

**Fiscal Year 1993**

**Budget  
in  
Brief**



**Jim Florio, Governor**

**January 28, 1992**

**Fiscal Year 1993**

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in  
Brief**



**Jim Florio, Governor**

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January 28, 1992

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of New Jersey for its annual budget for the fiscal year beginning July 1, 1991.

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

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

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*State of New Jersey*

**For the Fiscal Year Beginning**

*July 1, 1991*

President

Executive Director

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## **INTRODUCTION**

The fundamental purpose of the government is to advance the well-being of the citizens of the State. The relevance of the fiscal year 1993 Budget Recommendation, therefore, may be measured by the degree to which it promises to enhance the quality of life for the family that is New Jersey.

In the face of the national recession, establishing the conditions for a genuine economic recovery, one that is lasting and secure, is of paramount importance to our entire community. To maintain and attract business, New Jersey must provide for those factors that business finds important — a well-educated work force, an efficient transportation system, safe neighborhoods, breathable air and drinkable water, and a stable tax policy. This Budget continues our investment in these economic basics, as well as provides for our neediest and most vulnerable citizens, whose numbers are unfortunately increasing as a result of the recession.

While many states have been forced to compromise on educational quality, New Jersey is first in the nation in its investment in education. This Budget continues the initiative to improve our schools, particularly the urban schools that educate 25 percent of our school age population. We have also provided funding to maintain our nationally-ranked college and university system, while at the same time expanding our tuition assistance programs for college students. Together with our other reforms, the money invested in elementary, secondary, and higher education will provide New Jersey with a well-educated work force well into the future.

In order to reduce costs, surrounding states have postponed much needed investment in their infrastructure. In New Jersey, we have done just the opposite. The Transportation Trust Fund, an ongoing program of road and mass transit improvements, is fully supported with this budget. People want to live and work where they can breathe the air, drink the water, and enjoy open space. With this Budget, environmental clean-up activities will continue on their present pace, and we are taking active steps to reduce air and water pollution. The Budget will also ensure the continued safety and protection of our citizens by providing for effective patrol of the State's highways and for the fight against organized crime and drug trafficking. In order to house an increasing inmate population, prison capacity will increase, while less costly alternatives, such as intensive supervision probation and electronic monitoring, will be expanded for certain non-violent offenders.

The national economic recession has forced many states to examine their revenue and tax policies. New Jersey was among the first states to respond, initially by reducing the size of the government, by maximizing the collection of revenues owed to the State with programs like the "cheater-beater" initiative, and later, with much reluctance, by increasing taxes in order to maintain those programs most essential to an economic recovery. Without raising the sales tax, a structural deficit would have threatened the ability of the State to continue its vital services. Without increasing the personal income tax for upper income households, it would not have been possible to implement educational reforms as required by a court decision, or to relieve the most inequitable and de-stabilizing form of taxation, property taxes.

It is our view that this State's early response allowed it to stick with the economic basics — investment in education, infrastructure, the environment and public safety. The reaction of the financial markets to our fiscal policy is exemplified by the State's credit rating, still among the highest in the nation, despite the severe effects of the national recession. New Jersey's portfolio of economic basics lends substance to the notion that, as the national economic recovery takes hold, our local economy will be positioned to effectively absorb the growth which business opportunities afford.

### **Developing the Budget — 1993**

Developing a Budget is never easy, because there are many interests, oftentimes competing ones, that are directly or indirectly affected by the range of proposals contained in it. Certain demands must be met; they are mandated by federal law or the State Constitution or our contracts with our employees. The State, just like a household, faces increased costs for the things it buys. The recession has increased the number of people who depend on State programs for food, shelter, and medical care, just when State revenues are in decline. And in 1992-1993, the new Cap law limits growth in what we spend on services directly provided by the State to the growth in personal income in the state, a limit that ensures that we will be frugal with the taxpayers' dollar.

If competing demands require tradeoffs, a slowdown in revenues makes the decisions more difficult and painful. For fiscal year 1993, revenue generated from economically sensitive taxes remains the central issue in crafting a budget that meets the basic needs of our citizens. It is a problem faced by the majority of states.

# *Building the Budget*

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For this Budget, in order to maintain our investment in essential services and continue to stabilize local property taxes, we have proposed that the pension systems for public employees — state workers, local workers, and teachers — be revalued to more accurately reflect the true value of their assets and the on-going contributions of their members. We will value the assets at what they are worth in the market, not what we paid for them years ago, and thus more truly reflect the earnings that they will generate. The process is much like refinancing a home mortgage to take advantage of lower interest rates — something many homeowners are now doing. Just as individuals are taking advantage of lower interest rates, we are taking advantage of the increased value of our assets.

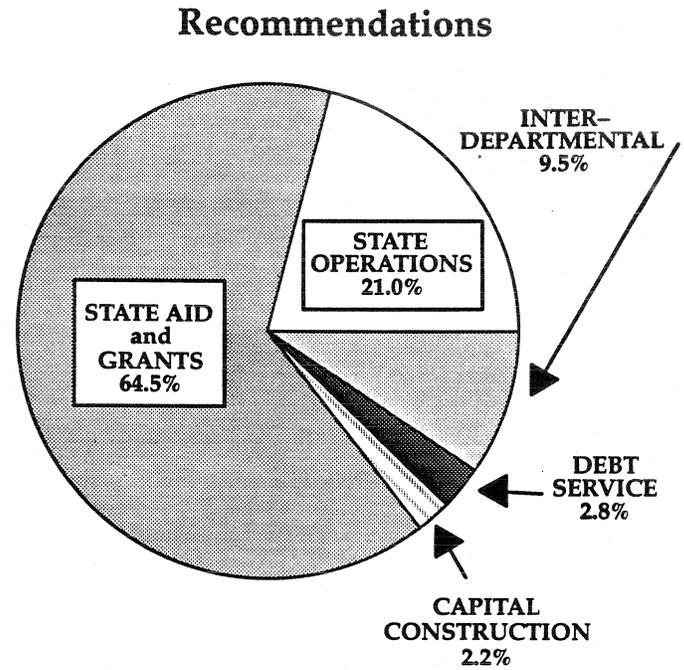
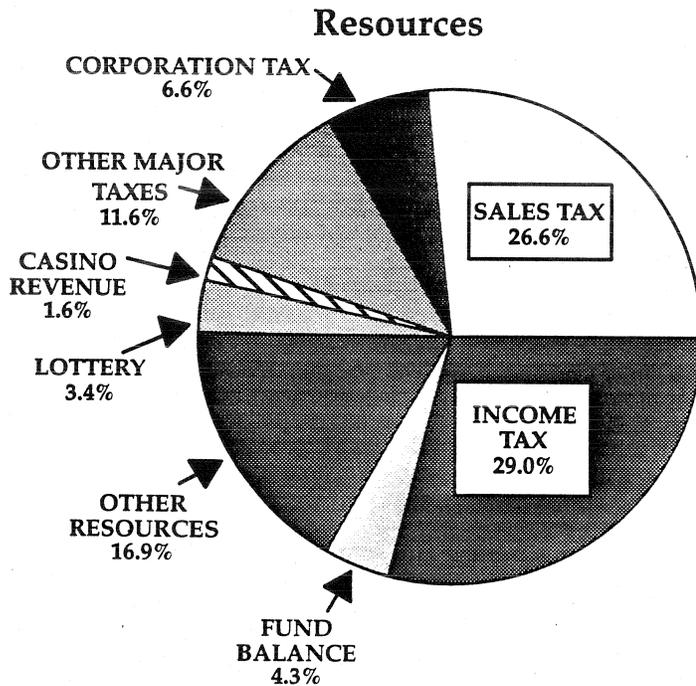
Furthermore, the revaluation will have the effect of reducing local pension costs. With the cap on local spending, the pension revaluation will relieve local tax pressures.

In the sections that follow, the economic outlook, our revenue projections, the substantive components of the budget, budget highlights, ongoing initiatives, and summary information are presented. It is hoped that this briefing document supports and elevates the budget debate. Specific proposals and assumptions may be questioned; that is the purpose of the process. In the final analysis we should commit ourselves to a process that focuses on the tradeoffs implicit in establishing spending levels and priorities, for they are a reflection of our values as citizens of New Jersey.

# NEW JERSEY BUDGET

## RESOURCES AND RECOMMENDATIONS FOR FISCAL YEAR 1993

### ALL STATE FUNDS



**RESOURCES**  
\$16,015,330  
(\$000)

SALES TAX	\$4,255,004
INCOME TAX	4,645,000
CORPORATION and BANK TAX	1,057,000
LOTTERY REVENUE	550,000
CASINO REVENUE	255,000

**OTHER MAJOR TAXES:**

Motor Fuels	444,000
Motor Vehicles	355,000
Cigarette	250,000
Inheritance	190,000
Insurance Premiums	185,000
Petroleum Products Gross Receipts	165,000
Public Utilities	125,000
Beverage	81,000
Realty Transfer	33,000
Business Personal Property	8,000
Racing	7,000
Tobacco Products Wholesale Sales	4,000
Savings Institutions	4,000

OTHER RESOURCES 2,714,664

SUB-TOTAL 15,327,668

FUND BALANCE, JULY 1, 1992

General Fund	\$403,000
Property Tax Relief Fund	—
Transition School Aid Account	292,600
Casino Revenue Fund	1,000
Casino Control Fund	—
Gubernatorial Elections Fund	-8,938

TOTAL \$16,015,330

**RECOMMENDATIONS**  
\$15,706,726  
(\$000)

Education	\$4,682,689
Human Services	3,667,711
Interdepartmental	1,489,836
Treasury	1,208,652
Higher Education	1,016,551
Transportation	751,237
Community Affairs	705,365
Corrections	642,927
Debt Service	444,301
Law and Public Safety	386,483
Environmental Protection	175,534
Judiciary	107,140
Health	84,210
Labor	73,853
Military and Veterans' Affairs	56,000
Public Advocate	51,829
Commerce	49,605
Legislature	47,384
Other Departments	90,419
Attrition Program	-25,000

SUB-TOTAL RECOMMENDATION \$15,706,726

UNEMPLOYMENT COMPENSATION FUND REPAYMENT \$38,000

ESTIMATED FUND BALANCE, JUNE 30, 1993

General Fund	\$226,000
Property Tax Relief Fund	1,000
Transition School Aid Account	207,042
Casino Revenue Fund	-156,000
Casino Control Fund	—
Gubernatorial Elections Fund	-7,438

TOTAL \$16,015,330

# Financial Summary of the Fiscal Year 1993 Budget

## SUMMARY ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES GENERAL STATE FUNDS (thousands of dollars)

	Fiscal Year Ending June 30	
	1992 Estimated	1993 Estimated
<b>Beginning Balances July 1</b>		
Undesignated Fund Balances		
General Fund	1,400	403,000
Property Tax Relief Fund	—	—
Transition School Aid Account	265,000	292,600
Gubernatorial Elections Fund	(10,438)	(8,938)
Casino Control Fund	(1,732)	—
Casino Revenue Fund	116,326	1,000
<i>Total Undesignated Fund Balances</i>	<u>370,556</u>	<u>687,662</u>
<b>Anticipated Revenue</b>		
General Fund	10,422,716	9,796,334
Property Tax Relief Fund	4,466,000	4,645,000
Gubernatorial Elections Fund	1,500	1,500
Casino Control Fund	59,103	57,371
Casino Revenue Fund	255,000	255,000
<i>Total Revenues</i>	<u>15,204,319</u>	<u>14,755,205</u>
<b>Other Adjustments</b>		
General Fund		
Balances lapsed	85,000	—
Prior year balances lapsed	25,000	—
Pension revaluation	—	572,000
Unemployment Compensation Fund repayment	—	(38,000)
To Property Tax Relief Fund	(134,000)	—
Miscellaneous	(380)	272
Property Tax Relief Fund		
From General Fund	134,000	—
From (To) Transition School Aid Account	(27,600)	85,558
Miscellaneous	—	42
Transition School Aid Account		
From (To) Property Tax Relief Fund	27,600	(85,558)
Casino Revenue Fund		
Balances lapsed	6,889	—
Miscellaneous	—	149
<i>Total Other Adjustments</i>	<u>116,509</u>	<u>534,463</u>
<i>Total Available</i>	<u>15,691,384</u>	<u>15,977,330</u>
<b>Appropriations</b>		
General Fund	9,996,736	10,507,606
Property Tax Relief Fund	4,572,400	4,729,600
Casino Control Fund	57,371	57,371
Casino Revenue Fund	377,215	412,149
<i>Total Appropriations</i>	<u>15,003,722</u>	<u>15,706,726</u>
<b>Ending Balances June 30</b>		
Undesignated Fund Balances		
General Fund	403,000	226,000
Property Tax Relief Fund	—	1,000
Transition School Aid Account	292,600	207,042
Gubernatorial Elections Fund	(8,938)	(7,438)
Casino Control Fund	—	—
Casino Revenue Fund	1,000	(156,000)
<i>Total Undesignated Fund Balances</i>	<u>687,662</u>	<u>270,604</u>

# Financial Summary of the Fiscal Year 1993 Budget

## SUMMARY OF FISCAL YEAR 1992-1993 APPROPRIATION RECOMMENDATIONS (thousands of dollars)

	Fiscal Year 1992 Adjusted Appropriations	Fiscal Year 1993 Recommendations	— Change — Dollar      Percent	
<b>GENERAL FUND AND PROPERTY TAX RELIEF FUND</b>				
State Aid and Grants	\$ 9,207,458	\$ 9,739,869	\$ 532,411	5.8%
State Operations				
Executive Departments:				
Corrections	\$ 535,273	\$ 574,806	\$ 39,533	7.4%
All Other Executive Departments	2,515,017	2,521,158	6,141	0.2%
<i>Total Executive Departments</i>	<u>\$ 3,050,290</u>	<u>\$ 3,095,964</u>	<u>\$ 45,674</u>	<u>1.5%</u>
Legislature	45,467	47,384	1,917	4.2%
Judiciary	94,693	103,852	9,159	9.7%
Interdepartmental	1,419,611	1,464,836	45,225	3.2%
<i>Total State Operations</i>	<u>\$ 4,610,061</u>	<u>\$ 4,712,036</u>	<u>\$ 101,975</u>	<u>2.2%</u>
Capital Construction	341,000	341,000	—	0.0%
Debt Service	410,617	444,301	33,684	8.2%
<b>TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND</b>	<u>\$ 14,569,136</u>	<u>\$15,237,206</u>	<u>\$ 668,070</u>	<u>4.6%</u>
<b>CASINO REVENUE FUND</b>	377,215	412,149	34,934	9.3%
<b>CASINO CONTROL FUND</b>	57,371	57,371	—	0.0%
<b>GRAND TOTAL STATE APPROPRIATIONS</b>	<u>\$ 15,003,722</u>	<u>\$15,706,726</u>	<u>\$ 703,004</u>	<u>4.7%</u>

## SUMMARY OF FISCAL YEAR 1992-93 APPROPRIATION RECOMMENDATIONS BY FUNDS (thousands of dollars)

Year Ending June 30, 1991					Year Ending June 30, 1993		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	1992 Adjusted Approp.	Requested	Recom- mended
<b>General Fund</b>							
4,424,559	253,693	-30,647	4,647,605	4,320,547	4,610,061	4,845,724	4,712,036
2,135,768	69,908	20,459	2,226,135	2,205,673	2,469,713	2,880,286	2,805,815
1,847,808	50,737	14,847	1,913,392	1,811,680	2,165,345	2,353,283	2,204,454
331,000	177,745	-679	508,066	357,142	341,000	465,896	341,000
388,512	5,838	—	394,350	394,242	410,617	444,301	444,301
<u>9,127,647</u>	<u>557,921</u>	<u>3,980</u>	<u>9,689,548</u>	<u>9,089,284</u>	<u>9,996,736</u>	<u>10,989,490</u>	<u>10,507,606</u>
<b>Property Tax Relief Fund</b>					4,572,400	4,729,600	4,729,600
3,128,557	774	—	3,129,331	3,097,397	57,371	61,771	57,371
62,360	—	—	62,360	62,277	377,215	413,382	412,149
320,255	3,360	6	323,621	313,350	—	12,758	—
<u>12,638,819</u>	<u>562,055</u>	<u>3,986</u>	<u>13,204,860</u>	<u>12,562,308</u>	<u>15,003,722</u>	<u>16,207,001</u>	<u>15,706,726</u>
<b>GRAND TOTAL STATE APPROPRIATIONS</b>					<u>15,003,722</u>	<u>16,207,001</u>	<u>15,706,726</u>

## **THE ECONOMY**

Two underlying forces were at work in the national economy during 1991. First was the ongoing effect of the recession, characterized by decreased consumer spending, particularly in home buying and the sale of durable goods. Second, and of longer term concern, was the fundamental restructuring of key industries in our economy. In the automobile sector, as in the computing and communications industry, corporations like General Motors and IBM were compelled to streamline operations in order to become more competitive in the global marketplace. Taken together, these two phenomena reduced jobs and real wages, and caused unemployment to increase. For State government it meant that economically sensitive tax revenue remained suppressed as consumers worried about an uncertain future.

The New Jersey economy followed the national economic pattern. The first quarter of 1991 was marked by a sharp decline in key economic indicators. In the April to June quarter the economy began to stabilize, although unemployment continued to rise. In the third quarter we witnessed actual, albeit marginal, increases in sales. However, consumer confidence weakened substantially in the early fall, and the elements of a full recovery stalled. The New Jersey economy has been flat since that time and has yet to make recognizable gains. Current employment hit a low point in August 1991, reflecting the loss of 113,000 jobs since 1989, but has held steady through November. Similarly, car sales, which have been declining since 1987, appear to have stabilized, albeit at low levels.

### **Economic Forecast**

Several factors will strongly influence the size and speed of the national economic recovery. Growth can be fueled by the backlog of domestic demand for housing and durable goods built-up over the past three years. Given that home ownership is low for the under-40 age group, and that interest rates have been cut sharply by

the Federal Reserve, housing starts should pick up. The age of the automobile fleet is approaching a historical high – seven years – and provides a basis for increased demand.

Nevertheless, consumer confidence must be restored. The confidence factor will hinge on the ability of the economy to create jobs, initially through public infrastructure investments like State and federally-supported transportation systems construction, and then by increases in private construction. Finally, New Jersey must remain an attractive region for businesses to locate if it is to absorb potential job growth. This notion is supported by the fact that over 100 companies announced last year that they intend to move to New Jersey or to expand into the State.

The forecast for fiscal year 1993 is based on the following assumptions: The economy has bottomed-out; employment levels have stabilized; demand for goods and services will continue to build slowly; interest rates will remain at current levels, or actually decline further; and New Jersey's infrastructure investments will stay on track. These conditions will result in a gradual improvement in consumer confidence and economic activity.

This translates into a calendar 1992 forecast in which the economy remains stable, with marginal growth during the first half of the year. Modest growth will begin in the third quarter of 1992 — the beginning of fiscal year 1993 — and continue through calendar 1993, following the national pattern. Overall activity, measured by employment, auto sales, and housing starts, will increase but remain below peak levels.

The table which follows displays the aggregate spending patterns of New Jersey consumers. It indicates the decline in overall spending, particularly in durable goods in 1991. The projection for 1992 and 1993 indicates a rebound in sales.

# Economic Forecast and Revenue Projections

## NEW JERSEY CONSUMER DEMAND PATTERNS CALENDAR 1980 - 1993 (DURABLE GOODS SALES AND TOTAL SALES)

(\$ billions)

	DURABLE GOODS	ANNUAL PERCENT GROWTH	TOTAL SALES	ANNUAL PERCENT GROWTH
1980	\$8.74		\$32.75	
1981	9.27	6.1%	34.25	4.6%
1982	10.33	11.4	35.82	4.6
1983	11.98	16.0	39.00	8.9
1984	13.60	13.5	42.62	9.3
1985	15.80	16.2	46.14	8.2
1986	18.97	20.1	50.54	9.3
1987	20.32	7.1	54.75	8.3
1988	21.97	8.1	59.83	9.2
1989	21.84	-0.6	61.56	2.9
1990	22.82	4.5	63.43	3.0
1991 Estimate*	22.02	-3.5	63.13	-0.5
1992 Estimated	22.89	3.9	66.51	5.3
1993 Projected	24.70	7.9	71.10	6.9

\*Based on year-to-date actuals.

Source: New Jersey Division of Taxation.

The table below displays the aggregate level of employment. It indicates the decline in job growth after 1989 and the accelerated loss in employment during the past two years. The projection for 1993 shows an increase in employment.

The table below displays the pattern of housing starts in the State. It indicates the sharp decline in this sector beginning in 1987. The decline has contributed to the loss of sales tax revenue related to durable goods, and to the decline in aggregate employment. A turnaround is projected beginning in 1992.

## NEW JERSEY EMPLOYMENT PATTERNS CALENDAR 1980 - 1993 (000's)

	EMPLOYMENT LEVELS	ANNUAL PERCENT CHANGE
1980	3,061	
1981	3,099	1.2%
1982	3,092	-0.2
1983	3,162	2.3
1984	3,329	5.3
1985	3,415	2.6
1986	3,488	2.1
1987	3,582	2.7
1988	3,659	2.1
1989	3,690	0.8
1990	3,666	-0.6
1991 Estimate*	3,577	-2.4
1992 Estimated	3,562	-0.4
1993 Projected	3,613	1.4

\*Based on year-to-date actuals.

Source: New Jersey Division of Taxation.

## NEW JERSEY HOUSING STARTS CALENDAR 1980 - 1993

	UNITS	ANNUAL PERCENT GROWTH
1980	20,050	
1981	17,900	-10.7%
1982	19,000	6.1
1983	31,500	65.7
1984	40,500	28.6
1985	53,400	31.9
1986	57,600	7.8
1987	50,890	-11.6
1988	41,170	-19.1
1989	29,720	-27.8
1990	18,890	-36.4
1991 Estimate*	16,820	-10.9
1992 Estimated	18,230	8.4
1993 Projected	21,100	15.7

\*Based on year-to-date actuals.

