach Summer Program	---	176	176
Marie H. Katzenbach School for the Deaf - Tuition from Local Boards	8,864	8,610	9,844
Professional Development and Licensure	---	864	1,000
Rental of Vacant Building Space	462	430	440
State Action for Education Leadership Project	200	100	---
Miscellaneous	124	41	41
	<u>10,711</u>	<u>12,819</u>	<u>14,161</u>
Department of Environmental Protection:			
Administrative Costs - Natural Resources Damages	1,608	936	1,305
Administrative Costs Water Supply Bond Act of 1981 - Management	---	94	31
Administrative Costs Water Supply Bond Act of 1981 - Planning and Standards	---	17	25
Administrative Costs Water Supply Bond Act of 1981 - Watershed and Aquifer	---	104	32
Aeroflex Foundation - Kittatinny Valley State Park	55	25	---
Air Pollution Control	---	1,400	2,500
Air Pollution Fines	---	1,500	---
B.L. England Environmental Project Donation	---	1,500	---
Battleship New Jersey Memorial Fund	153	153	153
Battleship New Jersey Tax Check-Off	61	60	60
Drinking Water State Revolving Fund - Capacity Development	367	500	600
Drinking Water State Revolving Fund - Operator Certification	184	500	400
Drinking Water State Revolving Fund - Program Administration	823	800	800
Drinking Water State Revolving Fund - Small System Technical Assistance	604	700	600
Drinking Water State Revolving Fund - Source Water Program Administration	332	800	800
Endangered and Nongame Species Wildlife Fund	184	200	135
Environmental Infrastructure Trust Loan Fund	---	1,200	1,889
Environmental Inspection of Child Care Facilities	---	---	970
Exotic and Nongame Species Inspection Fund	151	132	145
Farley Marina Escrow	550	1,200	1,200
Forest Resource Management Special Revenue	232	250	250
Garden State Preservation Trust	---	364	468
HR-6 Flood Control	1,069	2,000	2,000
Hazardous Discharge Site Cleanup Fund - Responsible Party	---	9,852	10,552
Historic Preservation Fund	40	50	50
Land Use Regulation	---	1,676	2,248
Landscape Irrigation Contractor Certification	63	62	62
Liberty State Park - Central Parking	238	250	300
Liberty State Park License Plates	56	60	60
Low Emission Vehicle Program	118	125	125
Mammography Quality Standards Act	262	300	310
Marina Rentals	---	485	500
New Jersey Shade Tree and Community Forestry Program	159	160	160
New Jersey Waterfowl Stamp Act	313	100	100
Nuclear Emergency Response	---	---	1,069
Office of Dredging and Sediment Technology	---	251	228
Ohio Edison Settlement for Environmentally Beneficial Projects	670	---	---
Oil Spill Prevention	---	1,490	1,227

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Oyster Cultch Fund	79	90	90
PSE&G Fossil LLC	936	---	---
Palisades Interstate Park Commission (PIPC) - Court Fund Revenue	---	1,190	802
Palisades Interstate Park Commission (PIPC) - Gas Station Revenue	---	2,413	2,403
Palisades Interstate Park Commission (PIPC) - Operating Fund Revenue	---	844	840
Parks Management Fees	---	1,100	1,400
Parks Management Revolving Fund	1,288	1,250	1,250
Pinelands Preservation	120	67	65
Pollution Prevention	---	289	607
Private Dredging Disposal	187	200	200
Private Well Testing	599	800	800
Remediation Management and Response	---	6,854	6,593
Safe Drinking Water Fund	---	---	489
Sedge Island	31	20	25
Shellfish Enforcement	176	129	120
Shellfish Management	68	60	50
Shore Protection Fund Projects	678	5,000	3,300
Shore Protection License Plates	717	900	900
Skylands Manor	245	240	250
Solid Waste Utility Regulation Excess Receipts	---	1,300	1,300
Spring Meadow Golf Course	955	960	960
State Public Water System Supervision Program	769	1,100	1,250
State Revolving Fund - Administrative Costs	2,119	1,431	1,432
Tidelands Peak Demands	---	2,889	2,595
UMDNJ Radiation Preparedness	70	70	60
Urban Forest Energy Efficiency Initiative	1,544	4,000	4,000
Water Allocation	---	2,747	2,747
Water Pollution Control	---	1,560	1,450
Well Permits, Well Driller, Pump Installer Licenses	---	---	1,300
Wind Power Feasibility Study	---	---	2,000
Worker and Community Right to Know Act	---	316	524
Miscellaneous	638	461	435
	<u>19,511</u>	<u>67,576</u>	<u>71,591</u>
Department of Health and Senior Services:			
AIDS Drug Distribution Program Rebates	32,294	23,500	25,000
Administrative Overhead - Non State Program	1,230	1,300	1,400
Animal Population Control Program - License	278	300	270
Blueprint for Health Aging in New Jersey	---	14	---
Brain Injury Research Fund	4,517	3,600	3,600
Certificate of Need Program	1,309	537	537
Child Care / School Certification Program	---	---	1,500
Clinical Laboratory Improvement Services	313	350	350
Early Intervention Program (EIP) Copays	---	3,100	6,000
Electronic Death Registration Support Fund	619	600	600
Emergency Medical Services	41	79	79
Emergency Medical Services for Children	---	150	150
Emergency Medical Technician Training Fund	114	1,800	1,800
Estrogen, Diet, Genetics, and Endometrial Cancer	41	100	100
Evaluation of California Initiatives to Reduce Violence in Health Care Setting	63	195	---
First Response Emergency Medical Technician Cardiac Training Program	89	125	125
Health Care Cost Reduction Fund	33,649	40,000	40,000
Health Care Planning	8,127	7,000	7,200
Health Literacy/Cultural Competency Program	21	---	---
Live Long Live Well	19	150	150
New Jersey Emergency Medical Services Helicopter Response Program	---	2,858	2,858
New Jersey Turnpike Authority / Garden State Parkway Food Inspections	124	237	247
Newborn Screening, Follow-up, and Treatment	3,363	3,306	3,306
Nursing Home Provider Assessment Fee	135,203	135,374	136,000
Office of the Public Guardian	821	800	825
Ovarian Cancer Study	27	82	125
Paterson AIDS Drug Distribution Program	65	---	---
Rabies Control Program	487	475	475
Race and Risk Factors for Early / Aggressive Breast Cancer	60	---	275
Statewide Expansion of HealthEASE	---	60	---
Wholesale Drug Program	---	---	300
Women, Infants, and Children (WIC) Rebates	35,194	30,000	40,000