Source: New Jersey Division of Taxation.

# Economic Forecast and Revenue Projections

## Revenue Projections

Revenue for fiscal year 1993 is estimated at \$14.8 billion. When combined with the opening balance for 1993 and the savings from pension revaluation, total resources are projected to be \$16.0 billion.

The revenue projections for economically sensitive taxes (sales, personal income, and corporation) are predicated on the gradual economic recovery described above, beginning in the Spring of 1992. The fiscal year 1993 growth rates for these taxes are related to the adjusted tax base for fiscal year 1992. That is, the 1992 tax base has been corrected to reflect actual economic activity, and is reflective of the economic contraction; any related revenue losses are, therefore, accounted for in the tax base.

The Sales tax is projected to grow at an annual rate of 4.9 percent in fiscal year 1993. This moderate improvement will be realized primarily by a slow increase in demand for durable goods — replacement of automobiles and

other products that are past their useful life, as well as the purchase of durable goods associated with increased housing starts. A 5.0 percent rate of growth is estimated for the Personal Income tax. Growth in this tax is a function of a modest increase in household income, with higher yields associated with its progressive structure, and an aggregate increase in employment, which expands the income tax base. The Corporation tax is expected to increase by 5.2 percent. This tax has declined substantially, as corporate profits declined with the recession. As a response to the economic downturn, corporations effectuated restructurings to reduce cost and increase potential profitability. As a result, profits are expected to improve with the predicted recovery in economic activity. This trend will continue into calendar 1993, as fewer corporations report carry forward losses, and they report net increases in profits. For each tax, the projected rate of revenue growth for fiscal year 1993 is greater than the actual rates for fiscal years 1990 and 1991, as well as the revised rates for the current fiscal year.

REVENUE PROJECTIONS FOR FISCAL 1992 - 1993  
THREE MAJOR TAXES\*  
(\$millions)

	FISCAL 1992	REVISED 1992	FISCAL 1993	DOLLAR CHANGE	PERCENT CHANGE
Sales	\$4,138	\$4,055	\$4,255	\$200	4.9%
Income	4,457	4,423	4,645	222	5.0
Corporation	1,090	965	1,015	50	5.2

\*Base taxes only

Modest growth is projected for other revenues, with the Lottery Fund increasing by \$5.0 million or 1.0 percent, and the Casino Revenue Fund remaining at the current level. Two additional revenue sources are included with the overall revenue projection for fiscal years 1992 and 1993.

## Federal Disproportionate Share Hospital Reimbursement

The Medicaid program, Title XIX of the Social Security Act, provides medical assistance to certain individuals with limited income and resources. New Jersey and the Federal government are equal participants in the cost. Basic tenets underlying the program are that medical services meet the general requirements of the population being served, comply with quality safeguards and comply with applicable federal and State laws.

The federal Omnibus Budget Reconciliation Act of 1987 and subsequent amendments established requirements for additional Medicaid payments to hospitals whose patient populations are disproportionately composed of individuals who are either Medicaid eligible or have no source of health insurance for such services. In effect, the law provides for potential reimbursement of uncompensated care.

New Jersey has the unique advantage of funding hospital services provided to those individuals not eligible for Medicaid, who often have only partial or no health care insurance coverage, through the pooling arrangement of the Health Care Trust Fund. This pooling arrangement more equitably shares the burden of serving individuals who cannot afford to pay their hospital bills among all hospitals. It also qualifies acute care hospital uncompensated care costs as eligible for federal reimbursement. These funds are available to

# Economic Forecast and Revenue Projections

help fund Medicaid and other programs. The fiscal year 1993 Budget anticipates \$330 million in federal reimbursement.

In addition to reimbursement for uncompensated care in New Jersey's acute care hospitals, federal Title XIX reimbursement is also available for services provided by State and County psychiatric hospitals to individuals not eligible for Medicaid and not having health care insurance coverage. Costs of operating these facilities that are not reimbursed by any payor, such as Medicaid, Medicare, or private insurance, are considered uncompensated care. As with acute care hospitals, this type of payment qualifies for partial federal reimbursement. The fiscal year 1993 Budget anticipates \$140 million in federal reimbursement for uncompensated care in our State and County psychiatric hospitals.

Finally, fiscal year 1992 revenue estimates have been adjusted to include an estimated \$380 million in Title XIX federal reimbursement for uncompensated care

provided at State and County psychiatric hospitals during fiscal years 1989 through 1991. Recent developments with federal legislation have permitted the State to retroactively claim these costs.

## Pension Revaluation – Savings

Also available as a resource for fiscal year 1993 are the savings associated with the revaluation of the various public employee pension systems, with \$572.0 million anticipated in the budget. A more detailed description of the revaluation proposal appears in the "Highlights" section of this document.

## Enhanced Enforcement Activity

A major new program to ensure that taxes owed to the State are collected is underway. This initiative involves the proper collection of motor fuel distribution taxes, and is associated with law enforcement activities in this area. New, ongoing revenues of \$50.0 million are anticipated.

## ANTICIPATED REVENUES (\$millions)

	<u>Estimated 1992</u>	<u>Estimated 1993</u>
<b>MAJOR REVENUE</b>		
Sales Tax .....	4,055.0	4,255.0
Income Tax .....	4,466.0	4,645.0
Corporation Tax and Bank Tax .....	1,002.0	1,057.0
Lottery Revenue .....	545.0	550.0
Casino Revenue Fund .....	255.0	255.0
<b>OTHER MAJOR TAXES</b>		
Motor Fuels .....	385.0	435.0
Motor Vehicle Fees .....	355.0	355.0
Cigarette .....	260.0	250.0
Transfer Inheritance .....	210.0	190.0
Insurance Premium .....	185.0	185.0
Petroleum Products Gross Receipts .....	160.0	165.0
Public Utility Excise .....	125.0	125.0
Alcoholic Beverage Excise .....	81.0	81.0
Realty Transfer .....	33.0	33.0
Motor Fuel Use — Motor Carrier .....	9.0	9.0
Business Personal Property .....	10.0	8.0
Pari-Mutuel .....	7.0	7.0
Tobacco Products Wholesale Sales .....	4.0	4.0
Savings Institution .....	4.0	4.0
Alcoholic Beverage Wholesale Sales .....	10.0	—
<b>OTHER REVENUE</b> .....	3,043.3	2,142.6
<b>Total Revenue</b> .....	15,204.3	14,755.6

# Economic Forecast and Revenue Projections

## RATE OF CHANGE IN THE THREE MAJOR TAX BASES FISCAL 1980 - 1993\*

	Sales	Income	Corporation
1980	7.5%	15.5%	
1981	6.2	14.1	0.8%
1982	8.6	13.9	0.3
1983	10.3	8.9	1.9
1984	10.6	17.5	22.4
1985	14.5	14.5	19.8
1986	11.9	13.0	12.0
1987	11.6	12.4	0.5
1988	6.9	10.2	9.5
1989	1.1	12.8	12.3
1990	1.7	2.1	-11.1
1991	-8.0	2.3	-10.1
1992 Revised	1.1	3.8	-10.0
1993 Projected	4.9	5.0	5.2

\*Percentage change based on collections adjusted for rate, base, or other one-time collection changes to permit comparison to the prior year's base.

Source: New Jersey Division of Taxation

# Highlights of Appropriations

## MAJOR HIGHLIGHTS

The total fiscal year 1993 recommended budget, exclusive of federal aid, is \$15.7 billion a \$703.0 million increase, or 4.7 percent, over the current appropriation. The Governor's recommendations continue the policy of shifting spending from Direct State Operations to State Aid and Grants-in-Aid. In fiscal year 1990, State

Operations totaled 35.4 percent of the budget; in fiscal year 1993 it is set at 30.5 percent of the budget. Over the same period, State Aid and Grants have gone from 58.4 percent of the budget in fiscal year 1990 to 64.5 percent with the recommended budget. The remaining portion of the budget is Debt Service and Capital.

## ALLOCATION OF APPROPRIATIONS

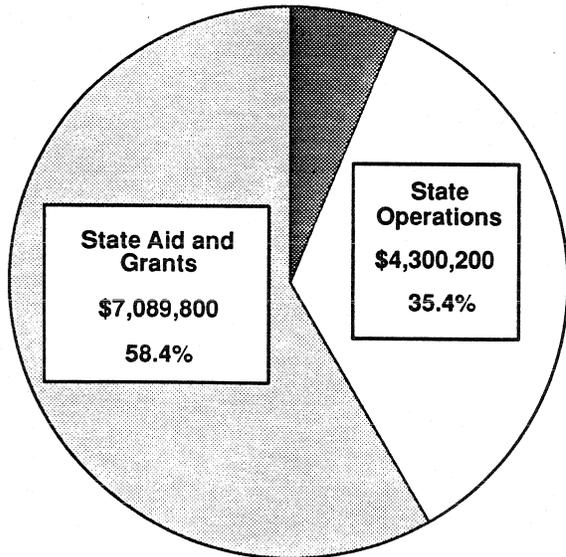
### All Funds

(\$'000)

	FY 1990		FY 1993	
	\$	%	\$	%
State Aid and Grants	7,089,800	58.4	10,137,404	64.5
State Operations (DSS)	4,300,200	35.4	4,784,021	30.5
Capital and Debt Service	758,051	6.2	785,301	5.0

### FY 1990

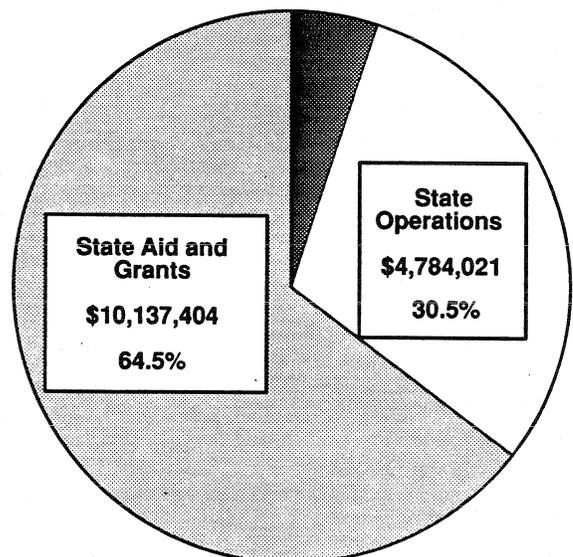
Capital Construction and  
Debt Service  
\$758,051  
6.2%



**Total – \$12,148,051**

### FY 1993

Capital Construction and  
Debt Service  
\$785,301  
5.0%



**Total – \$15,706,726**

# Highlights of Appropriations

The major operating budget increases are for the Department of Corrections at \$39.5 million, and the Department of Military and Veterans' Affairs at \$4.2 million. Fifteen of the nineteen departments have been reduced below their fiscal year 1992 level, and an

additional \$25.0 million in personnel savings are anticipated through further staff attrition. Except for the increase in Corrections, the aggregate budget for all State agencies have been reduced by \$19.4 million, including the savings from the attrition program.

**DEPARTMENT OPERATING BUDGETS  
FISCAL YEAR 1992 BUDGET  
COMPARED TO FISCAL YEAR 1993 RECOMMENDATION  
DIRECT STATE SERVICES (ALL FUNDS)  
(\$000)**

DEPARTMENT/AGENCY	FY 1992 Adjusted Appropriation	FY 1993 Recommendation	Difference	% Difference
<b>Executive Agencies:</b>				
Governor's Office	5,035	5,031	(4)	-0.1%
Agriculture	6,795	6,790	(5)	-0.1%
Banking	6,474	6,469	(5)	-0.1%
Commerce	22,558	22,548	(10)	-0.0%
Community Affairs	28,630	28,610	(20)	-0.1%
Education	43,518	43,488	(30)	-0.1%
Environmental Protection	166,578	166,202	(376)	-0.2%
Health	46,601	46,569	(32)	-0.1%
Higher Education	702,722	703,192	470	0.1%
Human Services	644,616	642,141	(2,475)	-0.4%
Insurance	14,998	14,987	(11)	-0.1%
Labor	55,717	55,257	(460)	-0.8%
Law and Public Safety	383,098	386,218	3,120	0.8%
Military and Veterans' Affairs	50,733	54,915	4,182	8.2%
Personnel	30,486	30,465	(21)	-0.1%
Public Advocate	50,215	51,829	1,614	3.2%
State	12,896	12,887	(9)	-0.1%
Transportation	115,538	115,457	(81)	-0.1%
Treasury	198,541	198,318	(223)	-0.1%
Miscellaneous Executive Commissions	1,770	1,770	—	0.0%
Savings from a Managed Attrition Program	—	(25,000)	(25,000)	
<b>Subtotal Executive Agencies (excluding Corrections)</b>	<b>2,587,519</b>	<b>2,568,143</b>	<b>(19,376)</b>	<b>-0.7%</b>
<b>Corrections</b>	<b>535,273</b>	<b>574,806</b>	<b>39,533</b>	<b>7.4%</b>
<b>Total Executive Agencies</b>	<b>3,122,792</b>	<b>3,142,949</b>	<b>20,157</b>	<b>0.6%</b>

# Highlights of Appropriations

State Aid and Grants are up \$567.8 million, an increase of 5.9 percent. The major State Aid and Grant increases are:

Medicaid program (General Fund and Casino Revenue Fund) .....	\$ 208.6 million
Aid to local school districts (net) .....	\$ 153.7 million
New Jersey Transit and private bus subsidies .....	\$ 67.1 million
Economic Assistance caseload increase .....	\$ 55.0 million
Tuition stabilization incentive grant .....	\$ 30.0 million
Tuition aid grants .....	\$ 14.5 million
Developmentally Disabled community programs .....	\$ 21.1 million
Welfare Reform – Training Initiative .....	\$ 10.0 million
Youth and Family Services community programs .....	\$ 11.0 million
County Psychiatric Hospitals .....	\$ 8.2 million
REACH program .....	\$ 8.1 million
Mental Health community programs .....	\$ 6.4 million
AIDS—Resource centers and continuing grants .....	\$ 2.0 million

The Tuition Stabilization Incentive Grant program is recommended at \$30 million. The program is designed to keep tuition increases to a minimum, thereby making a college education more affordable to the students and their families. Public colleges and universities that keep tuition increases at or below 4.5 percent will be eligible for these dollars.

The Department of Corrections total budget recommendation is \$643 million, a net increase of \$22 million largely to meet the overall growth in the inmate population. The budget anticipates a shift of inmates housed in county facilities to state prisons. The operations budget shows an increase of \$39.5 million and the payments to county facilities a decrease of \$17.4 million. Greater emphasis is placed on programmatic alternatives to incarceration to mitigate growth in prison costs. A major initiative in the Department of Corrections is the Parolee Electronic Monitoring program, recommended to increase by \$1.0 million to \$4.7 million. This will increase the number of parolees in this program from 620 to 1,025. The Judiciary's Intensive Supervision program is recommended to increase by \$2.3 million to \$5.8 million, and a new program, the Juvenile Intensive Supervision program is recommended in the amount of \$2.6 million. These two programs will allow the State to reduce prison bedspace utilization by the 495 participants.

The Department of Military and Veterans' Affairs operating budget is \$54.9 million, an increase of \$4.2 million. This increase includes funding for the deferred cost of patient care for veterans that entered the new Paramus Veterans' Home during fiscal year 1992, and permits the filling of the remaining vacant beds at this facility. The budget increase also allows the Department to fill vacant beds at both the Menlo Park and Vineland

Veterans' Homes, reducing the overall placement waiting list.

A \$3.0 million appropriation to the Department of Law and Public Safety is recommended to hire additional State troopers who will graduate from the 113th recruit training class. The actual training costs are being funded from seizure and forfeiture monies generated through our drug enforcement programs. Approximately 100 troopers are expected to graduate from this class and will assist in such vital areas as organized crime and racketeering, narcotics, economic crime and ongoing patrol activities. Also, there is an increase of \$7.3 million recommended to continue implementation of a statewide 911 emergency telephone system. This system is projected to be fully operational by the end of fiscal year 1993. Six counties will be operational in fiscal year 1992 and the remaining fifteen counties are projected to become operational during fiscal year 1993. This will facilitate the reporting of crimes, accidents, fires and other emergencies requiring emergency responses and permit a more timely response to these emergencies.

The Interdepartmental accounts (employee benefits such as pensions, health benefits and social security, salary benefits such as increments, property rentals, insurance and contingency funds) increase \$45.2 million or 3.1 percent. The two major increases are \$58.8 million for salary adjustments (increments, COLA for signed contracts, and the deferred cost of the fiscal year 1992 contracts) and \$15.5 million for fringe benefit increases. There is also a \$12.0 million increase for debt service payments associated with the New Jersey Sports and Exposition Authority. The fringe benefit increase is mitigated by the Pension Restructuring — \$144.4 million in ongoing savings is realized as a result of this restructuring.

# Highlights of Appropriations

The Homestead Rebate program is funded at \$685 million to continue the policy of more progressive and more effective direct property tax relief. The funding level is reduced from the fiscal year 1992 level by \$25 million to reflect savings from changes in the filing form, enhanced audit checks for rebate applications, and the exclusion of public housing tenants from eligibility.

The Casino Revenue Fund is no longer sufficient to finance the programs and services associated with this

revenue stream. For fiscal year 1993, a \$15.6 million shortfall is projected. Many of the programs supported by the Fund are health care programs, which are subject to inflation rates that exceed the normal rate of growth in the Fund. The Governor has recommended that a special study be conducted of the Casino Revenue Fund and recommendations be made to address the disparity between revenues and program costs.

## FISCAL YEAR 1993 BUDGET BY DEPARTMENT/AGENCY GENERAL FUND, PROPERTY TAX RELIEF FUND AND CASINO FUNDS (\$000)

Department/Agency	Direct State Services	Grants In-Aid	State Aid	Capital and Debt Service	Total
<b>Executive Agencies:</b>					
Governor's Office .....	5,031	—	—	—	5,031
Agriculture .....	6,790	—	—	—	6,790
Banking .....	6,469	—	—	—	6,469
Commerce .....	22,548	21,555	5,502	—	49,605
Community Affairs .....	28,610	33,980	642,775	—	705,365
Corrections .....	574,806	68,121	—	—	642,927
Education .....	43,488	13,565	4,625,636	—	4,682,689
Environmental Protection ....	166,202	—	9,332	—	175,534
Health .....	46,569	34,641	3,000	—	84,210
Higher Education .....	703,192	205,871	107,488	—	1,016,551
Human Services .....	642,141	2,470,123	555,447	—	3,667,711
Insurance .....	14,987	—	—	—	14,987
Labor .....	55,257	18,596	—	—	73,853
Law and Public Safety .....	386,218	265	—	—	386,483
Military and Veterans' Affairs .	54,915	1,085	—	—	56,000
Personnel .....	30,465	—	—	—	30,465
Public Advocate .....	51,829	—	—	—	51,829
State .....	12,887	10,300	1,720	—	24,907
Transportation .....	115,457	286,300	18,480	331,000	751,237
Treasury .....	198,318	685,000 *	315,334	10,000 **	1,208,652
<b>Miscellaneous Executive</b>					
Commissions .....	1,770	—	—	—	1,770
Savings from a Managed Attrition Program*** .....	(25,000)	—	—	—	(25,000)
<b>Subtotal Executive Agencies ...</b>	<b>3,142,949</b>	<b>3,849,402</b>	<b>6,284,714</b>	<b>341,000</b>	<b>13,618,065</b>
Interdepartmental Accounts ....	1,489,836	—	—	—	1,489,836
Legislature .....	47,384	—	—	—	47,384
Judiciary .....	103,852	3,288	—	—	107,140
Debt Service .....	—	—	—	444,301	444,301
<b>GRAND TOTAL</b>	<b>\$ 4,784,021</b>	<b>\$ 3,852,690</b>	<b>\$ 6,284,714</b>	<b>\$ 785,301</b>	<b>\$ 15,706,726</b>

\*Represents the amount for the Homestead Rebate Program.

\*\*Life safety and emergency projects — statewide.

\*\*\*Assumes allocation of the Attrition related reduction to the Departments as called for in the budget.

# Highlights of Appropriations

## APPROPRIATIONS MAJOR INCREASES (\$ In Millions)

### GENERAL FUND AND PROPERTY TAX

<b>State Operations</b>	
Salary and other benefits (increments) .....	58.5
Department of Corrections .....	39.5
Employee Benefits .....	15.5
Gross Increase .....	159.9
Less: Savings from pension revaluation .....	(144.4)
New Jersey Sports and Exposition Authority — debt service .....	12.0
Judiciary .....	9.2
Statewide 911 emergency telephone system .....	7.3
Utilities (Capitol Complex) .....	3.9
Paramus, Vineland and Menlo Park Veteran's Homes .....	3.9
State Police recruit training — 113th class .....	3.0
Public Advocate — trial services to indigents .....	1.8
General Assistance — centralized automation .....	1.4
<i>Subtotal State Operations</i> .....	<u>156.0</u>
<b>State Aid and Grants</b>	
Medicaid program .....	187.1
School Aid (net) .....	153.7
Payments to school districts .....	425.4
Less: Savings from pension revaluation .....	(235.7)
Discretionary aid .....	(25.0)
State-operated school districts .....	(11.0)
Railroad and bus subsidies .....	67.1
Economic Assistance — caseload increase .....	55.0
Tuition Stabilization Incentive Grant .....	30.0
Developmentally Disabled — community programs .....	21.1
Tuition Aid Grants .....	14.5
Youth & Family Services — community programs .....	11.0
Welfare Reform — training component .....	10.0
County mental hospitals .....	8.2
Realizing Economic Achievement (REACH) .....	8.1
Mental Health — community programs .....	6.4
Good Start .....	3.0
County College Aid .....	2.1
AIDS .....	2.0
South Jersey Port Corporation — debt service .....	1.1
Interlocal services aid .....	1.0
Educational Opportunity Program .....	1.0
<i>Subtotal State Aid and Grants</i> .....	<u>582.4</u>
<b>Debt Service</b>	
Interest and principal on bonds .....	33.7
<i>Subtotal Debt Service</i> .....	<u>33.7</u>
Total General Fund and Property Tax Relief Fund .....	<u>772.1</u>
<b>CASINO REVENUE FUND</b>	
<b>Grants-In-Aid</b>	
Medicaid services for the elderly .....	21.5
Pharmaceutical Assistance to the Aged and Disabled .....	9.7
Lifeline programs .....	4.2
<i>Total Casino Revenue Fund</i> .....	<u>35.4</u>
<i>Grand Total All Funds (Major Increases)</i> .....	<u>807.5</u>

## MAJOR DECREASES

### GENERAL FUND AND PROPERTY TAX RELIEF FUND

<b>State Operations</b>	
Attrition Program .....	25.0
McCorkle Training School (closing) .....	6.9
Johnstone Training and Research Center (closing) .....	5.4
Medicaid — payments to fiscal agents .....	3.7
Ancora Dually Diagnosed (closing) .....	2.6
Tort Claims .....	2.0
<i>Subtotal State Operations</i> .....	<u>45.6</u>
<b>State Aid and Grants</b>	
Homestead Rebates .....	25.0
State inmates in county facilities .....	17.4
Talent Development Program .....	7.0
Governor's teaching scholarships .....	1.3
<i>Subtotal State Aid and Grants</i> .....	<u>50.7</u>
Other Decreases (net) .....	8.2
<i>Total General Fund and Property Tax Relief Fund (Major Decreases)</i> .....	<u>104.5</u>
<i>Net Increase (fiscal year 1992 adjusted appropriation versus fiscal year 1993 recommendations)</i> .....	<u>703.0</u>

# Highlights of Appropriations

## PENSION FUND REVALUATION

The fiscal year 1993 Budget recommends a revaluation of several public employee pension funds. An evaluation of these systems clearly indicates that the current contributions from taxpayer dollars are excessive relative to the on-going and long-term obligations of the various systems.

The budget has, for a number of years, contained appropriations to the pension system which have been higher than necessary because pension funds have been substantially undervalued. This situation results from the current statutory requirement that the book value, rather than the market or true value, of the fund be used to determine its worth. In fact, a study in the last administration came to the same conclusion, as did a recent review by the Governor's Management Review Commission. It is analogous to considering the current value of one's house at the original purchase price, rather than its current market price, when determining its value. Many public pension funds, including more than one-half of the states, use market value for determining contribution requirements.

Changing to market value by itself increases the value of the pension funds and also permits a marked increase in the assumption on the rate of return on fund investments, further mitigating taxpayer obligations. Finally, the current pension funding method requires that the long-term obligations of the systems be funded within an unnecessarily short period of time. A more realistic approach, paying over the full life of the system members, would mean lower, more stable annual contributions.

The pension revaluation proposal calls for: the use of market value to determine assets; an increase in the assumptions on the rate of return for pension investments; and a change in the funding method to consider the full working life of members. Each recommendation is actuarially sound.

The table below shows the impact of the pension revaluation on the fiscal year 1993 Budget. The pension restructuring results in savings of \$144.4 million in fiscal year 1993. These will be ongoing savings.

ONGOING BUDGET SAVINGS ASSOCIATED WITH THE PENSION REVALUATION (\$000)			
Pension System	Amount Required Without Revaluation	Amount Required With Revaluation	Savings
Public Employees Retirement System .....	\$262,317	\$170,317	\$92,000
Police and Firemen's Retirement System .....	57,422	29,422	28,000
State Police Retirement System .....	18,034	—	18,034
Teachers Pension and Annuity Fund for Higher Education and State Employee Members .....	11,577	5,176	6,401
<b>TOTAL</b>	<b>\$349,350</b>	<b>\$204,915</b>	<b>\$144,435</b>

The proposal calls for the revaluation to be effective for the pension contributions associated with fiscal year 1992, including the Teachers Pension Fund and the local PERS system. This will generate substantial, one-time savings, which will be reimbursed to the General Fund. A total of \$572 million is included in the resources for fiscal year 1993.

### Impact of Pension Revaluation on Local School Districts, and Municipal and County Governments

Another positive consequence of the revaluation is the impact that it has on the funding of State Aid to local school districts. Absent the Teachers' Pension and Annuity Fund revaluation, the amount that would be required for teachers' pensions is \$713.2 million. With

the revaluation, the amount required is \$371.6 million. This savings of \$341.6 million is shifted to increase Foundation Aid. The increase in Foundation Aid reduces local fair share requirements and increases State Aid, effectively reducing the property tax levy required for a given budget.

A further saving for school districts, as well as for local governments, will be realized through reduced obligations for their employees covered by the local Public Employees Retirement System and the Police and Firemen's System. The contributions of municipalities and school districts will be reduced by approximately \$170.0 million per year, helping to stabilize local property taxes. An additional \$22.0 million will be saved by various public authorities with employees covered under affected systems.

## DOWNSIZING STATE GOVERNMENT

In order to meet budgetary constraints and improve efficiency and productivity, state governments nationally have committed to decreasing the size of their governments. New Jersey is no exception. A variety of initiatives have been implemented; these are highlighted below. During the period since the inception of these actions, November 1990, and the end of December 1991, the state payroll (excluding colleges and universities) decreased by 6.6 percent or 4,708 employees, from 71,324 to 66,616. The annualized savings accruing from employee reductions is estimated to be \$225 million (\$175 million in salaries and \$50 million in benefits not paid).

Virtually all (98 percent) of the staffing reductions occurred in state funded positions. As employees separated from non-state funded positions, where appropriate and feasible, employees from state funded positions were reallocated as replacements, thus maximizing the state funding saved.

New Jersey's staff reductions were achieved through the following initiatives.

- \* A hiring freeze prevented the replacement of employees who separated from state service. Approx-

mately 1,200 vacancies were not filled for an annualized salary savings of about \$35 million.

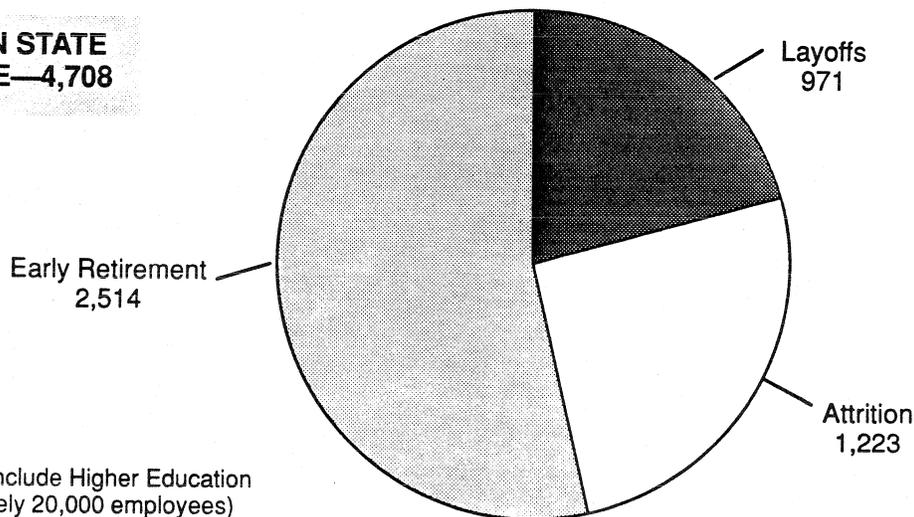
- \* An Early Retirement Incentive Program resulted in 2,514 employees leaving the payroll. Because of their seniority, these retirees had higher than average salaries, thus reducing salaries by approximately \$110 million, excluding retirements in the colleges and universities.
- \* A Reduction in Force (RIF or layoff) resulted in the termination of 971 employees. Approximately half were classified or career employees, while the other half were unclassified, appointed employees. These actions saved approximately \$30 million in annualized salaries.

To achieve additional savings, a vacancy control program continues in place. Fiscal year 1993 anticipates a \$25 million saving.

The 66,616 full-time employees on the state payroll as of December 13, 1991, excluding colleges and universities, are displayed on the chart that follows. It should be noted that about 69 percent (45,787) of the state workforce is funded through General Fund Appropriations, while 31 percent (20,829) is funded through federal funds, fees and receipts.

### FULL TIME PAID EMPLOYEE COUNTS NOVEMBER 30, 1990—71,324 DECEMBER 13, 1991—66,616

DECREASE IN STATE  
WORK FORCE—4,708



\* Does not include Higher Education (approximately 20,000 employees)

# Highlights of Appropriations

## GOVERNMENT SERVICES AS STAFFED BY NEW JERSEY'S WORKFORCE (EXCLUDING COLLEGES AND UNIVERSITIES) (As of December 13, 1991)

<b>INSTITUTIONAL CARE</b> .....	<b>15,413</b>
Centers for the Developmentally Disabled .....	8,935
Psychiatric Hospitals .....	5,095
Veterans's Nursing Homes .....	1,383
<b>PUBLIC HEALTH and SAFETY</b> .....	<b>13,007</b>
Health .....	1,568
Environmental Protection .....	3,344
State Police .....	3,464
Justice .....	
- The Courts .....	1,618
- Civil .....	1,442
- Criminal .....	1,571
<b>SUPPORT FOR THE DISADVANTAGED</b> .....	<b>10,177</b>
Unemployment, Disability, Employment Services .....	3,694
Youth and Family Services .....	3,471
Medical Assistance (Medicaid) .....	858
Economic Assistance (Welfare) .....	536
Programs for the Deaf and Blind .....	325
Human Services Community Programs (DDD & DMH) .....	1,293
<b>PRISONS AND CORRECTIONAL PROGRAMS</b> .....	<b>9,586</b>
<b>CITIZEN SERVICES</b> .....	<b>8,274</b>
Transportation and Roads .....	4,687
Motor Vehicles .....	2,509
State Parks .....	479
Community Programs .....	253
Public Broadcasting Authority .....	174
Library, Museum and Arts .....	172
<b>GOVERNMENT OVERSIGHT and ADMINISTRATION</b> .....	<b>5,978</b>
Pensions, General Services, Investments, etc. ....	1,798
Taxation, Budget and Financial Management .....	1,541
Data Processing and Telecommunications .....	1,323
Personnel and Training .....	663
Legislature .....	502
Governor's Office .....	151
<b>INDUSTRY REGULATION AND ADMINISTRATION</b> .....	<b>2,638</b>
Legalized Games of Chance .....	1,032
Housing and Fire Safety .....	697
Insurance .....	483
Licensed Occupations/Professional Regulation .....	185
Banking .....	129
Commercial Recording .....	112
<b>EDUCATION</b> .....	<b>1,214</b>
<b>ECONOMIC DEVELOPMENT</b> .....	<b>329</b>
<b>TOTAL WORKFORCE</b> .....	<b>66,616</b>

## SCHOOL AID AND PROPERTY TAX RELIEF PACKAGE

The fiscal year 1993 budget continues to emphasize State-funded property tax relief. The fiscal year 1992 budget commenced a new effort to combat excessive property taxes with a four-part package: increased school aid under a restructured formula, a redesigned Homestead Rebate program, assumption of local social services program costs and increased municipal aid. And, in fiscal year 1993 the four components will be joined by a fifth, restructuring of the local pension systems.

The results of the first year of this initiative were dramatic: total property tax levies increased only 1.4%, the lowest rate of increase in 14 years, after 5 consecutive years of increases in excess of 10%. The total dollar increase in property taxes was the smallest since 1978. In addition, Homestead Rebates provided larger than ever relief to households, and were concentrated on the households that truly needed the assistance.

The five components of the package will provide \$2.6 billion more in fiscal year 1993 than was provided in fiscal year 1991 to alleviate property tax burdens. This continued commitment to property tax relief is, if anything, more imperative in light of the difficult economic conditions the state is experiencing.

**State Aid to Local School Districts:** The budget for fiscal year 1993 calls for \$928.6 million more state school aid than in fiscal year 1991.

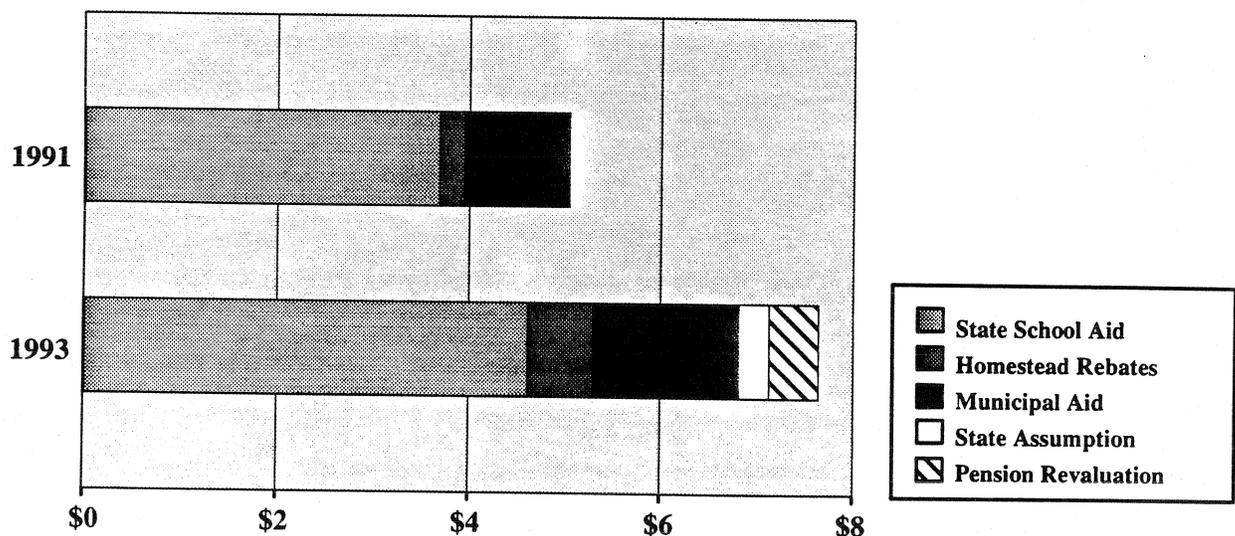
**Homestead Rebates:** The budget for fiscal year 1993 recommends rebating \$421.4 million more state funds to households for property tax relief than in fiscal year 1991. It is expected that 800,000 more households will receive rebates next year than in fiscal year 1991.

**State Assumption of Local Social Services Costs:** The fiscal year 1993 budget provides \$309 million more than in fiscal year 1991 to shift the burden of welfare benefits and care of patients in state institutions and other residential settings from counties and municipalities to the state. This reduces inflationary pressures on local budgets and better matches state funding responsibility with state program direction.

**Municipal Aid:** State aid payments to municipal governments in fiscal year 1993 will exceed aid payments in 1991 by \$427.6 million. All municipalities receive funds from at least one of the six programs of municipal aid added or expanded since 1991.

**Pension Revaluation:** Revaluation of the pension systems for local government employees will reduce county and municipal costs by approximately \$170 million in 1993. The ongoing savings will be recognized in reduced property taxes. Revaluation of the pension system for teachers increases the funds available for Foundation Aid by \$341 million, which also translates into reduced local tax effort.

## SCHOOL AID AND PROPERTY TAX RELIEF PACKAGE (Billions of Dollars)



# Highlights of Appropriations

## IMPACT OF STATE APPROPRIATIONS LIMITATION LAW ON APPROPRIATIONS FOR FISCAL YEAR 1992-93

### Summary

The State Appropriations Limitation Act (P.L. 1990, c.94) applies to the Direct State Services sections of the Budget. Exempt from the limitation are Grants-in-Aid; State aid to counties, municipalities, local school districts and other instrumentalities; federal funds appropriations; appropriations required in accordance with a court order; appropriations for capital construction and debt service; and monies deposited in and expended from the "Property Tax Relief Fund," the "Casino Control Fund," the "Casino Revenue Fund," and the "Gubernatorial Elections Fund."

The law provides that the CAP may be exceeded upon passage of a bill making an appropriation approved by a two-thirds vote of all members of each legislative body.

Under the formula spelled out in the law, the maximum appropriation for fiscal year 1992-93 is computed by multiplying the base year appropriation (FY1992) subject to the percentage limitation by the average three year growth rate in per capita personal income. The average three year growth rate in per capita personal income is calculated by multiplying the percentage change in the average State per capita personal income over the four fiscal years ending on June 30 prior to the base year. The per capita personal income over the four years shall be the average of the per capita personal income for the four quarters in each fiscal year, utilizing the quarterly income data and the annual population data as published by the United States Department of Commerce. This percentage is 5.81 for calculating the fiscal year 1993 CAP.

The calculation results in a maximum increase of \$267,844,544 over the fiscal year 1992 Appropriation or a maximum appropriation of \$4,877,905,544 for Direct State Services for fiscal year 1992-93. The Governor's recommendation for fiscal year 1992-93 is \$4,712,036,000, or \$165,869,544 under the CAP limit. A detailed computation of the appropriation limit is explained in the following paragraphs.

### Computation of Per Capita Personal Income

According to the U. S. Department of Commerce the average quarterly personal income in New Jersey for the last four fiscal years is:

	(\$ millions)
Fiscal Year 1988 .....	\$163,296
Fiscal Year 1989 .....	\$177,030
Fiscal Year 1990 .....	\$187,983
Fiscal Year 1991 .....	\$194,876

According to the U. S. Census Bureau the population for the State for the last four fiscal years is:

Fiscal Year 1988 .....	7,674,000
Fiscal Year 1989 .....	7,721,000
Fiscal Year 1990 .....	7,736,000
Fiscal Year 1991 .....	7,730,000

The average per capita personal income for the State and the average percentage change for the last three fiscal years is:

	Average Per Capita Personal Income	Percentage Change
Fiscal Year 1988 .....	\$21,279.00 ...	—
Fiscal Year 1989 .....	\$23,046.00 ...	8.30%
Fiscal Year 1990 .....	\$24,300.00 ...	5.44%
Fiscal Year 1991 .....	\$25,210.00 ...	3.75%

### Maximum Percentage Growth for Fiscal Year 1992-93 Budget

The three year average growth rate in per capita income is 5.81%. Thus, the maximum growth for the fiscal year 1992-1993 Budget is 5.81% over the fiscal year 1991-92 final appropriation.

The final appropriation for fiscal year 1991-92 will not be known with certitude until June 30, 1992. However, we do know that as a minimum the fiscal year 1991-92 appropriations, including all supplementals, will not be less than the data presented as follows.

## Highlights of Appropriations

### Computation of 1992 Appropriation Subject to Expenditure Limitation Law Percentage

Appropriations and Adjustments for Fiscal Year 1991-92 .....	\$15,003,722,000
Less Statutory Exemptions:	
Grants-in-Aid .....	(2,469,713,000)
State Aid .....	(2,165,345,000)
Capital Construction .....	(341,000,000)
Debt Service .....	(410,617,000)
Property Tax Relief Fund .....	(4,572,400,000)
Casino Control Fund .....	(57,371,000)
Casino Revenue Fund .....	(377,215,000)
Gubernatorial Elections Fund .....	_____
Amount Subject to the limitation .....	<b>\$ 4,610,061,000</b>

### Maximum Appropriation for Fiscal Year 1992-93

Based upon the above analysis, the fiscal year 1991-92 appropriation subject to the Expenditure Limitation Law is \$4,610,061,000.

Thus, the maximum appropriation which can be made for Direct State Services in fiscal year 1992-93 is:

o Fiscal year 1992 Base subject to percentage limitation .....	\$4,610,061,000
o Per capita personal income rate .....	x .0581
<b>Maximum increase in appropriation for fiscal year 1993 .....</b>	<b>\$267,844,544</b>
<b>Maximum appropriation for fiscal year 1993 .....</b>	<b>\$4,877,905,544</b>
<b>Fiscal year 1993 Recommendation .....</b>	<b>\$4,712,036,000</b>
<b>Amount Under the CAP Limitation .....</b>	<b>\$165,869,544</b>

## MAJOR COMPONENTS

The purpose of this section is to serve as a guide to better understanding the budget. Most of the \$15.7 billion budget can be explained by a relatively few major programs or functions. Taken together, they comprise 92 percent of the State's budget.

These components, as listed below, are described in this section.

<b>COMPONENTS OF THE BUDGET</b>	
<b>(\$millions)</b>	
School Aid .....	\$4,613
Municipal Aid .....	1,656 *
Homestead Rebates .....	685
Higher Education .....	1,017
Law and Public Safety .....	386
Environmental Protection and Energy .....	176
Transportation .....	732
Human Service Programs:	
—Economic Assistance .....	522
—Medicaid .....	1,647
—Pharmaceutical Assistance to the Aged and Disabled (and Lifeline) .....	249
—Community Services and Institutional Programs .....	1,031
Corrections and Parole .....	643
Employee Benefits .....	1,119
Debt Service, Property Rentals and Insurance .....	673
<p>*Includes \$709 million in dedicated taxes for informational purposes. When we speak of these components totalling 92 percent of the budget, we control for this amount. It is not part of the \$15.7 billion total.</p>	

In addition to the State appropriations listed above, some of these programs entail significant federal or other revenues. These are discussed in the relevant sections.

# Components of the Budget

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## SCHOOL AID

The State provides \$4.6 billion — 42.1% of the total cost — for the education of New Jersey's 1.1 million public school children. Aid is distributed for general, on-going education in local districts and to meet the additional costs of pupils with special needs. Taken as a whole, the aid formulas are intended to assure each child a complete education from kindergarten through high school, while promoting greater equity among school districts in their educational spending and property tax rates.