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Worker and Community Right to Know	---	699	764
Miscellaneous	6,703	9,238	6,345
	<u>264,771</u>	<u>266,029</u>	<u>280,381</u>
Department of Human Services:			
Administration and Support Services	17,828	5,819	5,036
Alcohol Education Rehabilitation and Enforcement Fund	1,694	2,344	2,344
Alcohol Treatment Fund Program	7,500	7,500	7,500
Catastrophic Illness in Children Relief Fund	1,147	1,041	1,067
Catastrophic Illness in Children Trust Fund - Grants-In-Aid	6,503	---	---
Children's Trust Fund	--201	519	519
Client Copayments - Developmental Disabilities	40,969	38,630	38,630
Drug Enforcement Demand Reduction Fund	---	350	350
Licensing Fees	228	---	---
Management and Administrative Services	---	475	475
Mental Health Contract Fees	347	316	324
NJ KidCare	60,595	72,806	70,864
New Jersey Health Care Hospital Payments	595,962	545,961	545,961
New Jersey Health Initiative - Robert Wood Johnson	---	290	---
New Jersey Ramps Project	100	---	---
Olmstead Grant	20	---	---
Partnership for a Drug Free New Jersey	---	1,000	1,000
Personal Needs Allowance	---	600	---
Racing Commission Funds for Compulsive Gambling Treatment	200	200	200
SSA Reimbursement to Enhance Vocational Rehabilitation	157	300	300
Traumatic Brain Injury	3,848	---	---
Universal Services Fund	2,220	---	---
Work First New Jersey Support Services	10,000	20,000	20,000
Work First New Jersey Technology Investment - Child Support Incentives	7,484	12,502	12,502
Miscellaneous	114	85	---
	<u>756,715</u>	<u>710,738</u>	<u>707,072</u>
Department of Labor and Workforce Development:			
Division of Workers Compensation Uninsured Employers	2,161	2,270	2,384
Enforcement of Workplace Standards - Receipts	---	5,234	5,757
Health Care Tax Collection	5,243	---	---
Private Disability Insurance Plan	---	1,280	1,280
Public Works Contractor Registration	---	1,756	1,932
Reengineering Study - State Disability Insurance Plan	---	---	1,000
Reimbursement to Unemployment Insurance for Joint Tax Functions	---	4,700	4,900
Special Compensation Fund	135,441	140,530	145,530
State Disability Insurance Plan	---	4,150	4,100
State School Construction	1,383	---	---
Unemployment Insurance Program - Collection Activities	---	---	2,000
Urban Enterprise Zones - Employer Rebate Awards	111	---	---
Work First New Jersey Work Activities	---	25,500	25,500
Workers' Compensation	---	7,681	8,017
Workforce Development Partnership - Counselors	---	412	412
Workforce Development Partnership Program	---	1,742	1,742
Workforce Literacy and Basic Skills Program	---	276	276
Miscellaneous	28	---	---
	<u>144,367</u>	<u>195,531</u>	<u>204,830</u>
Department of Law and Public Safety:			
Anti-Drug Profiteering	3	---	---
Atlantic County Detention Center	1,890	2,210	2,210
Backstretch Benevolence	172	210	210
Body Armor Replacement Fund - Administrative Costs	75	75	75
Charity Racing Day for the Developmentally Disabled	77	60	60
Claims - Victims of Crime	---	4,600	4,600
Commercial Vehicle Enforcement Program	---	10,287	12,055
Commissions Award Program	2,121	2,500	2,500
Consumer Affairs	322	275	275
Consumer Affairs Charitable Registrations Program	---	1,019	1,019
Consumer Affairs Legalized Games of Chance	---	100	100
Consumer Affairs Weights and Measures Program	---	1,900	1,900
Controlled Dangerous Substance Registration Program	---	775	775

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Criminal Disposition and Revenue Collection Fund	---	460	460
Criminal Justice Cost Recovery	---	162	162
Department of Transportation - State Police Construction Detail	---	6,978	8,480
Division of Consumer Affairs - Appropriated Receipts	---	7,649	7,649
Drunk Driving Enforcement Fund - MVC Reimbursement	97	---	---
Election Law Enforcement	7	130	130
FBI Mitochondrial DNA Testing	772	861	861
Fines Account - Miscellaneous Settlements	70	80	80
Forfeiture Program	4,644	2,655	2,655
Gubernatorial Public Finance Program	730	---	---
Insurance Fraud Operations	27,904	29,771	29,771
Investigative Unit	683	740	740
Juvenile Detention Alternatives - Annie E. Casey Foundation	200	---	---
Law Enforcement Officers Training and Equipment Fund	750	750	750
Lobbying Annual Fees	---	351	351
Medical Examiner Services	8,333	9,055	9,508
New Jersey Emergency Medical Service Helicopter Program	---	5,691	5,691
New Jersey Expressway Authority	5,709	7,411	7,685
New Jersey Parkway Authority	26,891	30,825	33,350
New Jersey Turnpike Authority	27,052	30,917	32,180
Noncriminal Records Checks	---	14,101	9,967
Northeast Hazardous Waste Project-Resource Conservation and Recovery Act	131	274	131
Office of Homeland Security and Preparedness	---	7,200	7,200
Pari-Mutuel Racing in Accordance with N.J.S.A. 5:5-37	738	790	790
Pre-Race Blood Testing and Chemical Testing Program	3,514	3,069	3,069
Private Employment Agencies	---	520	520
Racing Officials	1,380	1,128	1,128
Regulation of Alcoholic Beverages	---	5,551	5,551
Regulation of Racing Activities	3,088	2,225	2,225
Retired Officers Handgun Permits	---	215	---
Safe and Secure Neighborhoods Program	8,056	7,100	7,898
Securities Enforcement Fund	---	4,006	4,006
Security Officer Registration Account	---	107	105
Sexual Assault Nurse Examiner Program	76	---	76
State Athletic Control	654	500	500
State Facilities Education Act (SFEA)	30,956	38,447	36,930
State Forensic Laboratory Fund Program	1,069	800	1,000
State Police Central Lab Operations	---	986	1,016
State Police DNA Laboratory Enhancement	9,088	8,200	8,200
State Police Equine Lab Unit	---	1,426	1,177
State Police Private Detective Receipts	---	230	---
State Police Purchase and Maintenance of Law Enforcement Helicopters	---	---	25,647
State Police Recruit Training	---	77	8,585
State Veterinarians New Jersey Racing Commission	686	763	763
Vehicle Rental Surcharge State Police Salaries	---	13,855	11,155
Victim and Witness Advocacy Fund	---	1,252	1,252
Miscellaneous	2,986	2,400	2,400
	<u>170,924</u>	<u>273,719</u>	<u>307,573</u>
Department of Military and Veterans' Affairs:			
Burial Services	---	500	490
Distance Learning Center	14	15	15
New Jersey National Guard Support Services	---	1,100	1,300
Transitional Housing	---	550	590
World War II Memorial Dedications	45	---	---
Miscellaneous	64	25	25
	<u>123</u>	<u>2,190</u>	<u>2,420</u>
Department of Personnel:			
Human Resource Development Institute	---	1,900	1,900
State and Local Government Operations	---	1,300	1,300
	<u>---</u>	<u>3,200</u>	<u>3,200</u>

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Department of the Public Advocate:			
New Home Owner's Warranty	226	251	251
Rate Counsel - Insurance	---	1,124	1,124
Residential Warranty Corporation	144	158	158
	<u>370</u>	<u>1,533</u>	<u>1,533</u>
Department of State:			
Americorps - Homeland Security Match	9	---	---
Extraordinary Programming	75	400	400
GEAR UP Algebra Institute	19	---	---
Governor's School Donations	1,430	---	---
Law Enforcement Officers Memorial Fund	156	325	325
Leasing of Space on NJN Transmitter Towers	987	1,050	1,100
NJBEST Administration and Scholarships	---	486	585
NJN - TV Food Network/Time Warner Capital Project	1,771	1,200	1,300
New Jersey College Loans to Assist State Students (NJCLASS)	6,100	5,162	5,616
New Jersey Workforce Development Coalition Initiative	648	621	870
New Jersey World Trade Center Scholarship Program	---	100	100
Office of Faith Based Initiatives - Substance Abuse and Mental Health Services	28	---	---
Office of Faith Based Initiatives Donations	48	---	---
Primary Care Physician/Dentist Loan Redemption Program	2,000	2,000	2,000
Public Broadcasting Services	8,154	7,999	8,337
Records Management	1,100	---	---
Rental of NJN Studio and Production Facilities	1,623	2,050	1,950
Sale or Rental of NJN Productions	122	100	100
Student Loan Expense Reimbursement Program for Obstetrician/Gynecologists	806	---	---
War Memorial	478	527	527
Miscellaneous	682	339	330
	<u>26,236</u>	<u>22,359</u>	<u>23,540</u>
Department of Transportation:			
Applications and Highway Permits	---	1,400	1,400
Commercial Vehicle Enforcement Program	12,085	---	---
Cost of "Cause" Plates	590	---	---
County and Other Shared Projects	24,184	---	---
Greenwood Lake Airport	33	---	---
Highway Safety Fund	2,129	---	---
In-Terminal School Bus Inspection Program	1,303	1,150	1,150
Logo Sign Program	---	120	120
Motor Vehicle Services	263,675	273,295	268,834
Motorbus Regulation	697	750	750
Motorcycle Safety Education Fund	456	538	383
NJ Board of Pilot Commissioners	637	590	590
NJ Medical Service Helicopter Response Act	8,822	---	---
National Motor Vehicle Title Information System	300	---	---
Office of Maritime Resources	2,401	2,500	2,500
Outdoor Advertising Program	---	830	830
Placarded Railcar Program	---	90	85
Rental Receipts, Tenant Relocation Program	---	400	400
Security Responsibility	14,044	14,040	14,321
	<u>331,356</u>	<u>295,703</u>	<u>291,363</u>
Department of the Treasury:			
Annual Licensing Fee - Office of Administrative Law Publications	620	633	633
Business Services Bureau	---	148	148
Capital City Redevelopment Corporation	83	200	200
Clean Energy Program	637	820	1,300
Division of Developmental Disabilities Community Placement and Services	46,354	45,000	45,000
Domestic Security	23,352	18,500	23,500
Drug Abuse Education Fund	696	600	600
Economic Recovery Fund	17,607	19,608	19,608
Energy Tax Receipts	788,492	788,492	788,492
Governor's Council on Alcoholism and Drug Abuse	16,126	15,300	15,300
Judicial Hearings Receipts	3,442	3,844	3,844
Management of DEP Properties	---	500	500
Management of State Investments	---	---	8,687
New Jersey Fair and Clean Elections Fund	76	---	---

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
New Jersey Public Records Preservation	22,127	1,000	25,700
Nextel Rebanding	366	---	---
Office of Management and Budget	26,387	9,042	9,042
Ombudsman	---	380	451
Other Capital Building Services	2,422	2,420	2,420
Other Distributed Taxes	4,090	3,363	3,363
PSEG/Exelon Merger	3,596	---	---
Pensions and Benefits	---	33,257	33,772
Prequalification Fees	---	125	125
Property Management and Construction - Property Management Services	318	320	320
Public Finance Activities	---	700	700
Real Property Leasing Out Program	---	380	380
Royalties - Office of Administrative Law Publications	178	270	270
Small Business Registration	---	450	450
State Pension System Audit	---	225	225
State Technology Advancement Collaborative	275	---	---
Taxation Compliance and Enforcement Activities	---	4,500	4,500
Third Party Subrogation - Property Damage	---	500	500
Unclaimed Property Trust Fund	6,492	6,920	6,920
Universal Service Fund Program Evaluation	198	---	---
Urban Enterprise Zone (UEZ) Authority Administrative Expenses	2,202	3,632	3,632
Vendor Surcharge Collection - Motor Vehicle Commission	12,000	12,000	12,000
Miscellaneous	146	339	339
	<u>978,282</u>	<u>973,468</u>	<u>1,012,921</u>
Interdepartmental Accounts--			
911 Memorial Donations	7,001	---	---
Petroleum Overcharge Reimbursement Fund	---	---	3,500
	<u>7,001</u>	<u>---</u>	<u>3,500</u>
Judicial Branch--			
The Judiciary:			
Automated Traffic System for Municipal Courts	25,887	21,000	23,000
Civil Courts	531	756	760
Comprehensive Enforcement Program	2,859	2,400	2,700
Court Adult Probation System	532	500	500
Court Technology Improvement Fund	12,433	12,700	12,300
Electronic Access To Court Records	2,042	408	1,000
Family Courts	422	400	400
Information Services	419	516	516
Special Civil Part Certified Mailers	2,350	1,450	2,000
Supreme Court	12,202	14,747	16,032
Miscellaneous	1,091	6	15
	<u>60,768</u>	<u>54,883</u>	<u>59,223</u>
<i>Total Dedicated</i>	<u>2,952,934</u>	<u>3,066,036</u>	<u>3,197,103</u>
Federal:			
Executive Branch--			
Department of Agriculture:			
Asian Longhorned Beetle Monitoring	3,200	3,000	3,000
Child Care	49,802	68,076	70,750
Child Nutrition - School Breakfast	35,663	46,200	48,000
Child Nutrition - School Lunch	151,058	174,300	180,000
Child Nutrition - Special Milk	1,005	1,600	1,800
Child Nutrition - Summer Programs	7,060	10,347	10,728
Child Nutrition Administration	2,787	4,100	4,340
Cooperative Gypsy Moth Suppression	371	750	750
Farm Risk Management Education Program	396	272	272
Farmland Preservation	7,769	9,429	4,525
Fish Inspection Service	104	125	125
Food Stamp - Temporary Emergency Food Assistance Program (TEFAP)	1,348	1,550	1,550