The current school funding statute, known as the Quality Education Act (QEA), was drawn up in response to the State Supreme Court ruling in *Abbott v. Burke*, decided in June 1990. The Court found that New Jersey's previous method of distributing school aid was unconstitutional as applied to poorer urban districts because they were not provided with sufficient financial resources to provide a thorough and efficient education for each child. The Court directed that sufficient resources be provided to the poorer urban districts to enable them to spend for regular school programs at the same level as wealthier suburban districts. The QEA subsequently was amended to provide more property tax relief, but the intent — increasing the ability of *all* school districts to offer a quality education — remains unchanged. Nonetheless, the plaintiffs in *Abbott v. Burke* have petitioned the Court to review the Quality Education Act, stipulating that the statute, particularly as amended, still fails to meet the "thorough and efficient" constitutional requirement. At the present time, the appeal is in the discovery stage and is expected to go to trial in the spring.

Foundation Aid is at the heart of the new state aid program. The formula establishes what is considered to be an adequate level of funding for the basic education of each child in the state regardless of place of residence, with a fair local tax effort for education. For fiscal year 1993, the foundation amount for elementary school children is \$6,742; it is \$7,416 for middle school pupils, and \$8,967 at the high school level. A foundation budget is calculated for each district, representing the resources that are necessary to provide every child with a thorough and efficient education, as required by the

New Jersey Constitution. The school district's effort depends upon its ability to pay, which is determined by the relative value of its property and the personal income of its citizens, compared to all other districts in the state.

Every school district whose foundation budget exceeds its local contribution receives Foundation Aid. That is, in every district where the cost of providing a thorough and efficient education for all its pupils is greater than its capacity to fully fund that effort from local resources, State foundation aid provides the necessary additional support for the local educational program. More than three-fourths of all New Jersey school districts receive foundation aid.

Furthermore, all districts receive State support for the full cost of their teachers' pension and social security expenses. School building aid is provided to districts that receive foundation aid to help them meet the debt service on the cost of construction and capital improvements. And transition aid is paid to districts that otherwise would not have received a 6.5% increase in fiscal year 1992, to help them adjust to the new formula.

Every district also receives aid for its children with special needs under a variety of categorical programs. These needs and programs include special education (which supports services for handicapped children), bilingual education (for students with language difficulties), programs for at-risk pupils (where family and community problems may impose additional burdens on the educational system), and transportation aid (for students who have to make long trips to and from school, and for special education students).

Other types of state aid also are provided. Pupils in nonpublic schools receive non-religious textbooks and services for special needs — assistance that meets constitutional approval. Vocational education receives considerable support, including services for adults as well as for school-age youngsters. Current efforts are stressing preparation for employment in an increasingly technological economy. School lunches receive support from the State. Districts that are attempting to implement school desegregation programs are eligible for special assistance to support their efforts.

# Components of the Budget

## STATE AID FOR LOCAL SCHOOL DISTRICTS CONSOLIDATED SUMMARY GENERAL FUND AND PROPERTY TAX RELIEF FUND (thousands of dollars)

	Expended Fiscal 1991	Appropriated Fiscal 1992	Requested Fiscal 1993	Recommended Fiscal Year 1993		Total
				General Fund	Property Tax Relief Fund	
<b>Quality Education Act of 1990</b>						
Foundation Aid .....	—	2,061,608	2,027,950	865,853	1,503,790	2,369,643
Categorical Aids:						
Bilingual Education .....	—	52,688	57,769	—	57,769	57,769
Aid for At Risk Pupils .....	—	245,829	291,835	—	291,835	291,835
Special Education .....	—	528,654	582,201	—	582,201	582,201
County Vocational Education .....	—	11,333	28,294	—	28,294	28,294
Local Area Vocational Education .....	—	767	767	767	—	767
Pupil Transportation Aid .....	—	247,982	258,411	—	258,411	258,411
Teachers' Pension Assistance .....	—	607,259	713,248	—	371,555	371,555
Teachers' Social Security Assistance .....	—	334,696	362,129	—	362,129	362,129
Transition Aid .....	—	115,362	85,558	—	85,558	85,558
Debt Service Aid .....	—	76,352	57,433	—	67,654	67,654
Supplemental Educational Quality Aid .....	—	25,000	—	—	—	—
Quality Education Act Oversight (a) .....	—	[8,866]	[9,703]	[9,703]	—	[9,703]
Subtotal, Quality Education Act .....	—	4,307,530	4,465,595	866,620	3,609,196	4,475,816
<b>Public School Education Act of 1975</b>						
General Formula Aid .....	1,800,593	—	—	—	—	—
Categorical Aids:						
Bilingual Education .....	41,602	—	—	—	—	—
Compensatory Education .....	150,510	—	—	—	—	—
Special Education .....	312,398	—	—	—	—	—
Local Vocational Education .....	8,127	—	—	—	—	—
Pupil Transportation Aid .....	200,233	—	—	—	—	—
School Building Aid/Formula .....	92,978	—	—	—	—	—
Subtotal, Public School Education Act .....	2,606,441	—	—	—	—	—
<b>Other Aid to Education</b>						
Nonpublic School Aid .....	37,245	67,733	68,884	65,884	—	65,884
Payments for Children with Unknown District of Residence .....	4,657	6,224	6,219	6,219	—	6,219
Minimum Teacher Starting Salary .....	1,683	1,182	790	790	—	790
Urban Initiative Programs .....	4,445	3,075	836	836	—	836
Desegregation Aid .....	—	14,000	14,000	14,000	—	14,000
Adult & Continuing Education .....	2,435	2,448	2,448	2,448	—	2,448
County Special Services Districts .....	34,950	(b)	(b)	(b)	(b)	(b)
General Vocational Aid .....	6,715	6,821	7,821	6,821	—	6,821
School Nutrition .....	6,565	6,565	6,565	6,565	—	6,565
School Building Aid/Debt Service .....	20,326	18,463	17,136	17,136	—	17,136
Teachers' Pension & Annuity Assistance (b) .....	925,356	41	30	30	—	30
Projects for Handicapped Infants .....	12,956	13,000	16,000	14,771	—	14,771
Education Information and Resource Center .....	504	504	504	504	—	504
State-operated School District Differential Aid .....	—	11,000	—	—	—	—
Other Grants-in-Aid .....	85	200	2,704	704	—	704
Subtotal, Other Aid to Education .....	1,057,922	151,256	143,937	136,708	—	136,708
<b>TOTAL</b>	<b>3,664,363</b>	<b>4,458,786</b>	<b>4,609,532</b>	<b>1,003,328</b>	<b>3,609,196</b>	<b>4,612,524</b>

(a) Shown for informational purposes only and not included in totals. Budgeted as Direct State Services.  
 (b) Program funding changed as a result of the Quality Education Act (P.L. 1990, c. 52; P.L. 1991, c. 62).

# *Components of the Budget*

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## **MUNICIPAL AND COUNTY AID**

One of the most important functions of state government and the state budget is the provision of fiscal resources to the state's counties and municipalities. The fiscal year 1993 budget makes a substantial commitment of resources to state aid for counties and municipalities, most of which is distributed to them in the form of unrestricted aid. Total aid to counties and municipalities, both unrestricted and restricted, amounts to \$1.66 billion for fiscal year 1993.

Unrestricted aid programs reflect two acknowledged principles of revenue sharing between state and local governments: using the state's inherent advantage over municipalities in raising broad-based taxes to meet local revenue needs; and using state resources to reduce fiscal inequalities among municipalities. In New Jersey, several state aid programs allocate resources on the basis of common indicators of fiscal need, such as tax rate or tax base differentials and demographic characteristics. Others focus on revenue replacement, using state tax revenue to make up for resources formerly generated by direct local taxation. Recently enacted programs providing additional state aid and property tax relief have maintained the emphasis on these principles, reacting to inequitable burdens for social service costs, high property tax rates, and the continuing importance of urban revitalization.

Providing aid without restrictions allows municipalities and counties the flexibility to set their own priorities. The State's continued and renewed emphasis on this policy is particularly important to counteract the federal government's movement away from this approach to providing fiscal assistance to localities. The elimination of General Revenue Sharing and the Comprehensive Employment and Training Act (CETA) deprived local governments of two of the most flexible sources of federal aid.

The fiscal year 1993 budget also recommends providing resources to counties and municipalities in the form of restricted-use state aid. This type of aid helps target resources to particular activities, programs and projects undertaken by local governments, who may be unable to ensure that these goals are met without State assistance. It is also targeted to particular municipalities which, due to local conditions, need additional resources to meet basic service needs and responsibilities.

Both unrestricted and restricted aid programs are crucial to combating excessive reliance on local property taxation to fund public services. In addition, the range

of programs embraces a multidimensional approach to assisting municipal governments, offering flexibility to address both unexpected, temporary needs and more enduring structural problems.

## **Unrestricted Aid**

Most State aid to municipalities and counties is in the form of unrestricted aid, totaling \$1.52 billion for Fiscal Year 1993. Of this amount, \$815 million is funded from major tax and revenue sources and \$709 million is from dedicated business taxes. This category of state expenditure has also been a central element of recent property tax relief efforts, resulting in a 39 percent increase (\$427.6 million) since 1991.

In the fiscal year 1993 budget, funding is included to continue three new aid programs commenced last year: Supplemental Municipal Property Tax Relief Aid (\$360 million), Aid to Densely Populated Municipalities (\$33 million) and Telecommunications Franchise Tax Replacement Aid (\$6.5 million). An increase of \$30 million in the Municipal Revitalization Program provided in 1992 is also sustained in this budget. This level of commitment will be crucial to continue municipal and county services and for property tax relief.

The single largest source of unrestricted state aid is the distribution of \$685 million in public utility Franchise and Gross Receipts Taxes, from which all of New Jersey's 567 municipalities benefit. The funds are distributed according to a complex formula which returns utility taxes to each municipality based on the value of generation and transmission delivery infrastructure within its borders, with an upper limit placed on the amount each can receive.

The newest and second largest program is the Supplemental Municipal Property Tax Relief Program, with three components totaling \$360 million. First is a Formula Aid component, \$305 million, which distributes aid to all 567 municipalities through a per capita grant weighted by property tax rates. Second is a \$30 million Discretionary Aid component that responds to conditions of fiscal hardship, based upon a review by the State Local Finance Board. About 80 municipalities receive funding from this source. Third is a \$25 million supplement to the existing Municipal Aid program. This latter program allocates \$40.3 million in addition to the supplemental component, and is based on a variety of demographic and fiscal indices including total population, AFDC population, and tax rate and tax base measurements. Fifty municipalities receive assistance from the two programs.

## Components of the Budget

Municipal Revitalization Aid, \$165 million, is also discretionary aid directed to municipalities that display the most severe conditions of fiscal and economic hardship and the greatest need for fiscal assistance. To receive aid, a municipality must apply to and receive the approval of the Local Finance Board; approximately 30 municipalities have done so. Municipalities which receive \$500,000 or more from this source can not be awarded funding from Supplemental Municipal Property Tax Relief Program Discretionary funds.

Business Personal Property Tax Replacement Aid, \$158.7 million, provides funds to all 567 municipalities to compensate them for the loss of revenue that occurred when business personal property was exempted from local taxation. This program was originally funded from a group of dedicated business tax revenues which have since been repealed or modified, and is now funded from general resources.

Aid to Densely Populated Municipalities, \$33 million, is directed to the most densely populated municipalities in the most densely populated counties in the state, but which are ineligible for Municipal Aid. Twenty-six municipalities benefit from this program; the aid they receive defrays the high cost of basic municipal services which tends to result from high population density.

Municipal Purposes Tax Assistance Aid allocates \$30 million to approximately 400 municipalities, divided into two groups designated as qualifiers and participators. Qualifiers, municipalities with the highest tax rates and smallest tax bases, receive about 85% of the funds, with participators, which reflect less severe but nevertheless significant tax conditions, receiving the balance. Funds are allocated within each group based on a population weighted by tax base.

<b>Unrestricted State Aid Programs</b>	
(In Millions)	
<b>Program</b>	<b>Fiscal Year 1993 Funding</b>
<b>Budgeted Programs:</b>	
Supplemental Municipal Property Tax Relief Aid* .....	\$ 360.0
Municipal Revitalization Aid .....	165.0
Business Personal Property Tax Replacement Aid .....	158.7
Municipal (Urban) Aid .....	40.3
Aid to Densely Populated Municipalities* .....	33.0
Municipal Purpose Tax Assistance .....	30.0
Payments in Lieu of Taxes on State Property .....	19.0
Payments to Replace Telecommunications Franchise Taxes* .....	6.5
All Other .....	2.2
Subtotal .....	814.7
<b>Distributions of Dedicated Taxes:</b>	
Franchise and Gross Receipts Taxes .....	685.0
Insurance Premiums Taxes .....	19.6
Financial Business Taxes .....	4.2
Subtotal .....	708.8
<b>Total</b> .....	<b>\$ 1,523.5</b>

\* New in Fiscal Year 1992

# Components of the Budget

## Restricted Aid

The State's interest in supporting specific local programs and services is manifest in restricted or categorical aid. This form of state-local partnership is an important means of attaining mutually desired public service goals while respecting specific local needs and conditions.

The State Constitution provides deductions from property tax bills for veterans and qualified senior citizens, disabled citizens and their surviving spouses. Veterans receive a \$50 deduction, while seniors and disabled homeowners receive \$250. The State annually reimburses municipalities for cost of these deductions, estimated at \$59.6 million for fiscal year 1993.

Restricted aid programs funded through the Department of Community Affairs are particularly important to meeting basic community needs. The Safe and Clean

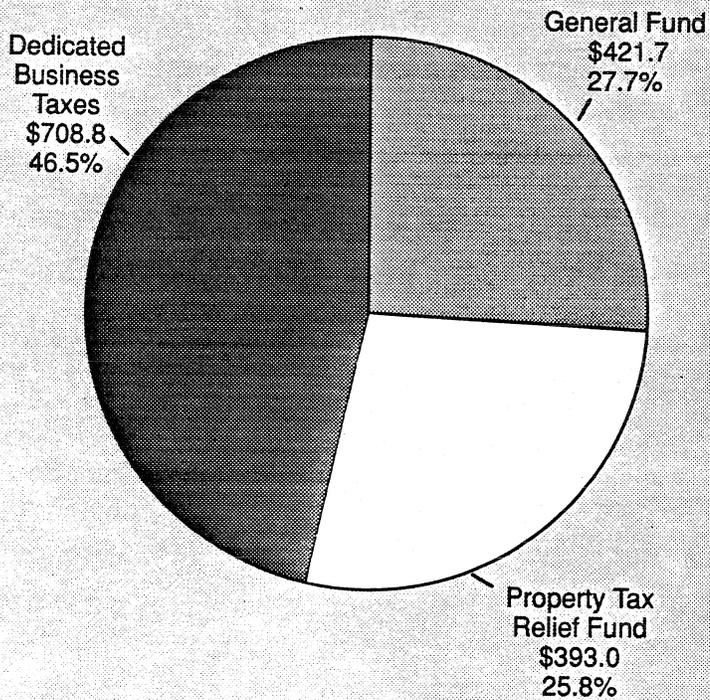
Neighborhoods program, \$25 million, directs funds to municipalities that receive Municipal Aid, permitting them to enhance local fiscal efforts to provide police protection, recreation facilities and public works services. Expanded Police Services Aid, \$25.9 million, and Supplementary Fire Services Aid, \$8 million, both target 65% of their resources to these same communities to further enhance basic public safety services. The balance of funds is shared by most other communities for added public safety services. Fair Housing Aid, \$10.9 million, allocates a portion of the state tax on real estate transfers to municipalities who are striving to meet affordable housing requirements. Neighborhood Preservation, \$2.75 million, supports multi-year grants to selected municipalities to rejuvenate older neighborhoods. Both residential and commercial districts are improved through a mixture of approaches that closely involve community residents.

### Major Restricted Aid Programs (In Millions)

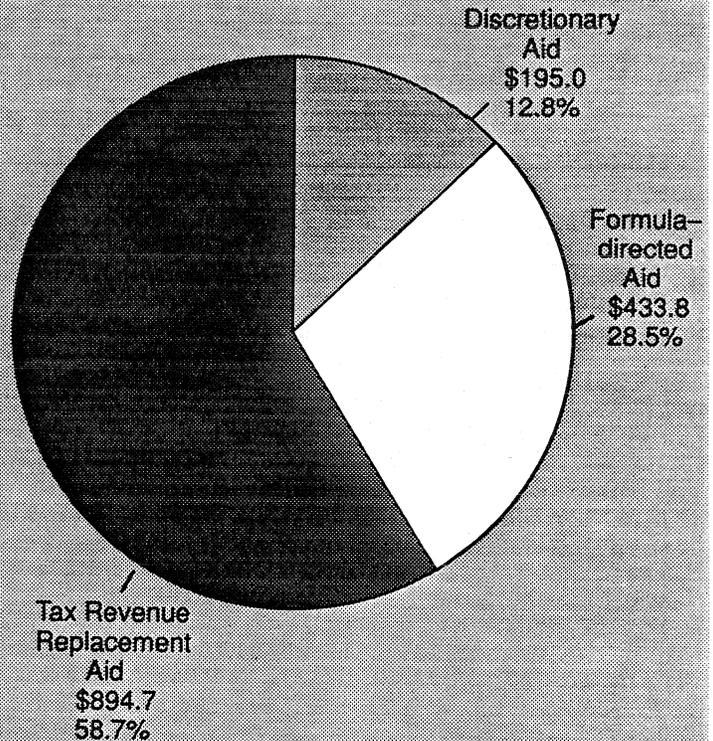
Program	Fiscal Year 1993 Funding
Veterans' and Senior/Disabled Citizens' Property Tax Deductions .....	\$ 59.6
Safe and Clean Neighborhoods Aid .....	25.9
Expanded Police Services Aid .....	25.0
Fair Housing Aid .....	10.9
Supplementary Fire Services Aid .....	8.0
Neighborhood Preservation .....	2.8
<b>Total</b> .....	<b>\$ 132.2</b>

**UNRESTRICTED AID  
TO COUNTIES AND MUNICIPALITIES  
Fiscal Year 1993  
(In Millions)**

**Sources of Funds**



**How Funds are Allocated**



# Components of the Budget

## THE HOMESTEAD REBATE PROGRAM

The Homestead Rebate Program is a key component of the program to expand State-funded property tax relief. It was enacted in its current form in July 1990, with the first rebates under the new format issued in July 1991 (fiscal year 1992). During the program's inaugural year about 2.3 million approved rebate claims totaling \$710 million will be honored. This is an increase of nearly 1.5 million over the number of households which received rebates under the old program, and a dollar increase of \$447 million. The program is not only broader in scale and scope than the program it replaced; it also provides substantially greater property tax relief to many New Jersey households than its predecessor. Furthermore, it is significantly more progressive in impact than the former program, which ignored household income in determining eligibility.

The Governor recommends that the program be funded at \$685 million for fiscal year 1993, to continue the policy of more progressive and more effective direct property tax relief begun in fiscal year 1992. The recommended \$25 million decrease reflects savings from changes in the filing form and computer-assisted review of applications to reduce error and ensure accuracy. It also reflects exclusion of public housing tenants from eligibility.

For households with income of \$70,000 or less, the program provides property tax rebates of up to \$500.

The program follows the "circuit-breaker" principle, by basing the rebate calculation on the amount by which property taxes exceed five percent of household income. Regardless of the outcome of the calculation, homeowners are guaranteed a minimum rebate of \$150 and tenants a minimum of \$65. Households with incomes between \$70,000 and \$100,000 receive a flat grant of \$100 if they are homeowners and \$35 if they are renters.

These benefits represent much more responsive and meaningful relief from burdensome property taxes than those which the old rebate system provided. Nearly 900,000 households, 40% percent of all eligible households, received maximum rebates of \$500 under the current Homestead Rebate Program. These households would have received no more than \$150 or, if senior citizens, \$200, under the old program. Four out of five of these households have incomes of \$35,000 or less, evidence that the program is geared to deliver property tax relief where it is most needed. Three out of four senior citizen households eligible for rebates received the \$500 maximum, an increase in benefits of at least \$300 each over the old program. Households which rent instead of own their homes also receive more meaningful benefits under the new program. Over 830,000 renter households shared rebates totaling \$160 million; these households were excluded from any benefits under the old program.

### DISTRIBUTION OF HOMESTEAD REBATES FISCAL YEAR 1992

Household Income	ALL CLAIMS Total Number of Claims = 2,280,600					SENIOR CITIZEN CLAIMS Number of Senior Citizen Claims = 538,500				
	Amount of Rebate					Amount of Rebate				
	Less than \$150	\$150 - \$399	\$400 - \$499	\$500 - Maximum	Totals	Less than \$150	\$150 - \$399	\$400 - \$499	\$500 - Maximum	Totals
\$0 - \$10,000	2.8%	3.0%	1.0%	16.1%	22.9%	3.1%	5.4%	2.0%	48.0%	58.5%
\$10,001 - \$20,000	5.3%	2.0%	0.7%	7.3%	15.4%	1.9%	1.2%	0.5%	14.2%	17.8%
\$20,001 - \$35,000	11.0%	1.8%	0.5%	7.7%	21.0%	2.8%	0.8%	0.3%	8.9%	12.8%
\$35,001 - \$50,000	10.8%	1.0%	0.4%	4.6%	16.8%	2.8%	0.3%	0.1%	2.5%	5.7%
\$50,001 - \$70,000	10.0%	0.9%	0.3%	3.5%	14.7%	1.9%	0.2%	0.1%	1.2%	3.4%
\$70,001 - \$100,000	9.2%	0.0%	0.0%	0.0%	9.2%	1.8%	0.0%	0.0%	0.0%	1.8%
<b>TOTALS</b>	<b>49.1%</b>	<b>8.7%</b>	<b>3.0%</b>	<b>39.2%</b>	<b>100.0%</b>	<b>14.2%</b>	<b>8.0%</b>	<b>3.0%</b>	<b>74.8%</b>	<b>100.0%</b>

## HIGHER EDUCATION

The purpose underlying State support of higher education is to create and disseminate knowledge for the benefit of our citizens and society. Commitment to a strong higher education system fosters individual and familial upward social mobility, particularly for those who are among the first in their family to attend college, graduate or professional schools; it forms the knowledge base that is necessary to succeed in a diverse and highly technical global marketplace; and, most importantly, it helps nurture and perpetuate the cultural values that serve as the underpinnings of a free and democratic society.