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Indemnities - Avian Influenza	---	400	397
National Animal Identification Infrastructure	123	92	109
Team Nutrition Training	159	225	200
Various Federal Programs and Accruals	-13,199	1,802	1,308
	247,646	322,268	327,854
Department of Children and Families:			
Restricted Federal Grants	9,557	9,823	10,327
Social Services Block Grant	48,350	51,627	51,685
Title IV-B Child Welfare Services	5,949	5,500	5,500
Title IV-E Foster Care	91,746	127,680	99,223
Title XIX Child Residential	41,156	75,175	75,822
	196,758	269,805	242,557
Department of Community Affairs:			
Community Services Block Grant	16,280	17,023	17,023
Emergency Shelter Grants Program	870	1,520	1,570
Fair Housing Initiatives Grant	---	93	93
Lead-Based Paint Abatement in Low and Moderate Income Housing	343	3,000	3,000
Low Income Home Energy Assistance Program	---	78,324	78,324
Moderate Rehabilitation Housing Assistance	11,236	12,162	11,679
National Affordable Housing - HOME Investment Partnerships	12,447	7,890	7,611
National Fire Academy Training Program	---	28	28
Section 8 Housing Voucher Program	171,203	173,200	174,250
Shelter Plus Care Program	994	4,500	6,961
Small Cities Block Grant Program	8,710	8,360	8,360
Transitional Housing - Homeless	108	136	136
Weatherization Assistance Program	3,246	5,126	5,169
Various Federal Programs and Accruals	-8,976	---	---
	216,461	311,362	314,204
Department of Corrections:			
Body Alarms Justice Technology Grant	---	500	---
Crime Prevention Funding	---	300	---
Crime and Justice Research	---	219	---
DOE Grant-Life Skills for State and Local Prisoners	---	426	---
Gang Awareness and Prevention Program: Field Initiated Demo Program Grant	---	296	296
Justice and Mental Health Collaboration	---	50	50
National Institute of Justice Grant for Corrections Research-Escape Study	---	130	57
National Institute of Justice Grant for Corrections Research-Megan's Law Study	---	39	---
Prison Rape Elimination Grant	176	---	244
Prisoner Reentry Initiative Grant-Atlantic County	---	450	---
Prisoner Reentry Initiative Grant-Camden County	---	---	431
Prisoner Reentry Initiative Grant-Essex County	---	450	---
Project In-Side	512	1,284	1,310
Promoting Responsible Fatherhood	---	335	339
Serious and Violent Offender Reentry Initiative	732	---	---
State Criminal Alien Assistance Program	3,472	5,000	4,000
Weed and Seed Communities	---	175	---
Various Federal Programs and Accruals	336	110	110
	5,228	9,764	6,837
Department of Education:			
21st Century Schools	20,987	19,898	19,630
AIDS Prevention Education	237	247	248
Adult Basic Education - Administration/Discretionary	1	62	20
Bilingual and Compensatory Education - Homeless Children and Youth	1,364	1,290	1,290
Byrd Scholarship Program	1,147	1,200	1,200
Character Education Partnership	477	672	702
Drug-Free Schools and Communities - Administration	2,793	1,650	1,650
Drug-Free Schools and Communities - Discretionary	7,307	6,600	6,600
Enhancing Education Thru Technology	11,337	5,381	5,381
Even Start Family Literacy Grant - Discretionary	4,269	2,071	1,784
Hurricane Relief	374	---	---
Improving America's Schools Act - Consolidated Administration	5,048	4,600	4,600
Individuals with Disabilities Education Act Basic State Grant	331,596	333,161	347,784

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Individuals with Disabilities Education Act Preschool Grants	12,202	11,526	11,515
Language Acquisition State Grants	20,092	21,530	16,790
Mathematics and Science Partnerships Grants	2,585	3,013	3,013
Migrant Education - Administration/Discretionary	2,150	2,117	2,117
Public Charter Schools	3,546	6,010	4,256
Refugee Children School Impact Program	589	---	---
School Renovation Grants	74	---	---
State Assessments	8,304	10,001	9,982
State Data Grants	290	484	---
State Grants for Improving Teacher Quality	64,969	64,447	63,800
State Improvement Grant - Administration	1,269	1,273	---
Step Up - Teacher Recruitment	471	1,098	1,086
Title I - Comprehensive School Reform	6,039	---	---
Title I - Grants to Local Educational Agencies	261,837	263,753	263,753
Title I - Part D, Neglected and Delinquent	2,235	2,624	2,713
Title I - Reading First State Grant	18,957	17,866	17,866
Title V - Innovative Program Strategies	5,160	2,859	2,921
Vocational Education - Basic Grants - Administration	23,504	24,860	24,855
Vocational Education Technical Preparation	2,424	2,263	2,263
Various Federal Programs and Accruals	3,881	1,454	1,342
	<u>827,515</u>	<u>814,010</u>	<u>819,161</u>
Department of Environmental Protection:			
Air Pollution Maintenance Program	6,531	9,967	6,500
Artificial Reef Program - PSE&G/NJPDES Permit Fees	723	825	825
Asian Longhorned Beetle Project	128	2,300	2,300
Assessing New Jersey's Bays	7	100	100
Assistance to Firefighters - Wildfire and Arson Prevention	53	200	200
Atlantic Coastal Cooperative Program	31	200	250
Atlantic Coastal Fisheries	186	300	300
Avian Influenza	---	100	100
Beach Monitoring and Notification	315	300	300
Bio-Characterization of Commercial Fish	---	---	85
BioWatch Monitoring	15	500	750
Boat Access (Fish and Wildlife)	---	1,000	1,000
Brownfields	490	2,000	2,000
Chronic Wasting Disease	---	---	150
Clean Lakes Program	---	500	500
Clean Vessels	650	1,000	1,000
Coastal Estuarine Land Program	1,979	6,000	6,000
Coastal Zone Management Implementation	3,557	3,400	3,400
Community Assistance Program	200	200	235
Consolidated Forest Management	194	1,070	1,080
Construction Grants Program	---	44,035	40,000
Defensible Space	160	400	400
Endangered Species	60	75	75
Endangered and Nongame Species Program State Wildlife Grants	1,075	1,500	1,065
Firewise in the Pines	---	200	200
Fish and Wildlife Health	49	150	150
Forest Legacy	2,717	10,040	10,040
Forest Resource Management - Cooperative Forest Fire Control	395	1,725	1,700
Grassland Habitat Project	26	200	200
Gypsy Moth Suppression	---	100	150
Hazardous Waste - Resource Conservation Recovery Act	5,001	4,895	4,895
Historic Preservation Survey and Planning	685	950	950
Hunters' and Anglers' License Fund	3,507	5,925	6,475
Investigation and Management of Nongame Freshwater Fisheries Resources	28	150	150
Land and Water Conservation Fund	---	5,000	10,000
Lower Cohansey Watershed	---	1,000	1,000
Marine Fisheries Investigation and Management	737	1,150	1,365
Multimedia	632	750	750
NJ Field Office Bog Turtle Cooperative Agreement	---	50	50
NJ Landowner Incentive	378	1,880	1,180
National Coastal Wetlands Conservation	211	2,215	2,000
National Dam Safety Program (FEMA)	87	90	90
National Geologic Mapping Program	115	200	200
National Pollutant Discharge Elimination System Implementation Support Program	1,046	600	400