Funding for higher education in New Jersey totals \$1.017 billion. Assistance to higher education includes subsidies of \$693 million to the autonomous, public institutions: Rutgers, the State University; the University of Medicine and Dentistry of New Jersey (UMDNJ); the New Jersey Institute of Technology (NJIT) and nine state colleges. Student assistance programs including the Tuition Aid Grant and the Educational Opportunity Fund programs comprise approximately \$141 million. Subsidies for the county colleges total \$107 million. The independent colleges and universities are expected to receive \$27 million in fiscal year 1993.

### Accessibility and Affordability

Keeping college accessible and affordable is an important component of this Budget. The major effort to directly assist students who are New Jersey residents is the Tuition Aid Grant program at \$104.8 million. These awards provide tuition assistance based on financial need, with maximum awards being provided to the neediest students. The Budget supports funding for 51,400 awards, all eligible students, and represents a 13% increase over fiscal year 1992, and a 29% increase from fiscal year 1991. The current economic recession has caused a large increase in eligible students and reduced their ability to pay full time college costs. The TAG program includes funds to support a tuition increase of up to 4.5% at both public and private colleges. A new item contained in the Budget is the Tuition Stabilization Incentive Grant program (\$30 million) intended to provide assistance to colleges that do not exceed a tuition increase of 4.5%. The Equal Opportunity Fund program provides direct grants and support services to educationally and economically disadvantaged students from the state's urban areas (\$26 million). An increase of \$1 million in EOF will provide for an additional 791 awards for undergraduate students at current award levels.

New initiatives to ensure higher education access and affordability include the NJCLASS supplemental loan program and the Garden State Savings Bond program. NJCLASS was established to offer an alternative source

of financing collegiate education for middle-income families in New Jersey, particularly those whose incomes exceed eligibility for federal loan programs. It offers a 15-year fixed-rate loan of up to \$5,000 a year with a \$25,000 cumulative maximum. The Garden State Savings Bond program helps families save for college by offering affordable tax-free bonds.

### College and University Support

The State's public colleges and universities operate autonomously in most areas. Each has its own board of trustees and develops and conducts its own educational programs within broad policy guidelines established by the Board of Higher Education. The senior institutions receive appropriations for educational and related functions. While education at the public institutions is subsidized at approximately 60 percent by the State, students share the cost through payment of tuition and various fees. The senior public institutions will enroll an estimated 129,302 students – an equivalent of 88,582 full time in 1992–1993. The average state support per full time student is expected to be about \$5,349.

A number of New Jersey's senior public institutions have been recognized for their achievements. For example, Trenton State College has consistently ranked among the most competitive liberal arts colleges in the nation. Several of Rutgers' graduate programs are ranked among the best in the country, and the University currently ranks in the top third of public institutions in the American Association of Universities with faculty represented in the National Academy of Sciences. The University of Medicine and Dentistry of New Jersey has achieved national prominence in AIDS-related research. And the New Jersey Institute of Technology's Hazardous Substance Management Research Center has been selected as an EPA-funded Superfund University Training Institute, one of six such institutes nationwide and one of only two designated to provide advanced level training.

The community college system, consisting of 19 colleges, is funded jointly by the state and the individual counties. These colleges, which enroll more than 130,000 full-time and part-time students a year, provide access to higher education for a broad range of people who would otherwise be denied the advantages associated with a college education.

The colleges receive more than \$107 million in state aid to match contributions made by the counties to their respective county community colleges. Most of the state aid directly supports the operational costs of the community colleges. Aid also meets about half of the debt service on bonds sold by counties to construct

# Components of the Budget

community college buildings, and it pays for part of the employee benefits provided to community college faculty and staff.

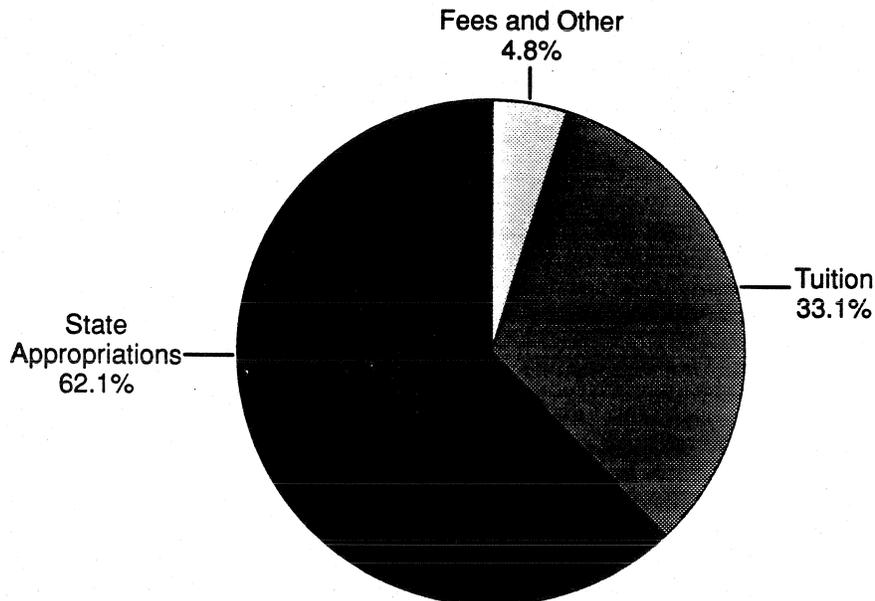
The 27 independent institutions in New Jersey receive funding through the Independent College and University Assistance Act. Aid to independent institutions is distributed according to a formula that is linked to the

changes in the amount of the State's subsidy of the state college system. These funds are primarily used by the institutions to provide financial assistance to their students. The independent sector will receive approximately \$20.6 million from this program in fiscal year 1993, an increase of \$500,000.

## FISCAL YEAR 1993 NET STATE APPROPRIATION FOR HIGHER EDUCATION INSTITUTIONS (thousands of dollars)

Thomas A. Edison State College .....	3,821	Rutgers, The State University .....	236,602
Glassboro State College .....	29,639	Agricultural Experiment Station .....	20,231
Jersey City State College .....	26,396	University of Medicine and Dentistry of New Jersey .....	173,086
Kean College of New Jersey .....	29,057	New Jersey Institute of Technology .....	41,381
William Paterson College of New Jersey .....	32,307		
Montclair State College .....	37,088		
Trenton State College .....	30,783		
Ramapo College of New Jersey .....	15,894		
Richard Stockton State College .....	17,162		
<b>Total State Colleges .....</b>	<b>222,147</b>	<b>Total Appropriation .....</b>	<b>693,447</b>

## FISCAL YEAR 1993 SUPPORT OF EDUCATION AND GENERAL SERVICES AT STATE COLLEGES AND UNIVERSITIES\*



\*Excludes University of Medicine and Dentistry of New Jersey and the Agricultural Experiment Station because of their unique funding.

## LAW AND PUBLIC SAFETY

The Department of Law and Public Safety, under the direction of the Attorney General, has a recommended budget of \$386.1 million for fiscal year 1993 to carry out its diverse and complex responsibilities. Comprising more than 80 percent of its budget are the major activities of Law Enforcement and Motor Vehicle Services. The Department is also responsible for protecting consumers and civil rights; providing legal services to state agencies; and regulating the alcoholic beverage, boxing, gaming, and racing industries.

In addition, three agencies are administratively located "in-but-not-of" the Department of Law and Public Safety. These are the Election Law Enforcement Commission, the Executive Commission on Ethical Standards, and the Violent Crimes Compensation Board.

### Law Enforcement

The New Jersey Division of State Police, Division of Criminal Justice, State Medical Examiners Office, and Narcotics, Organized Crime, and Racketeering programs, when combined, are recommended for funding totaling \$211.0 million for fiscal year 1993.

The Division of State Police has recommended funding of \$145.9 million, including \$3.0 million for the salaries and maintenance of approximately 100 troopers expected to graduate in the 113th State Police Trooper class. This class will assist in the investigation, arrest and prosecution of organized crime and racketeering, narcotics, and economic crime offenses. In addition, support will also be provided to ongoing patrol functions that deter criminal and traffic violations, respond to toxic and hazardous materials accidents, and assist in statewide efforts to provide a clean environment for our citizens.

Although not as large as the Division of State Police in terms of volume of activities and staffing, the Division of Criminal Justice, Office of the State Medical Examiner, and Narcotics, Organized Crime, and Racketeering programs provide such important functions as investigation of all violent and suspicious deaths, enforcement of the State's antitrust laws, and prosecution of criminal activities in the State. In fiscal year 1993 these three programs combined are recommended to receive continuation level funding of \$30.9 million.

Funding of \$34.3 million from the Casino Control Fund is recommended for the Division of Gaming Enforcement. This funding will permit the Division to continue

preparing investigative and evaluative data for the Casino Control Commission. In addition, other services/functions to be provided include audits, on-site inspections and compliance reviews, and enforcement of the Casino Control Act.

### Motor Vehicle Services

The fiscal year 1993 budget recommendation for the Division of Motor Vehicles is \$109.6 million. This budget will support 43 motor vehicle agencies, four regional service centers, and 33 inspection stations, which provide such services as the registration and inspection of all New Jersey motor vehicles. The Division is also responsible for administering driving and vision tests for new drivers in the state. Other functions include the removal of dangerous drivers from the road and the education and rehabilitation of suspended drivers.

The federally mandated Commercial Motor Vehicle Safety Act requires the Division of Motor Vehicles to test commercial truck drivers in the state. Approximately 250,000 drivers will be subject to a written and/or road test to ensure truck safety on the state's roadways.

In fiscal year 1993, the Division will be implementing a very aggressive uninsured motorist program. It will be responsible for verifying automobile liability insurance for every driver throughout the state. In addition, it will be responsible for providing vehicle odometer readings to the state's insurance industry to be used as a criterion for determining automobile insurance rates.

### Citizens' Rights

A total of \$33.2 million is recommended in fiscal year 1993 to ensure the fair, equitable and competent treatment of the consumer in practices relating to the acquisition of goods and services, as well as to protect the civil rights of individuals, and to assist the victims of violent crimes. The Division on Civil Rights continues to provide outreach and process cases related to equal opportunity in employment, housing, public accommodations and the extension of credit or making of loans. This is accomplished by providing educational and preventive information and programs to clients and investigating, and by resolving or prosecuting complaints or disputes.

The operation of the State Professional Boards, which regulate the practices of the respective professions, occupations and trades, is an integral part of protecting consumers. These boards prescribe standards of

# Components of the Budget

conduct and performance and hear complaints on violations of statutory provisions and determine penalties for violators.

## Legal Services

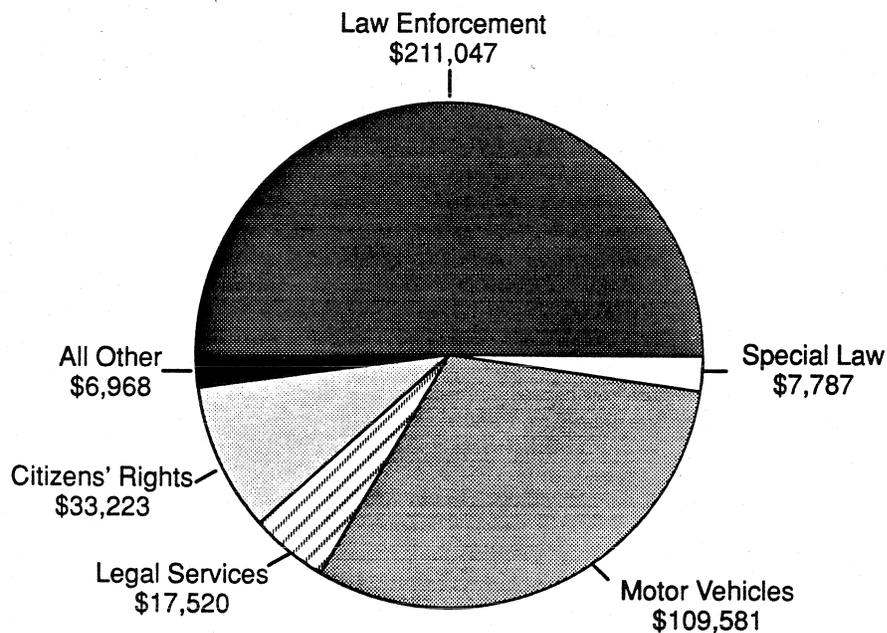
The recommended budget for the Division of Law is \$17.5 million. In addition to a wide range of legal services provided all to State agencies, the Division is also involved in litigation supported by dedicated funds and reimbursements. Two legal battles are related to the insurance reform program. The first is the suit being brought by the Attorney General against the insurance companies responsible for collecting premiums and paying claims as part of the Joint Underwriters Association (JUA). The second involves the defense of the State of New Jersey against numerous suits initiated by the insurance companies and other groups assessed through the Fair Automobile Insurance Reform (FAIR)

Act's proposed plan to liquidate the existing debts of the JUA.

Another initiative, known colloquially as the "Cheater-Beater" program, is a joint effort of the Division of Law and the Division of Taxation to collect delinquent tax monies. As of December 1991, more than \$14 million has been collected.

In conjunction with the Department of Environmental Protection, the Division provides legal support for the enforcement of environmental regulations, such as those under the Clean Water Enforcement Act and the Cost Recovery Program. This mainly involves maintaining enforcement/penalty actions related to discharge permits and recoveries of monies expended by the State for hazardous substance clean-up from responsible parties.

## NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY (\$000)



## FISCAL YEAR 1993 BUDGET

## ENVIRONMENTAL PROTECTION AND ENERGY

When New Jersey residents are asked what public issues concern them most, environmental protection is consistently ranked at or near the top of their list. Clean air and water, control and cleanup of pollution, and the preservation of open space and park land satisfy basic needs for everyday life, and provide an attractive climate for business and tourism.

This task is entrusted to the Department of Environmental Protection and Energy (DEPE). Acting in a regulatory capacity in a densely populated, highly industrialized State, DEPE must often strike a balance between quality of life issues and the regulation of private business. For example, the Department makes critical decisions on land use issues that weigh environmental concerns against pressures for growth and development in programs such as Stream Encroachment, Waterfront Development and Freshwater Wetlands.

Another major issue facing the Department is attainment of federal clean air standards. The re-authorized federal Clean Air Act of 1990 broadened DEPE's involvement in controlling air pollution to require more stringent controls on industrial sources and automobiles. To attain the health standards for ozone and carbon monoxide, DEPE is mandated to create new programs to increase ridesharing, expand motor vehicle inspection requirements, and to reformulate fuel. It is likely that certain pollution sources which were formerly exempt will be regulated, and that the economic impact will be felt across all segments of society.

The Department also provides aid to localities to encourage environmental infrastructure improvements that form the basis for rational growth. Through the Wastewater Treatment Trust, the Department operates a nationally-recognized wastewater treatment financing program which leverages federal aid and provides low-interest loans to local governments to upgrade sewage treatment plants. This program improves water quality by replacing antiquated sewage and sludge treatment systems, pumping stations, and sewer lines at a substantial savings when compared to private bond financing, particularly for localities with low credit ratings. This type of infrastructure investment is a critical first step for municipalities seeking to manage future development.

The Department's recommended budget for fiscal year 1993 totals \$175.5 million, which approximately equals the amount provided in fiscal year 1992. This budget is supported by \$64.5 million from State sources and \$111 million in fee and penalty revenues, which are largely derived from regulated businesses which apply for operating permits and licenses.

DEPE's major regulatory programs include administration of the Hazardous Waste cleanup program (\$26.3 million), which addresses past mismanagement of toxic substances, including oil spills and abandoned chemical dumps, and the Environmental Cleanup Responsibility Act (ECRA, \$4 million), which assures that industrial sites are free of toxic contamination before they are sold, transferred, or closed. DEPE also manages a vast wastewater discharge permitting system (New Jersey Pollution Discharge Elimination System - NJPDES, \$14.5 million), which protects water quality in the State's surface and groundwater supplies. In the natural resource area, the Division of Fish and Game (\$10 million) uses fees paid by hunters and anglers to manage the State's wildlife resources, including the operation of fish hatcheries and game farms. All of these programs are fully supported by fees revenues. Other programs which receive most of their funds from fees include Air Pollution, Radiation, Pesticides, Water Enforcement, and Solid Waste, all of which bear heavy regulatory and enforcement responsibilities.

Other DEPE programs are completely supported by State funds. Of the \$64.5 million allocated to DEPE from State sources, nearly \$40 million (62 percent) is used to protect natural resources, including management of 52 State parks and an extensive forest fire fighting program (\$29 million), protection of coastal resources (\$3.7 million) and support of the Palisades Interstate Park Commission (\$2.8 million) and the Pinelands Commission (\$2.5 million, State Aid).

### Re-organization of DEPE

Historically, the Department organized itself into two broad categories, natural resources and pollution control. The pollution control effort was divided between programs representing different environmental discharges such as Air Pollution, Hazardous Waste and Solid Waste, all of which retained separate enforcement, permitting and administrative staff. In an effort to integrate these programs and improve efficiency, DEPE re-organized along functional lines by unifying all enforcement, site remediation and permitting efforts into single operating units reporting to the same manager. This new operating structure is meant to

# Components of the Budget

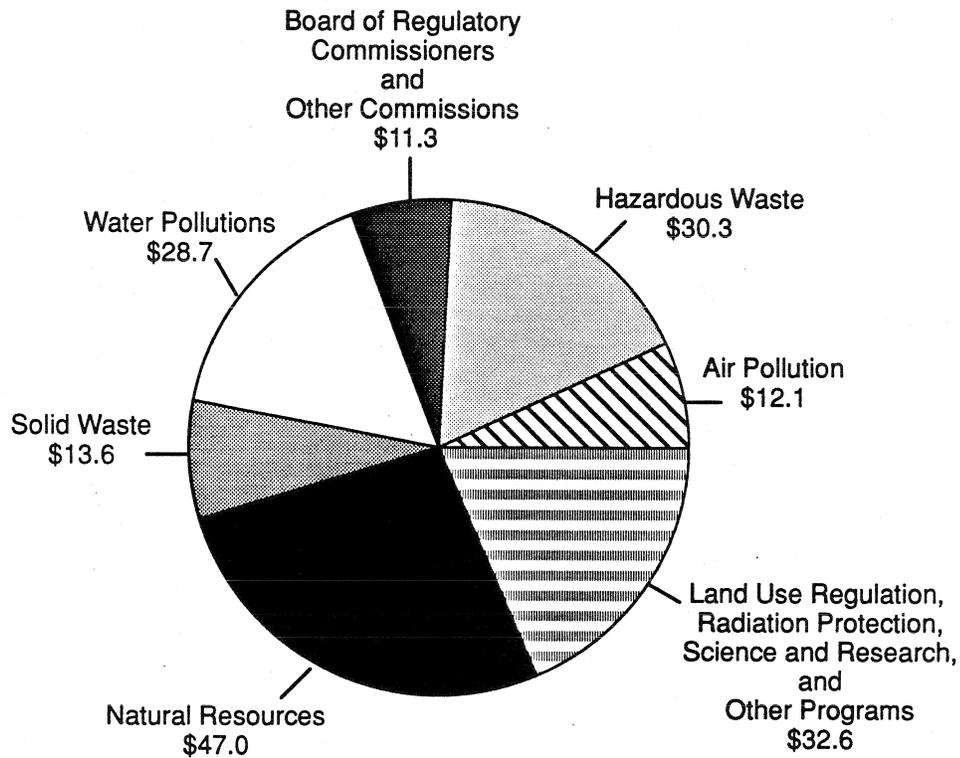
provide clear lines of authority, to create similar standards for environmental cleanup, and to improve coordination of enforcement and permitting actions.

When fully implemented, the new organization also will help DEPE to elevate its new policy of pollution prevention. In contrast to past emphasis on controlling pollution after it was released, the pollution prevention plan will use incentives, technology exchange, and strict reporting requirements to reduce the amount of hazardous waste generated in the State. Ultimately, DEPE will produce facility-wide operating permits

which promote pollution prevention, and the current practice of permitting by type of discharge will be phased out.

The re-organization also incorporated the Board of Regulatory Commissioners (BRC, formerly the Board of Public Utilities) into DEPE through an Executive Order. This measure recognizes the common ground that exists between environmental and energy issues, merges the respective Solid Waste programs into one unit, and provides certain cost efficiencies in administrative functions.

## DEPARTMENT OF ENVIRONMENTAL PROTECTION AND ENERGY FISCAL YEAR 1993 BUDGET (\$ Millions)



**Total \$175.5**

## TRANSPORTATION

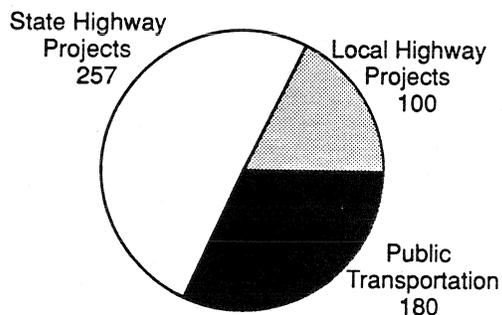
The transportation system of New Jersey is one of the critical success factors for our economic well-being. New Jersey is at the geographic center of the largest continuous metropolitan region of the country and has developed an extensive network of highways and feeder roads to support its business and industry. As an economic instrument, investment in the transportation infrastructure not only stimulates the economy in the short term, with each \$100 million investment in transportation infrastructure resulting in the creation of 3,000 jobs, but it also makes our region an attractive business location for the production and distribution of goods. The Transportation budget at \$732 million, with its emphasis on preserving infrastructure, positions New Jersey favorably for economic recovery in fiscal year 1993.

### Transportation Trust Fund

After over a decade of declining transportation infrastructure investment, the State established the Transportation Trust Fund in 1984. The Transportation Trust Fund pays for the State's share of highway, bridge, public transportation and local government road and bridge projects. The Transportation Trust Fund Authority is financed by contributions from the State's toll road authorities (\$24.5 million), by fees for commercial motor vehicle registrations (\$30.0 million), and by gasoline tax revenues that are dedicated to transportation (\$276.5 million), resulting in a \$331 million base appropriation. The Transportation Trust Fund Authority supplements the State appropriation with \$206 million in bond revenue, which results in a spending authority of \$537 million.

When combined with \$575 million of transportation funding from the federal government in fiscal year 1993 a transportation program of \$1,112 million results.

### NEW JERSEY TRANSPORTATION TRUST FUND FISCAL YEAR 1993



EXPENDITURES - \$537 MILLION

### Public Transportation

New Jersey Transit is a public corporation with the responsibility for operating, contracting for and subsidizing public transit services that are in the public's interest. An independent authority, NJ Transit operates both passenger rail and bus services, and subsidizes a number of private bus carriers serving 261,300 individuals daily. For 42% of its riders, public transportation is their only transportation alternative.

State support for public transportation takes the form of a transportation subsidy grant to NJ Transit. This grant offsets the cost of fares to the riding public, making public transportation a cost-effective alternative.

In fiscal year 1993, \$285.6 million is recommended for State support of public transportation. This amount will prevent a fare increase and will provide funding for 36% of NJ Transit's operating costs.

### Transportation Maintenance and Operations

The central mission of the Department of Transportation is to operate, maintain, and regulate the State's highways, railroads, buses, and airports to provide a safe, reliable transportation system. The Department regularly resurfaces or reconstructs aging roads and bridges, expands existing highways to relieve traffic congestion, upgrades and repairs traffic signals and highway lighting units, and plans for the State's future transportation needs. These efforts have helped maintain the State's distinction of having one of the lowest traffic fatality rates in the nation, even though, based on volume of traffic and road mileage, New Jersey's highways carry more traffic per mile than any other State in the nation.

The recommended funding to support the Department of Transportation in fiscal year 1993 is \$115.5 million, an amount equal to the fiscal year 1992 adjusted appropriation. This level of funding will support 4,827 staff, the lowest staffing level since the Department's formation in 1966. Given this staffing level, the Department will focus on road maintenance and snow removal activities related to the comfort and safety of the motoring public. In addition to State appropriations, the Department of Transportation anticipates receiving upwards of \$50 million from the federal government to support both maintenance and project development activities.

# Components of the Budget

## ECONOMIC ASSISTANCE

Among the array of social welfare programs, economic assistance programs attempt to address the minimum income requirements of a diverse set of needy clients. These programs are designed to cover the most basic individual and familial expenses through direct cash assistance. Economic assistance programs thus differ from targeted entitlement programs, such as Food Stamps and Medicaid, which are restricted to meet specific needs. The funding recommended for Economic Assistance in fiscal year 1993 is \$522.4 million, an increase of \$72.6 million or 16% from the current year.

Welfare clients are automatically eligible for Food Stamps and for Medicaid. The largest program is Aid to Families with Dependent Children (AFDC). The average AFDC family consists of a single parent, two dependent children and receives a maximum of \$424 per month in welfare assistance payments. This is 46% of federal poverty income guidelines; combined with \$217 per month in Food Stamps, the percentage increases to 69%. The last welfare grant increase of 5% was provided in 1988.

Application for economic assistance programs, like Aid to Families with Dependent Children, or the Supplemental Security Income program, generally follow from one or more of a variety of circumstances in the lives of individuals or families. An accident or illness may cause an individual to become disabled or blind, prompting application to SSI; family break-up may compel the parent to apply for AFDC on behalf of his or her child(ren); a new single parent, often times an unemployed teen-ager, will apply. The sudden increase in all public assistance programs, as with the upward surge in unemployment insurance recipients, is connected to the economic downturn, and consequent job loss.

Length of stay on public assistance rolls varies from the relatively short term, during which time the individual or family is able to regain economic self-sufficiency through gainful employment, to long term dependency. Chronic under-employment or unemployment due to lack of a high school diploma, or the absence of job skills that are necessary for higher real wages cause long term dependency. One method in which the State is combating long term dependency is through the REACH/JOBS program, which provides educational and employment training to AFDC recipients. The focus of the program is not only on those who are currently long term AFDC recipients, but those who are "at risk" of becoming long term dependent. Accordingly, child care, medical assistance and other training related expenses are provided by the program up to one year after the REACH/JOBS participant obtains employment. Additionally, the Budget includes \$10 million for the welfare reform training initiatives. These funds will provide training and other

employment directed services over and above the REACH program.

Effective January 1, 1991, the State assumed a greater share of costs for economic assistance programs to reduce the financial impact to counties and municipalities as part of the Property Tax Relief Program. While maintaining the federal participation rate, State cost sharing for the AFDC and Emergency Assistance programs was increased from 37.5% to 45%, and for SSI programs from 75% to 100%. Effective July 1, 1991, the State assumed 100% of General Assistance costs, compared to 75% previously. Projected cost savings to counties and municipalities based upon fiscal year 1993 caseload estimates total in excess of \$103 million.

As a result of the protracted impact of the national recession on the State's economy, the number of recipients participating in these income assistance programs during fiscal year 1993 is expected to grow to 552,000, an increase of 10% over last year's levels. Program highlights during fiscal year 1993 are summarized below:

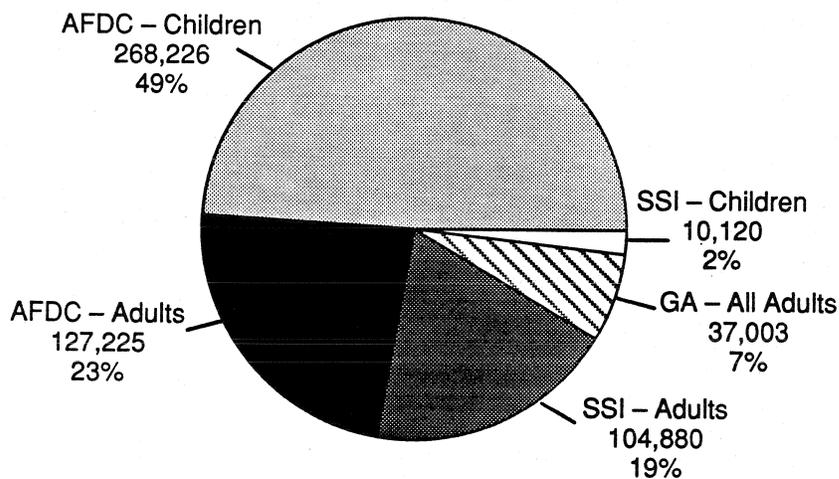
- \* The Aid to Families with Dependent Children (AFDC) is estimated to provide income benefits to 395,500 children and their parents during fiscal year 1993 at a state cost of \$232 million. These costs represent an increase of over \$18 million or 9% from last year;
- \* The General Assistance(GA) program will provide financial assistance to over 37,000 individuals at a total state cost of over \$156 million during fiscal year 1993. These costs are up over \$27 million or 21% from last year;
- \* The Emergency Assistance(EA) program is estimated to provide shelter, food and other short-term assistance during fiscal year 1993 to over 29,000 recipients at a cost of over \$35 million. These costs are up over \$6 million from last year;
- \* The Supplemental Security Income(SSI) program will provide supplemental payments to over 115,000 individuals who are aged, blind and disabled during fiscal year 1993 at a cost of over \$49 million;
- \* The REACH/JOBS program, which provides educational and employment training to all AFDC recipients to reduce long-term welfare dependency, will grow to \$39.4 million in fiscal year 1993 to meet federal participation requirements. These funds will enable 10,000 new cases to be added to the program, primarily in Essex and Hudson counties, for a total target caseload of 55,644; and
- \* Welfare Reform-Training, which expands the range and intensity of services to participants in the existing REACH/JOBS program, is funded at \$10 million in fiscal year 1993. With the emphasis on the participants and their family members, the program will focus on related health, social, educational and vocational needs. Services include case management, participant allowances, job placement services, enrollment in GED programs, and educational financial aid. The goal is increasing the employability of program participants.

**INCOME ASSISTANCE PROGRAMS  
FISCAL YEAR 1993 BUDGET  
\$ (MILLIONS)**

INCOME ASSISTANCE PROGRAM	STATE FUNDS	FEDERAL FUNDS	LOCAL FUNDS	TOTAL FUNDS
AFDC	\$231.8	\$251.8	\$22.5	\$506.1
REACH/JOBS	\$39.4	\$45.5	\$0.0	\$84.9
GENERAL ASSISTANCE	\$156.6	\$0.0	\$0.0	\$156.6
EMERGENCY ASSISTANCE	\$35.0	\$33.2	\$3.4	\$71.6
SSI	\$49.6	\$591.4	\$3.0	\$644.0
WELFARE REFORM – TRAINING	\$10.0	\$0.0	\$0.0	\$10.0
<b>TOTAL</b>	<b>\$522.4</b>	<b>\$921.9</b>	<b>\$28.9</b>	<b>\$1,473.2</b>

**NEW JERSEY INCOME ASSISTANCE PROGRAMS  
FISCAL YEAR 1993 CASELOAD**

**NUMBER OF INDIVIDUALS**



This chart includes participants funded from all funding sources.  
See Table above.

# *Components of the Budget*

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## **THE MEDICAID PROGRAM**

Medicaid is the State's health care program for an array of needy populations within New Jersey. Medicaid covers a full range of inpatient and outpatient hospitalization services, physician visits, dental work, prescription drugs, medical supplies, medical transportation, home health services, and long term care. It is estimated that all Medicaid services will cost the State \$1.6 billion in fiscal year 1993.

Medicaid costs have accelerated rapidly, and, as a funding mechanism, Medicaid has been used to expand services to broader populations. At the same time, however, adequate health services still are not accessible in certain portions of the State. Consequently, the central policy dilemma facing Medicaid is balancing three often conflicting goals — controlling expenditures, providing access to high quality care, and dealing with pressures for program expansion to meet the health care needs of the uninsured.

Many of the recipients of Medicaid are individuals who also receive cash assistance through such programs as Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI). Numerically, AFDC recipients comprise the largest group of eligibles. Although this group constitutes 60% of all Medicaid recipients, they consume only 24% of Medicaid expenditures. For Medicaid, as for the average health care consumer, the given cost of care varies greatly depending upon the type of service received. That is to say, if an individual is hospitalized, the cost will be high, but a routine doctor's visit is relatively low. The composite average cost for an AFDC recipient who uses Medicaid is \$160 per month.

A second Medicaid eligibility group consists of low-income persons who meet the federal Social Security criteria of agedness, disability, or blindness. Aged eligibles comprise 16% of Medicaid recipients and now account for 39% of expenditures. The high cost is largely explained by the provision of nursing home care to a growing number of elderly persons. Disabled and blind eligibles comprise 20% of Medicaid recipients and account for 32% of expenditures because of their high utilization of medical services and prescription drugs related to the particular disability.

In addition to offering services in the traditional health care settings, Medicaid offers the choice of participating in the Garden State Health Plan (GSHP). This is a State-operated Health Maintenance Organization. Participating physicians are required to provide case management services in addition to treatment, in order

to ensure that care is delivered effectively and efficiently. Because of these benefits, Garden State Health Plan participation has been growing. It reached almost 6,000 at the end of fiscal year 1991 and there are projected year end enrollments of 31,000 and 50,000 by 1992 and 1993, respectively. The goal is to reduce health care costs for Medicaid eligibles by increasing accessibility, encouraging preventive health care practices and reducing reliance on expensive hospital services.

### **Medicaid Expansions**

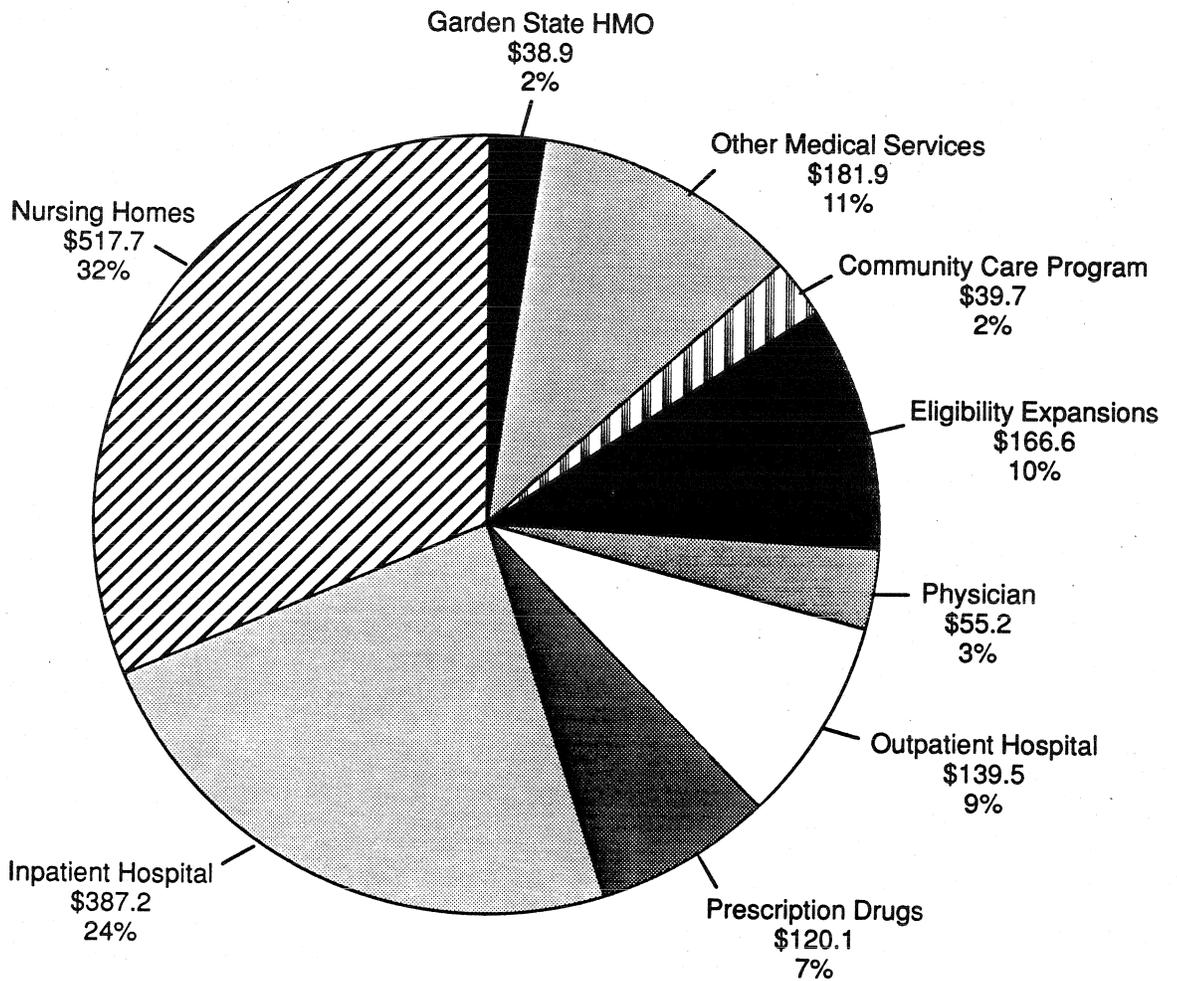
The Medicaid program serves persons who would otherwise be part of the growing pool of those without resources for health care. This includes those who receive hospital services but do not have the ability to pay for them. Compensating hospitals for this care becomes an added cost to those with hospital insurance and those paying their own bills. Also, those without health care insurance tend to receive a severely limited quantity of health care, reducing the overall well-being of the State's population.

Consequently, Medicaid services have been made available to New Jersey residents with incomes above AFDC or SSI eligibility limits but at or near the federal poverty level. These individuals receive benefits under the original Medicaid expansion, New Jersey Care. New Jersey Care eligibles include pregnant women, children up to age two, plus aged, blind and disabled persons. More recent expansions now provide Medicaid to pregnant women, and children to age one, with family income up to 185% of poverty. Additional expansions have targeted older children. Each of these expansions reduces the level of uncompensated care in the State, which reduces everyone's hospital bill, and provides services to recipients before a health crisis develops. These expansions are expected to cost the State \$167 million in fiscal year 1993.

### **Alternatives to Institutionalization**

In addition to the regular Medicaid program, there are programs that provide home and community based alternatives to institutionalization for the elderly and disabled. Individuals must be at least 65 years old or determined disabled under the Social Security Act, and they must be in need of institutional care. Services include medical day care, medical transportation, case management, social adult day care, homemaker and respite care. New Jersey pioneered an AIDS community care program for those who would need institutional care when sufficient in-home care can not be provided. Case management, private duty nursing and certain narcotics and drug abuse treatment are provided in the home.

**MEDICAID GRANTS-IN-AID  
General and Casino Revenue Funds  
(Millions of Dollars)**



**TOTAL – \$1,646.8**

# Components of the Budget

## PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED

The Pharmaceutical Assistance to the Aged and Disabled Program (PAAD) provides financial relief from the cost of prescription drugs for eligible aged and disabled persons. A total of 208,000 individuals are enrolled in PAAD and the recommended budget for this program is \$180.0 million. Each prescription carries with it a \$2 copayment to be paid by the recipient. The \$2 copayment has been in place since 1979, four years after the inception of the program in 1975.

The financial savings to individuals for prescription drugs is substantial. The typical elderly person averages 24 prescriptions per year, affording a \$900 savings. For a disabled individual, the average cost avoidance is \$1,300 based on an average of 34 prescriptions per year.

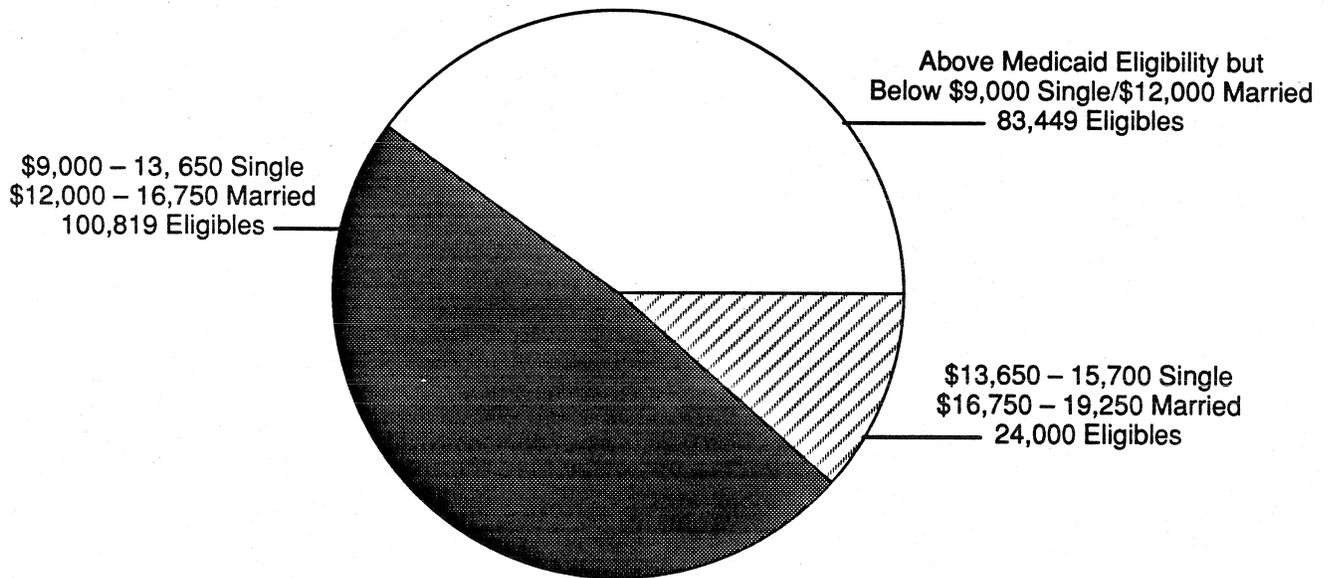
The program is usually described in terms of three distinct eligibility groupings, largely reflective of the program's evolution, in which income standards for eligibility have been increased in consideration of cost of living increases, or expanded to make previously ineligible citizens participants. The original program was established in 1975 for persons over 65 years old with incomes under \$9,000 if single, or under \$12,000 if

married. With the advent of resources from the Casino Revenue Fund (CRF) in 1981, pharmaceutical assistance was extended to aged individuals with a higher income, up to \$13,650 if single and \$16,750 if married. Eligibility was also expanded to include persons deemed disabled under federal Social Security criteria. All disabled individuals with incomes up to \$13,650/\$16,750 are funded by the Casino Revenue Fund. In 1991 expansion of eligibility to aged and disabled persons with incomes up to \$15,700 for single persons, and \$19,250 for married couples was added to the Casino Revenue funded portion of the program. There are expected to be 24,000 eligibles between the previous income limits and the expanded limits.