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
National Recreational Trails	413	1,500	1,700
Non-Point Source Implementation (319H)	5,127	4,000	4,000
Northern Bobwhite Evaluation in New Jersey	44	125	---
Offshore Beach Replenishment	72	150	150
Particulate Monitoring Grant	---	1,500	1,000
Pesticide Technology	630	670	550
Pinelands Grant - Acquisition	---	6,000	6,000
Preliminary Assessments/Site Inspections	1,124	1,500	1,500
Radon Program	480	500	500
Rare Wildlife Strategy Implementation	---	---	1,500
Regional Climate and Fire Damage Modeling - Pinelands	132	---	---
Regional Environmental Monitoring and Assessment Program Benthic Indicators	---	400	400
Safe Drinking Water Act	2,947	22,200	22,200
Shortnose Sturgeon Research	44	150	150
Southern Pine Beetle	15	100	100
State Recreational Trails	---	11,505	8,825
State Wetlands Conservation Plan	168	1,017	250
State Wildlife Grant Projects	---	1,500	1,000
State and EPA Data Management Grant	1,045	2,300	2,300
Superfund Grants	3,768	30,450	30,450
US Army Corps of Engineers Beachnesters	---	80	80
Underground Storage Tanks	1,525	2,055	2,055
Urban Community Air Toxics Program	69	700	700
Voluntary Cleanup Site Specific	191	---	---
Water Monitoring and Planning	1,874	547	500
Water Pollution Control Program	3,994	4,025	4,025
Wildland and Urban Interface II	---	100	100
Wildlife Education	36	285	---
Wildlife Habitat Incentives (WHIP)	25	---	150
Wildlife Management Area Planning	132	300	300
Various Federal Programs and Accruals	-10,918	1,465	770
	<u>44,905</u>	<u>208,366</u>	<u>201,815</u>
Department of Health and Senior Services:			
Abstinence Education - Family Health Services (FHS)	817	1,122	1,122
Aging and Disability Resource Center Grant	143	---	---
Asthma Surveillance and Coalition Building	421	457	457
Asthma and Hazardous Substances Applied Research	18	108	250
Bioterrorism Hospital Emergency Preparedness	20,300	13,600	13,600
Birth Defects Surveillance Program	109	250	268
Breastfeeding Peer Counseling	315	300	300
Childhood Lead Poisoning	1,131	1,422	1,400
Chronic Disease Prevention and Health Promotion - Family Health Services	258	1,011	750
Chronic Disease Prevention and Health Promotion Programs - Public Health	1,400	1,912	1,900
Clinical Laboratory Improvement Amendments Program	190	450	473
Comprehensive AIDS Resources Grant	52,710	55,000	55,000
Core Injury Prevention and Control Program	---	280	300
Demonstration Program to Conduct Health Assessments	542	600	627
Early Hearing Detection and Intervention (EHDI) Tracking, Research	123	334	334
Early Intervention for Infants and Toddlers with Disabilities (Part H)	13,208	13,000	13,000
Eliminating Disparities in Perinatal Health	348	500	500
Emergency Medical Services for Children (EMSC) Partnership Grants	25	115	115
Emergency Preparedness For Bioterrorism	26,922	31,000	28,690
Empowering Older People to Take More Control of Their Health	---	193	---
Enhanced HIV/AIDS Surveillance-Perinatal	---	223	156
Environmental Tools for Dementia Care	2	---	150
Exposure - Tremolite Asbestos - Vermiculite	114	115	115
Family Planning Program - Title X	3,047	4,200	4,200
Federal Lead Abatement Program	171	498	467
Food Inspection	428	440	432
Fundamental and Expanded Occupational Health	50	250	250
HIV/AIDS Events W/O Care in NJ	---	323	305
HIV/AIDS Prevention and Education Grant	13,482	17,999	18,000
HIV/AIDS Surveillance Grant	3,680	4,713	3,614
Housing Opportunities For Persons With AIDS	2,775	2,828	2,828
Housing Opportunities for Incarcerated Persons with AIDS	530	1,763	1,763
Immunization Project	6,258	19,727	7,703

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Lead Training and Certification Enforcement Program	73	81	83
Maternal and Child Health (MCH) Early Childhood Comprehensive System	110	140	140
Maternal and Child Health Block Grant	16,466	13,000	13,000
Medicare/Medicaid Inspections of Nursing Facilities	8,327	16,660	16,472
Minority AIDS Demo	---	150	150
Morbidity and Mortality Review Program	146	150	150
Morbidity and Risk Behavior Surveillance	514	600	520
National Cancer Prevention and Control - Public Health	5,335	6,574	6,574
National Family Caregiver Program	4,823	5,200	5,200
New Jersey Ease for Caregivers - Building Support Systems	45	---	---
New Jersey's Reducing Health Disparities Initiative	---	160	160
Nurse Aide Certification Program	---	1,000	1,000
Nursing Facilities Transition Grant	168	600	600
Older Americans Act - Title III	29,119	34,480	34,500
Pediatric AIDS Health Care Demonstration Project	2,141	2,850	2,850
Pregnancy Risk Assessment Monitoring System	73	750	750
Preventative Health and Health Services Block Grant	3,657	3,998	4,014
Public Employees Occupational Safety and Health - State Plan	---	---	900
Rape Prevention and Education Program	142	1,234	1,234
Research on Ecology of Lyme Disease in US	286	325	325
Senior Farmers Market Nutrition Program	552	1,000	1,000
State Pharmacy Assistance Program Payments - Federally Funded Grant	10,591	3,747	---
Supplemental Food Program - Women, Infants, and Children (WIC)	90,587	100,000	120,000
Surveillance, Epidemiology and End Results (SEER)	665	1,201	1,200
Traumatic Brain Injury Surveillance	70	105	105
Tuberculosis Control Program	4,635	6,000	6,095
United States Department of Agriculture (USDA) Older Americans Act - Title III	3,423	3,900	3,900
Universal Newborn Hearing Screening	216	250	250
Venereal Disease Project	3,470	3,882	3,882
Vital Statistics Component	914	1,100	1,100
West Nile Virus - Laboratory	---	190	100
West Nile Virus - Public Health	921	2,060	2,135
Women, Infants, and Children (WIC) Farmer's Market Nutrition Program	1,141	2,369	2,600
Various Federal Programs and Accruals	1,344	5,937	6,178
	<u>339,471</u>	<u>394,426</u>	<u>396,236</u>
Department of Human Services:			
Access to Recovery	---	4,049	4,049
Block Grant Mental Health Services	17,633	12,013	12,005
Child Care Block Grant	104,615	119,281	115,220
Child Support Enforcement Program	135,966	168,597	176,799
Community Based Residential Program Grant	377	1,000	1,000
Crisis Counseling - Hurricane Katrina	33	---	---
Developmental Disabilities Council	1,477	1,598	1,601
Federal Independent Living	1,120	1,153	1,153
Food Stamp Program	88,817	102,836	104,066
Foster Grandparents Program	1,023	1,127	1,141
Low Income Energy Assistance Block Grant	98,009	---	---
Projects for Assistance in Transition from Homelessness (PATH)	1,925	1,922	1,926
Quality Assurance in Home and Community Services	37	---	---
Refugee Resettlement Program	2,968	5,872	5,622
State Data Infrastructure Project	49	---	---
Substance Abuse Block Grant	48,948	51,882	51,882
Temporary Assistance to Needy Families Block Grant	490,512	456,723	450,458
Title XIX Community Care Waiver	380,149	268,775	273,410
Title XIX ICF/MR	301,019	314,562	330,505
Title XIX Medical Assistance	3,489,526	3,720,108	3,683,336
Title XX Urban Empowerment Zone	760	---	---
Title XXI Children's Health Insurance Program	224,473	261,435	276,928
Vocational Rehabilitation Act, Section 120	10,268	10,961	11,117
Various Federal Programs and Accruals	-129,535	7,393	7,517
	<u>5,270,169</u>	<u>5,511,287</u>	<u>5,509,735</u>
Department of Labor and Workforce Development:			
Adult and Continuing Education - Workforce Investment Act	16,107	18,162	21,061
Comprehensive Services for Independent Living	90	1,012	600
Current Employment Statistics	2,592	2,764	2,978

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Disability Determination Services	48,556	49,176	52,000
Disabled Veterans' Outreach Program	2,371	2,900	2,900
Employment Services	26,924	25,902	26,100
Employment Services - One-Stop Shopping	277	325	350
Employment Services Cost Reimbursable Grants - Migrant Housing	---	50	50
Employment Services Grants - Alien Labor Certification	102	2,403	2,403
Employment Services Reemployment Services	1,405	1,100	1,100
Federal Public Employees Occupational Safety and Health Act	2,178	1,942	2,100
Local Veterans' Employment Representatives	1,236	1,528	1,700
National Council on Aging - Senior Community Services Employment Project	2,490	3,014	3,020
Occupational Informational Coordinating Program	203	175	175
Occupational Safety Health Act - On-Site Consultation	1,644	2,103	2,200
Occupational Safety and Health Administration Data Collection Survey	---	74	74
Old Age and Survivor Insurance Disability Determination Services	8	1,000	1,000
One Stop Labor Market Information	1,113	940	1,068
Redesigned Occupational Safety and Health (ROSH)	253	233	269
Rehabilitation of Supplemental Security Income Beneficiaries	330	2,000	2,000
Supported Employment	804	975	975
Technical Assistance Training	58	1,700	1,700
Technology Related Assistance Project	270	350	400
Trade Adjustment Assistance Project	2,126	4,121	4,200
Unemployment Insurance	128,072	119,916	145,892
Vocational Rehabilitation Act of 1973	41,755	46,556	47,943
Work Incentive - Project Access	104	700	---
Work Opportunity Tax Credit	767	750	750
Workforce Investment Act	85,803	80,154	72,643
Workforce Investment Act Title IIID Discretionary Funding	---	4,000	4,000
Various Federal Programs and Accruals	9,587	251	251
	<u>377,225</u>	<u>376,276</u>	<u>401,902</u>
Department of Law and Public Safety:			
Anti Trafficking Task Force	76	600	600
Anti-Gang Initiative	---	700	1,000
Buffer Zone Protection Program	54	1,512	1,512
Bulletproof Vest Partnership	67	850	850
Bureau of Justice State Police Communications Grant	3,170	---	---
Challenge Grant	348	---	---
Chemical Sector Buffer Zone Protection Program	---	5,508	5,508
Child Passenger Protection Education	163	75	50
Child Safety/Child Booster Seats	---	1,250	1,250
Citizen Corps Program	---	478	478
Combating Underage Drinking	548	360	360
Community Emergency Response Team Program	113	---	---
Community Oriented Policing Services (COPS) - In Schools	409	---	---
Convicted Offender In-House (DNA)	---	1,500	1,500
Crime Laboratory Improvement Program-National Institute of Justice	461	---	---
Criminal Justice Victims of Crime Act 9/11 Attack on America	3,466	---	---
Crisis Counseling Immediate Services Program	78	---	---
DNA Capacity Enhancement Program Formula Grant	496	---	500
Domestic Marijuana Eradication Suppression Program	89	89	89
Domestic Preparedness Equipment	29,577	---	---
Domestic Preparedness Training	12,428	---	---
Drunk Driver Prevention	---	2,500	2,500
Edward Byrne Memorial Grant	6,258	---	---
Emergency Management Performance Grant - Non Terrorism	1,175	4,500	4,500
Emergency Services	---	10	10
Enhanced Wireless Communications	---	---	125
Equal Employment Opportunity Commission	453	500	500
Fatality Analysis Reporting System (FARS)	34	---	---
Flood Disaster Relief	2,632	---	---
Flood Mitigation Assistance	43	946	946
Forensic Science Improvement Program	---	1,000	500
Grants To Encourage Arrest Policies and Enforcement of Protection Orders	113	---	---
Hazardous Materials Transportation	869	451	451
Help America Vote Act	---	2,210	---
High Intensity Drug Trafficking Area (HIDTA)	---	50	50
Highway Traffic Safety	3,644	6,500	7,000

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Homeland Security Grant Program	24,321	16,710	16,710
Incident Command	990	833	833
Innovative Seat Belt Use	707	250	100
Internet Crimes Against Children	176	500	500
Justice Assistance Grant (JAG)	8,350	10,500	8,500
Juvenile Accountability Incentive Block Grant (JAIBG)	2,329	1,200	1,200
Juvenile Justice Delinquency Prevention	3,330	2,336	2,338
Medicaid Fraud Unit	2,813	3,429	3,429
Metropolitan Medical Response System	---	465	465
Motorcycle Safety	---	250	250
National Criminal History Program - Office of the Attorney General	1,068	2,000	1,000
National Forensic Science Improvement Act	---	500	---
No Suspect Casework DNA Backlog Reduction Program	---	1,300	1,300
Northeast Hazardous Waste Project-Resource Conservation and Recovery Act	125	250	128
Occupant Protection Grant	1,179	1,500	1,500
Paul Coverdell National Forensic Science Improvement	104	---	---
Port Security Grant Program - Camden	---	2,500	2,500
Port Security Grant Program - New York/New Jersey	---	1,697	1,697
Port Security Grant Program - Paulsboro	---	2,500	2,500
Pre-Disaster Mitigation Grant (Competitive)	---	3,000	2,500
Pre-Disaster Mitigation Grant-FEMA	301	---	---
Prevent Operations of Motor Vehicles by Intoxicated Persons	2,808	500	100
Project Safe Neighborhoods	---	1,060	1,060
Racial Profiling Prevention	---	650	650
Radiological Dispersal Device Protective Measures Program	4,493	---	---
Recreational Boating Safety	752	2,700	2,700
Residential Treatment for Substance Abuse	930	1,600	1,000
Safety Belt Performance Grants	---	3,500	3,500
Safety Incentive Grants	674	750	300
State Traffic Safety Information System	---	1,500	1,500
Title V Funding	74	1,500	1,500
Truth In Sentencing Incentive Grant	2,466	---	---
Urban Area Security Initiative	22,807	34,330	34,330
Victim Assistance Grants	11,297	12,000	12,000
Victim Compensation Award	6,362	7,000	7,000
Victims of Crime Act Compensation for 9/11 Attack	911	---	---
Violence Against Women Act	4,570	4,000	4,000
Various Federal Programs and Accruals	14,068	100	100
	<u>184,769</u>	<u>154,499</u>	<u>147,469</u>
Department of Military and Veterans' Affairs:			
Administrative Services Activities	---	---	55
Antiterrorism Program Manager	---	---	220
Armory Renovations and Improvements	1,290	1,900	2,487
Army Facilities Service Contracts	889	1,600	2,500
Army National Guard Electronic Security System	---	---	300
Army National Guard Statewide Security Agreement	389	500	500
Army National Guard Sustainable Range Program	---	200	100
Army National Guard Transportation	---	125	2
Army Training and Technology Lab	508	500	800
Atlantic City Air Base - Service Contracts	1,316	2,200	2,888
Atlantic City Environmental	23	50	60
Atlantic City Operations and Maintenance	62	65	75
Atlantic City Sustainment, Restoration and Modernization	---	---	550
Brigadier General Doyle Memorial Cemetery Building Project	3,534	12,000	2,000
Combined Logistics Facility	---	22,200	---
Coyle Field Atlantic City	---	---	24
Design and Construction of the Vineland Memorial Veterans' Home	5,551	---	---
Dining Facility Operations	113	700	150
Facilities Support Contract	4,428	6,433	6,500
Federal Distance Learning Program	1	200	150
Fire Fighter/Crash Rescue Service Cooperative Funding Agreement	1,431	1,500	1,650
Hazardous Waste Environmental Protection Program	126	500	325
McGuire AFB Environmental	41	50	60
McGuire Air Force Base - Service Contracts	1,655	2,049	2,080
McGuire Operations and Maintenance	270	70	90
Medicare Part A Receipts for Resident Care and Operational Costs	4,191	5,417	5,767