### LIFELINE

In addition to pharmaceutical assistance, PAAD eligibility also confers entitlement to Lifeline home energy payments of \$225 annually per household. This program is also funded from the Casino Revenue Fund. Total Lifeline benefit expenditures of \$69.0 million are anticipated in fiscal year 1993.

## PHARMACEUTICAL ASSISTANCE TO THE AGED AND DISABLED FISCAL YEAR 1993 ELIGIBLES BY INCOME



### ANNUAL INCOME ELIGIBILITY LIMITS

## COMMUNITY, SOCIAL AND INSTITUTIONAL SERVICES

The State provides a continuum of services through community and institutional programs for a variety of needy individuals and families. A total of \$1.03 billion in State funds is recommended for community and institutional programs and services. Community grants total \$504 million and the institutional budget is set at \$527 million.

### COMMUNITY CARE

#### Mental Health Services

Mental Health community services are provided by 170 contracted private community mental health agencies and by two mental health centers associated with the University of Medicine and Dentistry of New Jersey. These services are provided to persons who have previously been in institutions, are "at risk" of psychiatric hospitalization, or who are suffering from emotional distress in daily living. Community mental health centers are contacted by clients more than 230,000 times each year.

The major goal of clinical intervention is to enable clients to relieve distress and permit them to function as independently as possible, using a variety of services. Emergency services include 24 hour treatment for people in crisis, with the goal of stabilization, which is accomplished through assessment, intensive supervision, medication monitoring and general crisis intervention. Residential services provide a live-in setting in the least restrictive environment necessary to ensure safety and to help the client achieve personal growth while living independently. Treatment is provided on an outpatient basis to people who are not in an immediate crisis; such services may include individual, group or family therapy, medication monitoring, clinical assessment and outreach. Partial care settings provide several hours of daily program involvement to maximize the client's individual independence or community living skills. Clinical case management ensures that a client receives services that are unified, coordinated and integrated to meet his or her specific needs. Primary activities include assessment, service planning, various therapeutic interventions, ongoing monitoring and referral to other services. Community treatment often provides an alternative to institutionalization for adults and children.

#### Youth and Family Services

The Division of Youth and Family Services (DYFS) is the State's primary provider of social services within the community. As the State's child welfare agency, DYFS focuses much of its activity on abused, neglected and

delinquent children and their families. Services may be provided directly from the Division or from community agencies contracted under its supervision. Current projections indicate that approximately 57,000 children will require the Division's supervision during fiscal year 1993.

The Division's substitute care programs offer temporary or permanent care to clients whose needs prevent them from remaining in their own homes. Probably the best known alternative is foster care for children whose families are unable or unwilling to provide appropriate care for them. In addition, private and state-operated residential facilities are available for children who require more intensive treatment and closer supervision than they receive in other less restrictive community settings. Alternative living arrangements may be established for older adolescents to prepare them for self-sufficiency. Finally, adoption subsidies are provided to encourage the permanent placement of special needs children.

Community-based family support services are designed to assist families in crisis and to preserve and strengthen families. "Wrap-around" services, one of these supports, provides a network of family-oriented services individually tailored around the child who has serious emotional or behavioral problems. The term "wrap-around" reflects the goal of considering total client needs and preventing residential placement. Some other contracted services developed and monitored by the Division are homemaker, companionship, employment, housing, legal, and psychological/therapeutic services.

Another major component of DYFS community services is child care. DYFS directly subsidizes over 230 community day care centers and operates 15 state-owned centers. Purchase of day care is also subsidized through vouchers, which gives a family the ability to purchase its own choice of day care.

#### Services for the Developmentally Disabled

The Division of Developmental Disabilities offers a wide array of residential and support services for individuals in community settings. Residential programs include group homes, supportive living arrangements, supervised apartments, skill development homes, family care homes and private institutional placements. Many individuals also participate in an adult day program which includes adult activities, supported employment and extended employment programs. School aged children receive day training services. Respite/Home Assistance programs provide the necessary supports for families, relieving families for a short time of the often difficult task of caring for a developmentally disabled family member at home.

# ***Components of the Budget***

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All programs are designed around the individual's needs and his or her level of independence. The underlying goal is to help developmentally disabled individuals gain the skills necessary to achieve a certain level of independence. As developmentally disabled individuals move through the continuum of community services, they develop the skills associated with living a more normal life.

Residential programs such as group homes, supervised apartments, supportive living arrangements, skill development homes and family care homes (the same as foster care) represent a continuum of living arrangements from the least restrictive (family care home) to the most restrictive (group homes, supervised apartments). Individuals residing in family care homes lead very normal, productive lives with very little supervision. Most have full-time jobs and are active members of the community. Group homes, on the other hand, have around-the-clock staff supervision. Group homes and supervised apartments provide residential living arrangements for six to eight residents. Most residents also participate in an adult day program. Skill development homes and supportive living arrangements are less restrictive than group homes. Many residents participate in supported employment or extended employment programs with the help of a job coach or staff member.

The fiscal year 1993 budget recommendation provides funding for 935 private institutional placements, 133 family care placements, 1,171 skill development homes placements and 5,291 adult activity placements. The recommendation also provides funding for 180 current residents of Johnstone and other institutional programs in the community.

## **INSTITUTIONAL CARE**

### **Psychiatric Hospitals**

The State maintains seven psychiatric hospitals to serve voluntarily or legally committed mentally ill persons. The facilities include one geriatric facility, for those who have an additional need for skilled or intermediate nursing and medical care, and one facility for preadolescent school age children and adolescents, who have been legally committed. The combined number of patients at the mental health institutions averages 2,800. Marlboro Psychiatric Hospital is the largest of the hospitals, averaging 800 patients on any given day. The smallest facility is Arthur Brisbane Child Treatment Center, which houses an average of 60 patients.

The target population of the seven hospitals is seriously mentally ill persons who suffer severe and persistent emotional disorders that disrupt their personal lives. Alcohol and drug abuse may complicate the patient's disorders and resulting treatment. The psychiatric hospitals provide medical intervention, a protective therapeutic environment, and various rehabilitative, vocational and treatment services. The goal of treatment in the institutions is to prevent the onset of acute illness or limit its duration, in order to permit patients to return to the community as rapidly as possible, with community care support, if necessary.

### **Developmental Centers**

Developmental Centers provide residential, habilitation and educational services for the developmentally disabled. Traditionally, Developmental Centers have been viewed as places that provide food, shelter and basic care for their residents. In addition to these basic services, residents receive habilitation services which may include basic skills in grooming, eating and toilet training (activities of daily living) and educational services (reading, writing and arithmetic).

In fiscal year 1993, an estimated 4,598 individuals will reside in the centers, a significant reduction from the 5,178 residents living in institutional facilities in 1989.

Much of this reduction is the result of New Jersey's commitment to reducing the populations in developmental centers, while at the same time providing a wide variety of residential and support services in the community. The strategy has been to close units of facilities not certified under the federal Intermediate Care Facilities/Mental Retardation (ICF/MR) program. In recent years, the budget has included separate initiatives to reduce the number of non-certified beds at Vineland (256 beds) and the Woodbine Developmental Center (100 beds).

Two additional facilities are scheduled to close in fiscal year 1993. The Edward R. Johnstone Training and Research Facility and the Developmental Center at Ancora will close, further reducing the number of non-certified beds in New Jersey, while at the same time increasing our State's commitment to community living. Overall, New Jersey has reduced the number of non-certified beds from 2,322 in 1978 to under 1,150 in fiscal year 1993.

**COMMUNITY CARE PROGRAMS  
APPROPRIATED DOLLARS  
(000)**

Program	State	Federal and All Other	Total
Division of Mental Health and Hospitals	\$ 123,009	\$ 13,382	\$ 136,391
Division of Developmental Disabilities	165,792	94,355	260,147
Division of Youth and Family Services	215,292	64,869	280,161
<b>TOTAL</b>	<b>\$ 504,093</b>	<b>\$ 172,606</b>	<b>\$ 676,699</b>

**INSTITUTIONAL PROGRAMS  
APPROPRIATED DOLLARS  
(000)**

Program	State	Federal and All Other	Total
Division of Mental Health and Hospitals (State)	\$ 231,857	\$ 2,110	\$ 233,967
Division of Mental Health and Hospitals (County)	81,958	—	81,958
Division of Developmental Disabilities	213,603	109,350	322,953
<b>TOTAL</b>	<b>\$ 527,418</b>	<b>\$ 111,460</b>	<b>\$ 638,878</b>

# Components of the Budget

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## CORRECTIONS

The decade-long impact of tougher crime legislation has caused a substantial increase in the number of inmates in our State prison system and in the length of time served by those who are incarcerated. The increase in individuals under some form of supervision is not limited to the prison system, however. There has been a dramatic expansion throughout the entire continuum of criminal sanctions. Individuals on probation or parole have increased at a rate comparable to the growth in the State prison population. In total, the number of individuals in the State's system of supervision and sanctions has more than doubled in the last ten years.

The overall distribution of the population under supervision indicates that New Jersey has maintained a reasonable degree of balance among the sanctions, and the State has not necessarily overemphasized the use of incarceration as the sentencing choice. In fact, incarceration remains the choice of last resort, in part because it is the most expensive criminal sanction, with the average cost of housing an inmate in a State prison approximating \$23,000 per year. These costs are funded almost entirely with State appropriations. When juxtaposed with the general downsizing in State government, the increased cost of housing this expanding population is even more striking. For fiscal year 1993, the growth in the Corrections budget is the largest increase of any of our operating departments, due primarily to the increase in inmate population. In order to temper the growth in inmate costs, investments are being made in less expensive forms of supervision, including electronic monitoring, and intensive parole and probation programs.

The Department of Corrections' recommended budget is \$635.4 million for the fiscal year 1993. This will provide custody, care, supervision and treatment to a total of 54,128 inmates and parolees.

### Prisons

Within the prison system, a recommendation of \$513 million will be necessary to provide an appropriate level of custody, supervision and programs for an estimated 19,655 adult inmates and 518 juveniles residing in training schools. Included in this recommendation is \$14.2 million for an additional 684 beds to increase the capacity at the Edna Mahan Correctional Facility for Women and the Garden State Reception and Youth Correctional Facility, and \$2.7 million for the full-year costs of 454 bedspaces achieved through double bunking in fiscal year 1992. But in spite of this expansion, it will be necessary to house 3,988 state inmates in county facilities for a total recommended amount of \$59.6 million for fiscal year 1993.

Approximately 7,750 State funded employees currently provide the custody, care, supervision and treatment of inmates housed in State prisons and juvenile programs. Of this total, 5,728 (74 percent) are Correction Officers and custody supervisors. The remaining 26 percent provide the support and treatment services, such as medical, psychological, food service, etc.

### Juvenile Programs

In order to provide more appropriate programs for juveniles, the Lloyd McCorkle Training School for Boys and Girls will be closed in fiscal year 1992. For fiscal year 1993, the Budget recommends the full-year cost (\$2.4 million) to maintain this population within alternative program sites.

It is anticipated that the Division of Juvenile Services will be transferred from the Department of Corrections during fiscal year 1992. In order to facilitate this move, \$432,000 has been included to provide support services for the soon-to-be created Office of Youth Services. This organizational transfer is in keeping with the Governor's Executive Order #27 to establish a comprehensive, coordinated range of services to youth involved with the juvenile justice system.

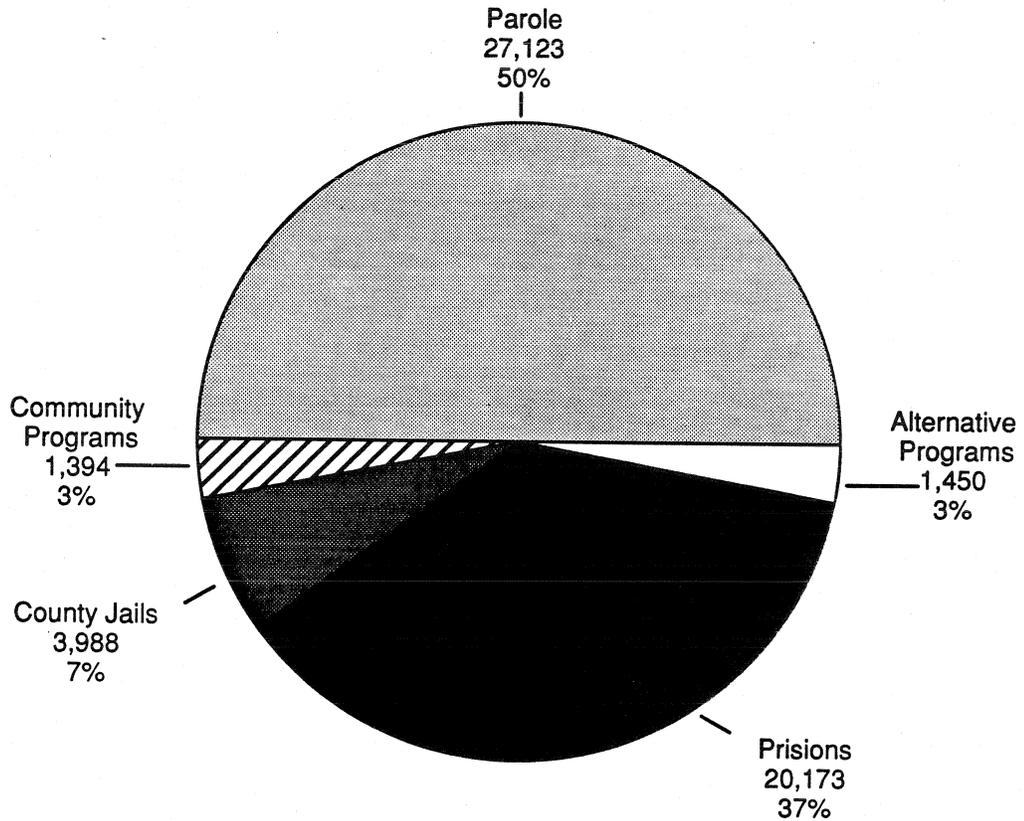
### Parole and the State Parole Board

More than 27,000 parolees will be supervised by the Bureau of Parole during fiscal year 1993, requiring a recommendation of \$16.6 million. There are currently 459 employees in Parole and Community Programs. During fiscal year 1993, the Department will expand its ability to provide alternative programs through electronic monitoring services to 1,025 participants.

The Electronic Monitoring-Home Confinement program addresses the need to provide a transition from the prison to the community for two types of offenders: parole violators and inmates in half-way houses or institutions who are within six months of their parole date or hearing date. Parole violators participate in this program for approximately six to eight months and are then assigned to the Intensive Supervision/Surveillance Program (ISSP), which is an alternative to returning the parole violator to institutional confinement. Inmates who are within six months of their parole date or hearing participate in this program in lieu of serving their State sentence in an institution or halfway house.

The Parole Board's budget is recommended at \$7.5 million to provide funding to allow the Board to keep pace with the increasing demand of the overcrowded prison system by achieving the required number of hearings and reviews. The Parole Board currently has 134 employees.

**NUMBER OF INMATES AND PAROLEES  
UNDER  
DEPARTMENT OF CORRECTIONS SUPERVISION  
FISCAL YEAR 1993**



**TOTAL UNDER SUPERVISION = 54,128**

# Components of the Budget

## EMPLOYEE BENEFITS

Like other employers, the State provides a variety of benefits to its employees, including the employees of the State colleges and universities. Some of the benefits are required by federal or state law, while others are negotiated with the employee unions. Employees also contribute toward most of their benefits, directly through salary deductions or indirectly through copayments or deductibles, as determined by the law or negotiated agreement.

In fiscal year 1993, employee fringe benefits will total \$1.118 billion. The major components of the benefits package and their budgeted amounts are displayed below.

Employee Benefits	(\$ in Millions) FY 1993 Recommendation
Pension Systems .....	\$ 279.6
Social Security Taxes .....	273.0
Health Programs .....	553.9
Unemployment Insurance .....	5.0
Temporary Disability Insurance .....	7.0
<b>TOTALS .....</b>	<b>\$1,118.5</b>

The cost for each employee for health, pension, and other benefits has been increasing at a rate greater than the general rate of inflation. This increase is caused primarily by the sharp rise in health care costs.

In fiscal year 1990, employee benefits costs stood at \$858 million. Without making any adjustments to the financing of these programs, the fiscal year 1993 budget would total \$1.26 billion, a 47 percent increase for the period. And, this projection includes savings associated with a reduction of more than 4,700 in the State's work force since fiscal year 1991.

However, the recommended appropriation for fiscal year 1993 is \$1.118 billion, only \$15.5 million above the current level. A savings of \$144.4 million results from the proposed pension restructuring. In effect, a potential increase of \$160.0 million above the fiscal year 1992 appropriation is reduced to \$15.5 million. Moreover, the Budget anticipates recovering \$135 million for contributions made for employees who are working on federally funded or fee-supported programs.

## Pensions

The largest pension system is the Public Employees Retirement System (PERS). The recommendation for this system is \$170.3 million, \$8 million less than the fiscal year 1992 appropriation. A recommendation of \$51.8 million is made for the Alternate Benefit Program, which covers faculty at the state's colleges and universities. The recommendation for the Police and Fireman's Retirement Fund is \$29.4 million, or \$28.0 million less than the projected level prior to pension restructuring. The State Police Retirement System requires no appropriation in fiscal year 1993 due to the proposed restructuring. All the remaining pension recommendations total \$28.1 million.

## Health Benefits

The Health Benefits Programs are recommended at \$553.9 million, \$51.9 million or 10.3 percent more than the fiscal year 1992 adjusted appropriation. This reflects a health care inflation rate that is three times greater than the general rate of price increases. The three health benefit programs and projected number of covered employees, including those employed by the State colleges and Universities, are as follows:

<b>Traditional—Blue Cross/Medical Surgical/Major Medical .....</b>	<b>44,658</b>
<b>Health Maintenance Organizations (HMO) .....</b>	<b>40,438</b>
<b>Preferred Provider Organization (PPO) .....</b>	<b>7,414</b>

Other health programs are the Prescription Drug Program (\$60.0 million), Dental Care Program (\$33.0 million) and Vision Care (\$1.4 million).

## Other Benefits

The social security tax payment represents an increase of \$10.8 million. The increase reflects the higher salaries that will result from the payment of merit increments and the increase in the maximum salary to which social security is applied, from \$53,400 to \$55,500.

Unemployment insurance increases by \$3.8 million, reflecting the higher number of state employees receiving unemployment insurance benefits. As with other employers, the State's contribution to the Unemployment Insurance Trust Fund is determined by its employment history.

## OTHER MAJOR SPENDING AREAS

### Debt Service \$444.3 million

Debt Service represents the amounts required to fund the principal and interest payments on the general obligation bonds of the State. By issuing voter-approved, long-term general obligation bonds (debt backed by the full faith and credit of the State), the State finances capital construction, land acquisition, local aid, or other program needs as specified by the bond legislation.

The process of incurring debt consists of three stages — authorization, appropriation, and sale. Bonds are authorized by the voters in a referendum for a specific purpose and amount, as specified in the legislation enacted by the Governor and the Legislature. Later, to effect the purpose of the bonds, specific appropriations are made by the Legislature for part or all of the monies authorized by the voters. As funds are needed for the appropriations, the State will sell bonds, thus incurring the debt service payments to bondholders. The \$33.6 million increase in debt service requirements for fiscal year 1993 represent recent bond sales against bond authorizations already approved by the voters.

### Property Rentals \$189.1 million

To meet changing location requirements, the State rents office space and other premises on behalf of State agencies, and pays rent from a central account. This account also subsumes lease-purchase rental agreements for buildings whose titles will pass to the State upon the final lease payment. The Property Rental account shows total costs, including the payment of rents from sources other than the General Fund which are deducted from the total rent budget. Further, due to recent legislation, the General Fund will be supporting a \$12 million debt service payment on specific New Jersey Sports and Exposition Authority bond refinancings.

The Building and Grounds account contains funding for existing and planned leases. Further, under lease-purchase agreements, the State funds the New Jersey Building Authority's debt service (\$17.5 million) for

the following buildings: Environmental Protection Building, Roebling (Commerce) Building, Community Affairs Building, Transportation Annex, Pest Control Laboratory, Bank Street Garage and the State House Complex. The Richard J. Hughes Justice Complex was financed by the Mercer County Improvement Authority under a lease-purchase agreement. Because of space consolidations, maximizing the use of federal and other revenue, and other efficiencies, the rental of state facilities component of this budget line item requires no increase.

### Insurance \$39.7 million

The Insurance section includes funding for insurance premiums for property, casualty, and special insurance policies for the State of New Jersey. For a number of risk categories, including worker's compensation claims, the State is self-insured. That is, rather than pay insurance premiums, the State pays claims directly. The self-insurance approach has proven to be less costly.

The major self-insurance categories are:

Worker's Compensation Self-Insurance Fund (\$25 million) reimburses employees' medical expenses for injury or illness that are work related. This fund has been expanded to include payment of Worker's Compensation judgments as well as continuing obligations.

Tort Claims Liability Fund (\$8 million) provides for claims that may be brought against a State entity as a result of negligence ensuing in injury or death to a person or damage to or loss of property.

Vehicle Claims Liability Fund (\$4 million) was established due to excessive premium costs, to fund vehicle liability claims for property damage and for injuries resulting from the negligent operation of a State vehicle by its employees.