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
National Guard Communications Agreement	879	880	780
Natural and Cultural Resources Management	---	---	5
New Jersey National Guard Challenge Youth Program	2,477	2,000	2,217
New Jersey National Guard Counter Drug Program Interservice State-Federal	---	12	---
Training and Equipment - Pool Sites	72	250	450
Transitional Housing	271	360	360
Veterans Haven Life Safety Code Rehabilitation - VA grant	96	---	---
Veterans' Education Monitoring	1,002	583	583
Warren Grove Sustainment Restoration and Modernization	---	---	5
Warren Grove/Coyle Field	27	80	40
Various Federal Programs and Accruals	12	55	74
	30,654	62,479	33,847
Department of the Public Advocate:			
Guardianship Program	---	223	223
Department of State:			
Americorps Grants	3,831	5,102	5,045
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	3,768	3,500	3,500
Leveraging Educational Assistance Partnership	2,120	2,117	2,117
National Endowment for the Arts Partnership	739	750	750
National Endowment for the Humanities Grant	---	715	715
National Health Service Corps - Student Loan Repayment Program	187	158	300
National Telecommunications Information Agency	---	625	625
Student Loan Administrative Cost Deduction and Allowance	15,968	23,175	25,123
Various Federal Programs and Accruals	-921	---	---
	25,692	36,142	38,175
Department of Transportation:			
Airport Fund	4,094	10,000	10,000
Commercial Drivers' License Program	1,684	3,470	1,500
Commercial Vehicle Information Systems and Networks	---	1,862	920
Highway Planning and Research	17,223	17,300	17,300
Homeland Security	1,145	16,000	16,000
Metropolitan Planning Funds	14,584	12,039	12,039
Motor Carrier Safety Assistance Program	1,414	11,215	12,840
NJ Transportation Planning Assistance	---	3,800	3,800
National Boating Infrastructure Program	1,513	---	---
New Jersey Maritime Program	---	1,600	1,600
Odometer Fraud Grant	---	---	30
Performance and Registration Information Systems Management	---	---	550
Supportive Services Highway Construction Training Program	---	500	500
	41,657	77,786	77,079
Department of the Treasury:			
Diamond Shamrock Oil Overcharge Settlement	---	717	717
Division of Gas Expansion	374	600	600
NJ Partnership for the National Map	47	900	---
State Energy Conservation Program	620	2,602	2,671
Various Federal Programs and Accruals	670	700	200
	1,711	5,519	4,188
Judicial Branch--			
The Judiciary:			
Juvenile Drug Court Grant	219	---	---
Various Federal Programs and Accruals	686	835	1,535
	905	835	1,535
<i>Total Federal</i>	<i>7,810,766</i>	<i>8,555,047</i>	<i>8,522,817</i>
Revolving:			
Legislative Branch--			
Legislature:			
Various Revolving Funds	5	---	---

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
Executive Branch--			
Department of Community Affairs:			
Administration and Support Services	473	650	650
Housing Services	---	495	495
Liquid Petroleum Gas Education and Safety Board	194	315	394
Uniform Construction Code	10,839	9,690	9,690
Various Revolving Funds	74	---	---
	<u>11,580</u>	<u>11,150</u>	<u>11,229</u>
Department of Corrections:			
Culinary Arts Vocational Program	98	135	135
Farm Operations	10,636	10,700	10,950
Institutional Care and Treatment	561	499	500
State Use	19,198	20,500	20,700
	<u>30,493</u>	<u>31,834</u>	<u>32,285</u>
Department of Education:			
Administration and Support Services	2,858	3,858	2,246
General Education Development	377	350	350
Professional Development and Licensure	99	199	199
	<u>3,334</u>	<u>4,407</u>	<u>2,795</u>
Department of Environmental Protection:			
Administration and Support Services	85	130	100
Pesticide Control	291	290	290
Publicly-Funded Site Remediation	203	---	---
	<u>579</u>	<u>420</u>	<u>390</u>
Department of Health and Senior Services:			
Administration and Support Services	5,536	5,497	5,747
Laboratory Services	9,753	11,000	11,000
	<u>15,289</u>	<u>16,497</u>	<u>16,747</u>
Department of Human Services:			
Administration and Support Services	975	890	890
Income Maintenance Management	5,855	5,767	5,500
	<u>6,830</u>	<u>6,657</u>	<u>6,390</u>
Department of Labor and Workforce Development:			
Administration and Support Services	1,111	---	---
Planning and Analysis	37	---	---
	<u>1,148</u>	<u>---</u>	<u>---</u>
Department of Law and Public Safety:			
Criminal Justice	14	300	300
State Police Operations	7	553	---
	<u>21</u>	<u>853</u>	<u>300</u>
Department of State:			
Museum Services	482	---	---
Records Management	804	200	200
	<u>1,286</u>	<u>200</u>	<u>200</u>
Department of Transportation:			
Administration and Support Services	535	---	---
Department of the Treasury:			
Adjudication of Administrative Appeals	896	895	895
Automotive Services	25,094	25,957	25,957
Capitol Post Office	1,648	1,648	1,648
Escrow - Construction Management Services	970	---	---
Office of Information Technology	99,398	---	---
Printing Services	2,062	2,324	2,324
Property Management and Construction - Construction Management Services	3,190	4,425	4,425

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Public Information Services	1,430	1,001	1,001
Purchasing and Inventory Management	49,555	48,264	50,920
	<u>184,243</u>	<u>84,514</u>	<u>87,170</u>
<i>Total Revolving</i>	<i>255,343</i>	<i>156,532</i>	<i>157,506</i>
Total Other Revenues General Fund	<u>11,019,043</u>	<u>11,777,615</u>	<u>11,877,426</u>

SPECIAL TRANSPORTATION FUND

General:

County and Other Shared Projects	3,355	---	---
Transportation Trust Fund - Local Highway Facilities	172,610	175,000	175,000
Transportation Trust Fund - Public Transportation Projects	609,242	675,000	675,000
Transportation Trust Fund - State Highway Projects	586,428	750,000	750,000
	<u>1,371,635</u>	<u>1,600,000</u>	<u>1,600,000</u>

Federal:

Federal Highway Administration/Other	672,618	933,880	1,057,000
<i>Total Special Transportation Fund</i>	<i>2,044,253</i>	<i>2,533,880</i>	<i>2,657,000</i>
TOTAL OTHER REVENUES	<u>13,063,296</u>	<u>14,311,495</u>	<u>14,534,426</u>

**SCHEDULE 3
EXPENDITURES BUDGETED
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006 Actual	2007 Estimated	2008 Estimated
GENERAL FUND			
Legislative Branch			
Senate	10,791	11,859	11,859
General Assembly	19,218	18,274	18,274
Office of Legislative Services	30,878	29,714	29,272
Legislative Commissions	4,814	6,088	6,088
State Capitol Joint Management Commission	9,451	9,001	9,001
Clean Ocean and Shore Trust Committee	135	144	144
	75,287	75,080	74,638
Executive Branch			
Chief Executive	4,860	5,056	5,056
Department of Agriculture	23,363	25,840	26,090
Department of Banking and Insurance	65,605	70,311	70,311
Department of Children and Families	762,129	1,011,620	1,060,974
Department of Community Affairs	240,455	252,686	176,134
Department of Corrections	1,065,301	1,097,089	1,128,860
Department of Education	717,504	1,395,546	904,378
Department of Environmental Protection	372,518	463,455	432,733
Department of Health and Senior Services	1,312,290	1,570,092	1,362,914
Department of Human Services	4,528,494	4,523,637	4,787,801
Department of Labor and Workforce Development	140,591	119,224	133,925
Department of Law and Public Safety	655,309	569,966	565,088
Department of Military and Veterans' Affairs	91,579	93,150	93,115
Department of Personnel	28,730	22,687	22,437
Department of the Public Advocate	14,211	19,202	19,202
Department of State	1,316,473	1,226,473	1,281,141
Department of Transportation	1,185,654	1,292,404	1,281,912
Department of the Treasury	1,095,119	1,527,543	1,531,898
Miscellaneous Commissions	1,425	1,408	1,444
	13,621,610	15,287,389	14,885,413
Interdepartmental Accounts			
Interdepartmental Services	611,152	684,211	717,882
Employee Benefits	2,114,418	2,410,128	2,527,928
Other Interdepartmental Accounts	111,374	36,107	13,143
Salary Increases and Other Benefits	8,337	10,300	234,192
	2,845,281	3,140,746	3,493,145
Judicial Branch			
The Judiciary	556,607	597,398	594,398
	556,607	597,398	594,398
Total General Fund	17,098,785	19,100,613	19,047,594

**SCHEDULE 3
EXPENDITURES BUDGETED
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
CASINO CONTROL FUND - DIRECT STATE SERVICES			
Department of Law and Public Safety	42,346	44,599	44,599
Department of the Treasury	28,770	29,440	29,440
<i>Total Casino Control Fund - Direct State Services</i>	<i>71,116</i>	<i>74,039</i>	<i>74,039</i>
CASINO REVENUE FUND			
Department of Health and Senior Services	489,523	308,723	300,799
Department of Human Services	142,752	112,844	112,844
Department of Labor and Workforce Development	2,440	2,440	2,440
Department of Law and Public Safety	92	92	92
Department of Transportation	34,352	34,930	36,928
<i>Total Casino Revenue Fund</i>	<i>669,159</i>	<i>459,029</i>	<i>453,103</i>
GUBERNATORIAL ELECTIONS FUND - GRANTS-IN-AID			
Department of Law and Public Safety	1,788	---	---
PROPERTY TAX RELIEF FUND			
Department of Community Affairs	869,003	1,061,472	1,066,372
Department of Education	8,710,449	9,013,803	10,070,837
Department of Environmental Protection	8,661	9,500	9,500
Department of the Treasury	1,346,090	1,341,922	2,570,291
<i>Total Property Tax Relief Fund</i>	<i>10,934,203</i>	<i>11,426,697</i>	<i>13,717,000</i>
GRAND TOTAL EXPENDITURES BUDGETED	28,775,051	31,060,378	33,291,736

**SCHEDULE 4
EXPENDITURES NOT BUDGETED
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
GENERAL FUNDS			
Dedicated Funds			
Chief Executive	940	1,100	900
Department of Agriculture	9,905	10,764	10,268
Department of Banking and Insurance	4,394	896	896
Department of Children and Families	31,230	30,036	58,013
Department of Community Affairs	149,558	119,774	119,485
Department of Corrections	24,497	23,718	24,233
Department of Education	22,906	12,819	14,161
Department of Environmental Protection	25,823	67,576	71,591
Department of Health and Senior Services	258,582	266,029	280,381
Department of Human Services	727,660	710,738	707,072
Department of Labor and Workforce Development	156,369	195,531	204,830
Department of Law and Public Safety	210,367	273,719	307,573
Department of Military and Veterans' Affairs	5	2,190	2,420
Department of Personnel	---	3,200	3,200
Department of the Public Advocate	354	1,533	1,533
Department of State	53,970	22,359	23,540
Department of Transportation	305,408	295,703	291,363
Department of the Treasury	902,355	973,468	1,012,921
Interdepartmental Accounts	---	---	3,500
The Judiciary	53,279	54,883	59,223
<i>Total Dedicated Funds</i>	<u>2,937,602</u>	<u>3,066,036</u>	<u>3,197,103</u>
Federal Funds			
Department of Agriculture	250,688	322,190	327,776
Department of Children and Families	330,625	393,534	376,910
Department of Community Affairs	328,990	314,834	317,645
Department of Corrections	7,657	12,023	9,197
Department of Education	809,955	808,360	813,516
Department of Environmental Protection	45,163	208,416	201,815
Department of Health and Senior Services	1,461,176	1,686,320	1,652,402
Department of Human Services	3,792,875	3,970,118	3,980,099
Department of Labor and Workforce Development	422,826	413,735	445,127
Department of Law and Public Safety	131,977	160,887	155,161
Department of Military and Veterans' Affairs	26,052	62,479	33,847
Department of Personnel	281	---	---
Department of the Public Advocate	800	1,150	1,150
Department of State	26,949	36,716	38,749
Department of Transportation	30,965	73,536	71,504
Department of the Treasury	3,533	6,747	5,416
Interdepartmental Accounts	52	---	---
The Judiciary	77,067	84,002	92,503
<i>Total Federal Funds</i>	<u>7,747,631</u>	<u>8,555,047</u>	<u>8,522,817</u>

**SCHEDULE 4
EXPENDITURES NOT BUDGETED
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2006	2007	2008
	Actual	Estimated	Estimated
Revolving Funds			
Legislature	4	---	---
Department of Community Affairs	18,599	11,150	11,229
Department of Corrections	33,407	31,834	32,285
Department of Education	4,536	4,407	2,795
Department of Environmental Protection	596	420	390
Department of Health and Senior Services	16,321	16,497	16,747
Department of Human Services	6,277	6,657	6,390
Department of Labor and Workforce Development	1,579	---	---
Department of Law and Public Safety	7	853	300
Department of State	738	200	200
Department of Transportation	514	---	---
Department of the Treasury	222,672	84,514	87,170
<i>Total Revolving Funds</i>	<u>305,250</u>	<u>156,532</u>	<u>157,506</u>
<i>Total Expenditures General Fund</i>	<u>10,990,483</u>	<u>11,777,615</u>	<u>11,877,426</u>
SPECIAL TRANSPORTATION TRUST FUND			
General	2,129,125	2,533,880	2,657,000
GRAND TOTAL EXPENDITURES NOT BUDGETED	<u>13,119,608</u>	<u>14,311,495</u>	<u>14,534,426</u>