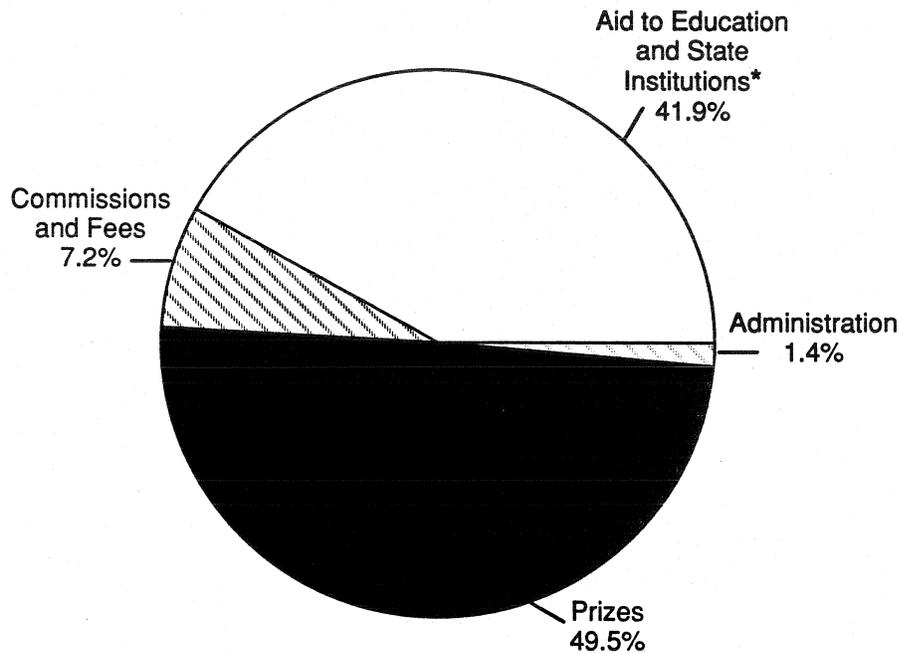
# ***APPENDIX***

## CASINO REVENUE FUNDS

(\$ millions)

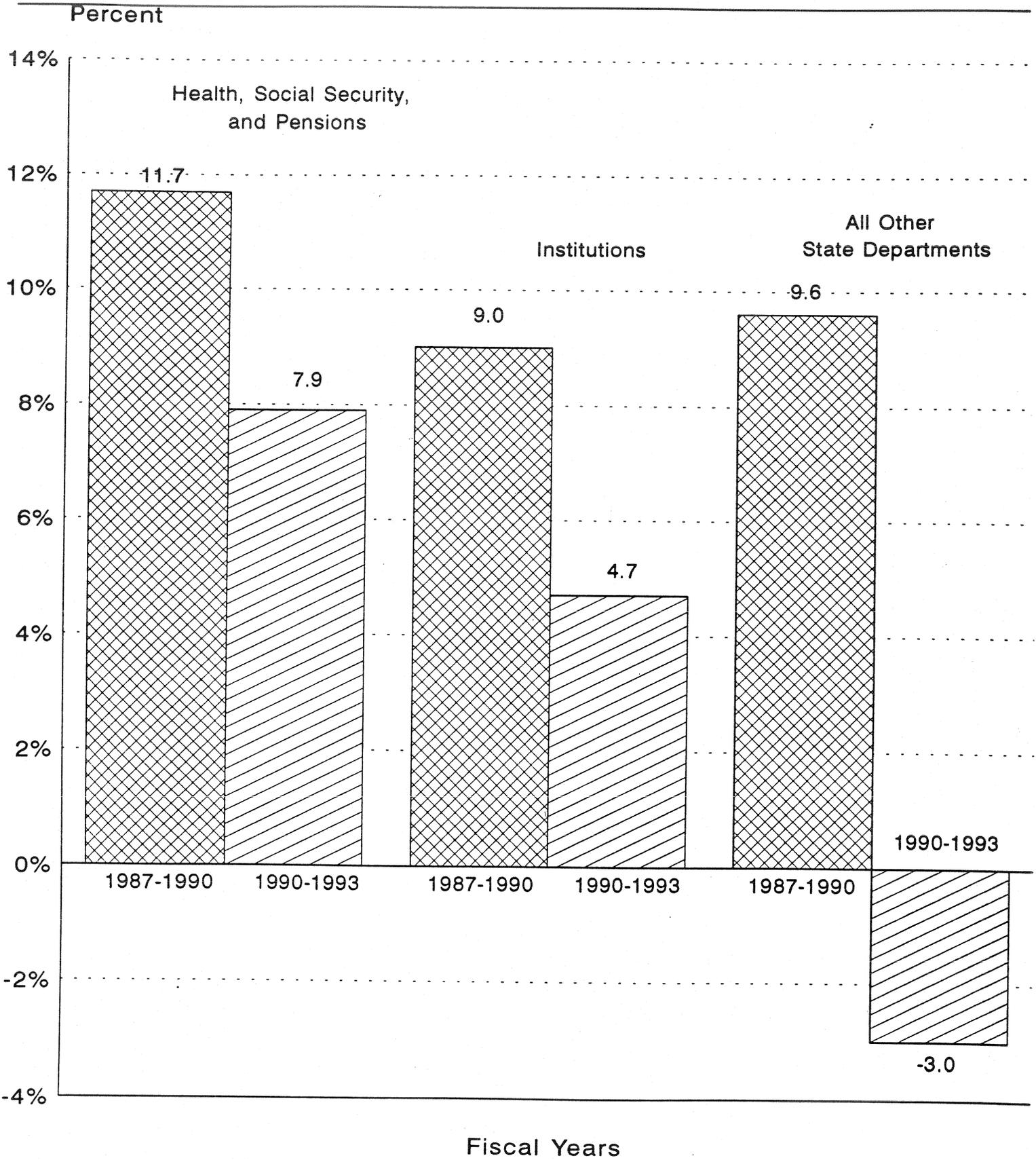
<b>Resources</b>	
Fund Balance, July 1, 1992 .....	\$ 1.0
Casino Revenues .....	255.0
<b>TOTAL RESOURCES .....</b>	<b><u>256.0</u></b>
<b>Recommendations</b>	
Medical Care for the Elderly .....	\$248.7
Lifeline .....	73.4
Community Programs for the Developmentally Disabled .	24.5
Transportation for the Elderly .....	20.0
Property Tax Relief for the Elderly .....	17.2
Public Health and Other Services for the Elderly .....	16.2
Programs for the Aging .....	4.0
Housing for the Elderly .....	8.1
<b>TOTALS .....</b>	<b><u>412.1</u></b>
<b>ESTIMATED FUND BALANCE, JUNE 30, 1993 .....</b>	<b><u>(\$156.1)</u></b>

## LOTTERY FUNDS FISCAL YEAR 1993 ESTIMATES



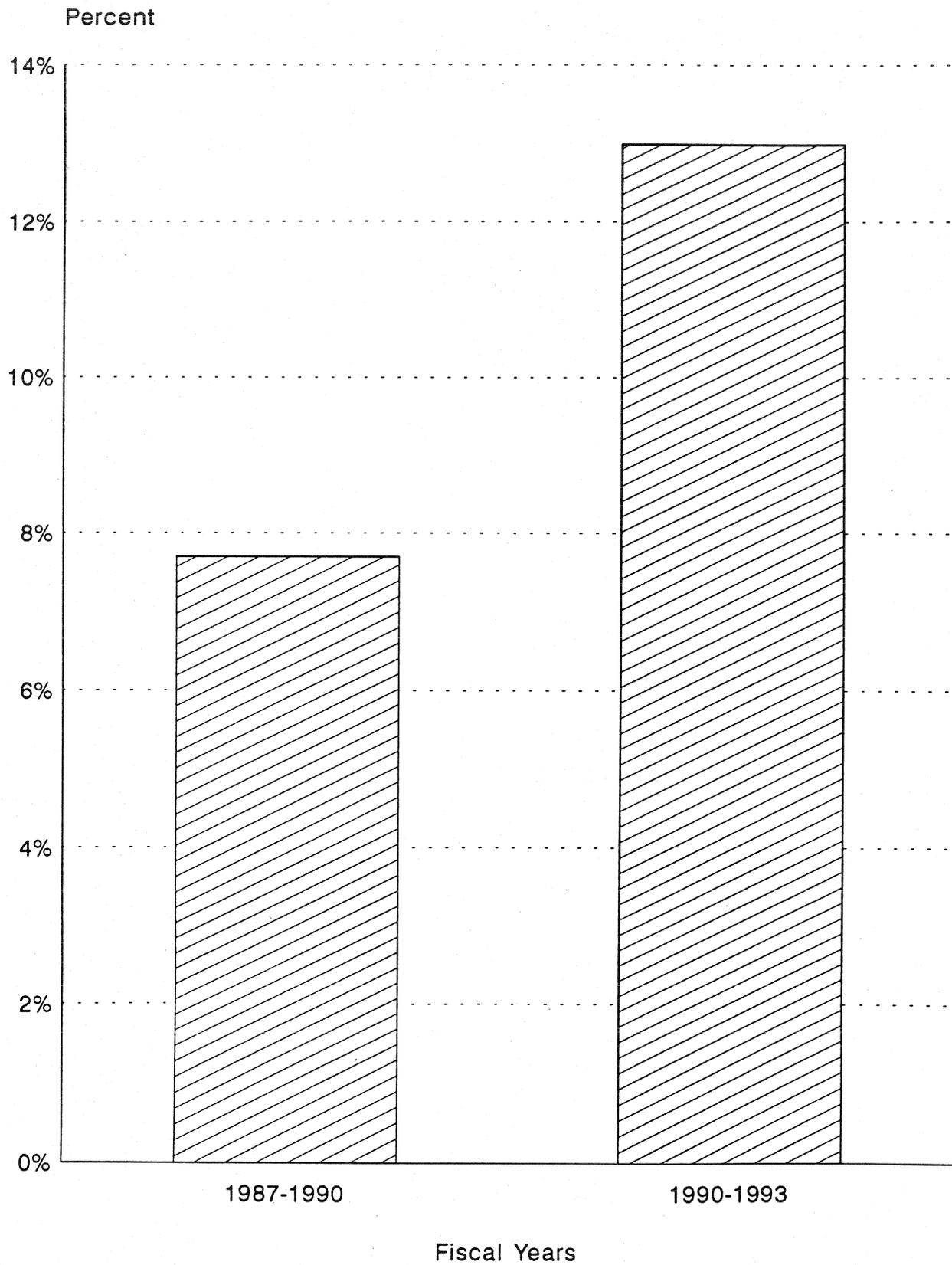
\*State law requires that at least 30 percent of the Lottery's revenues be used for state institutions, education and higher education programs. For fiscal year 1993, it is projected that almost 42 percent or \$550 million will be used for these purposes.

# Annual Percentage Growth in Components of State Operations

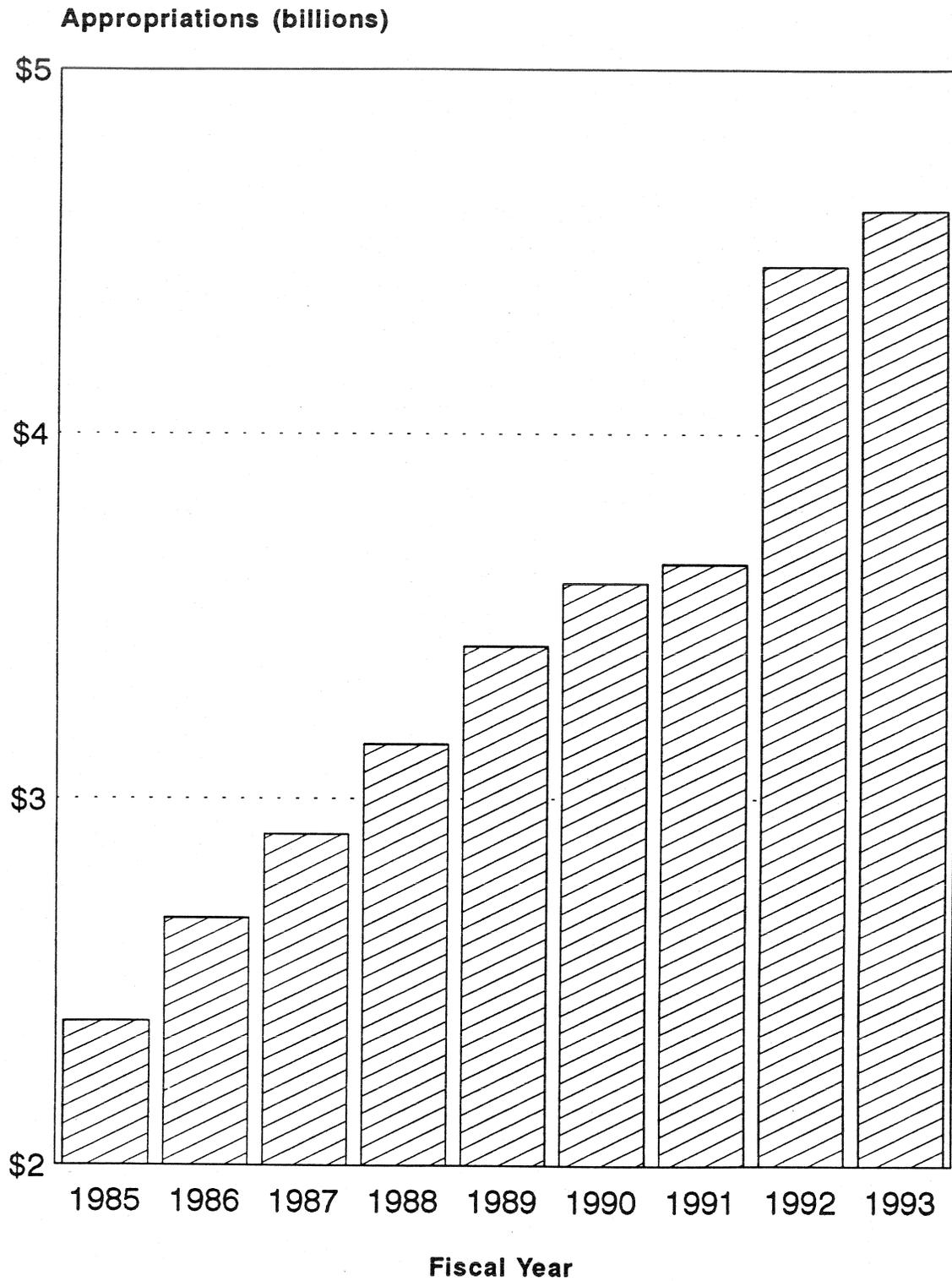


# Annual Percentage Growth in State Aid and Grants

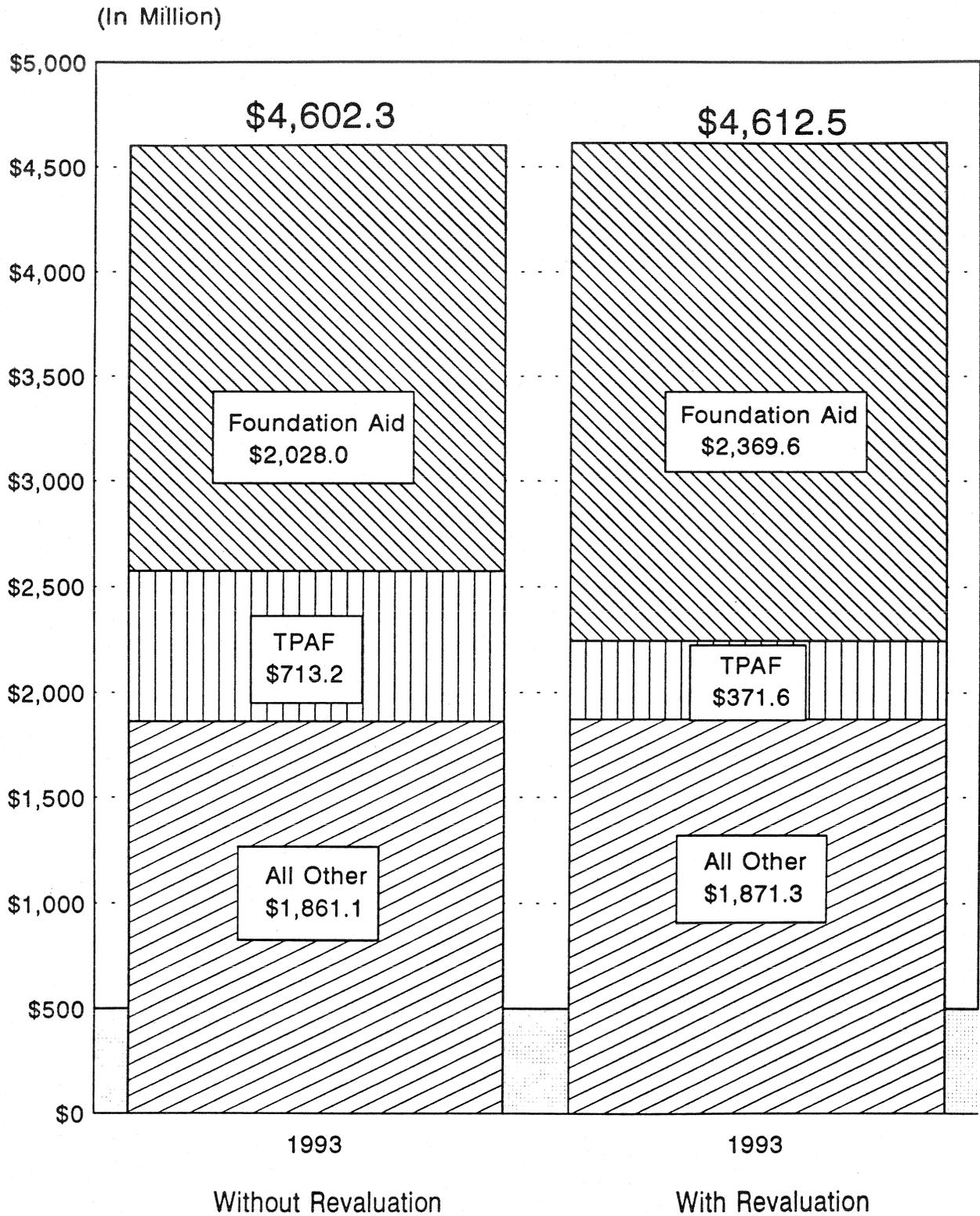
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# State Aid for Local School Districts



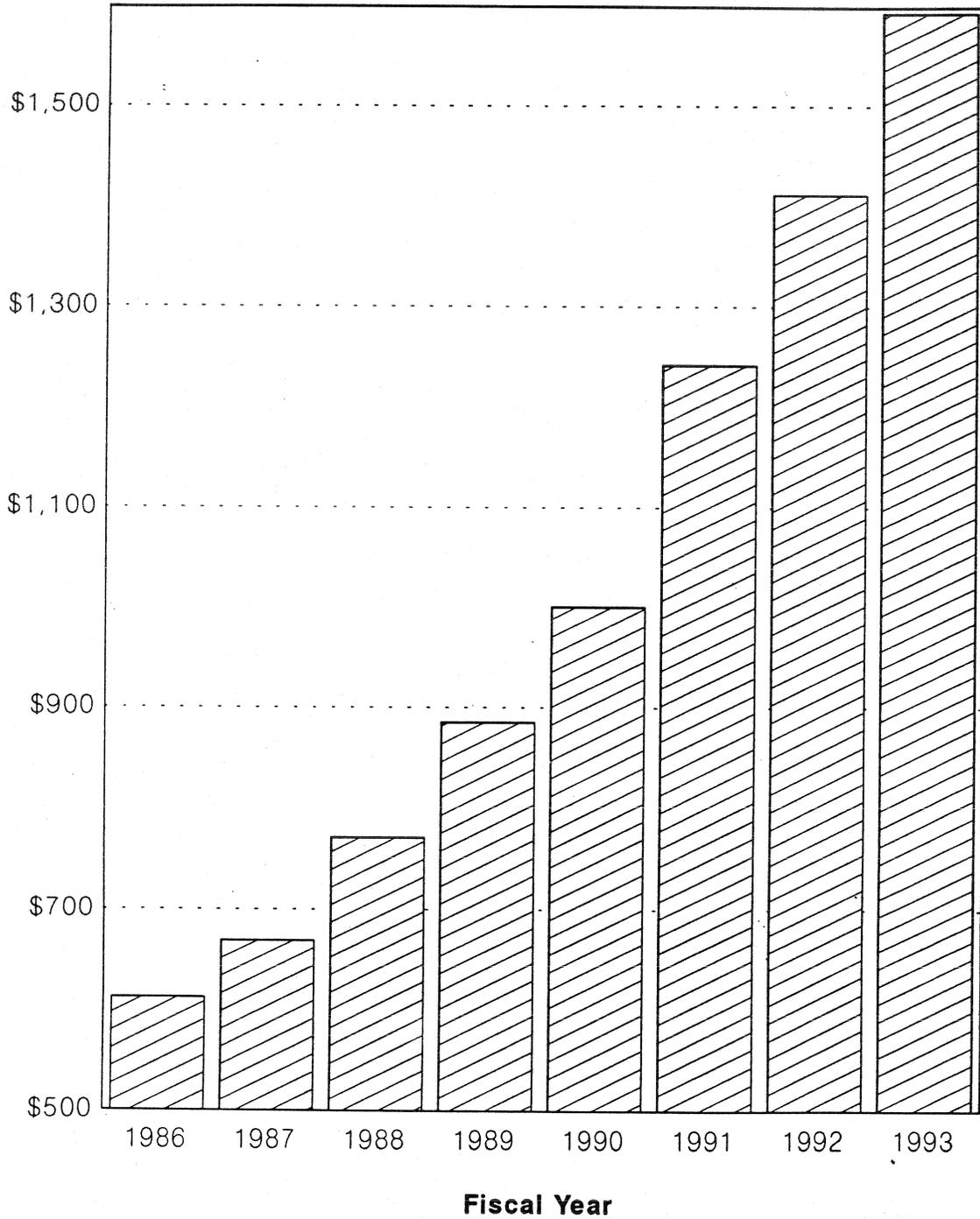
**Pension Revaluation:  
Effect of the Teachers' Pension Revaluation on Foundation Aid to School Districts.  
Fiscal Year 1993**



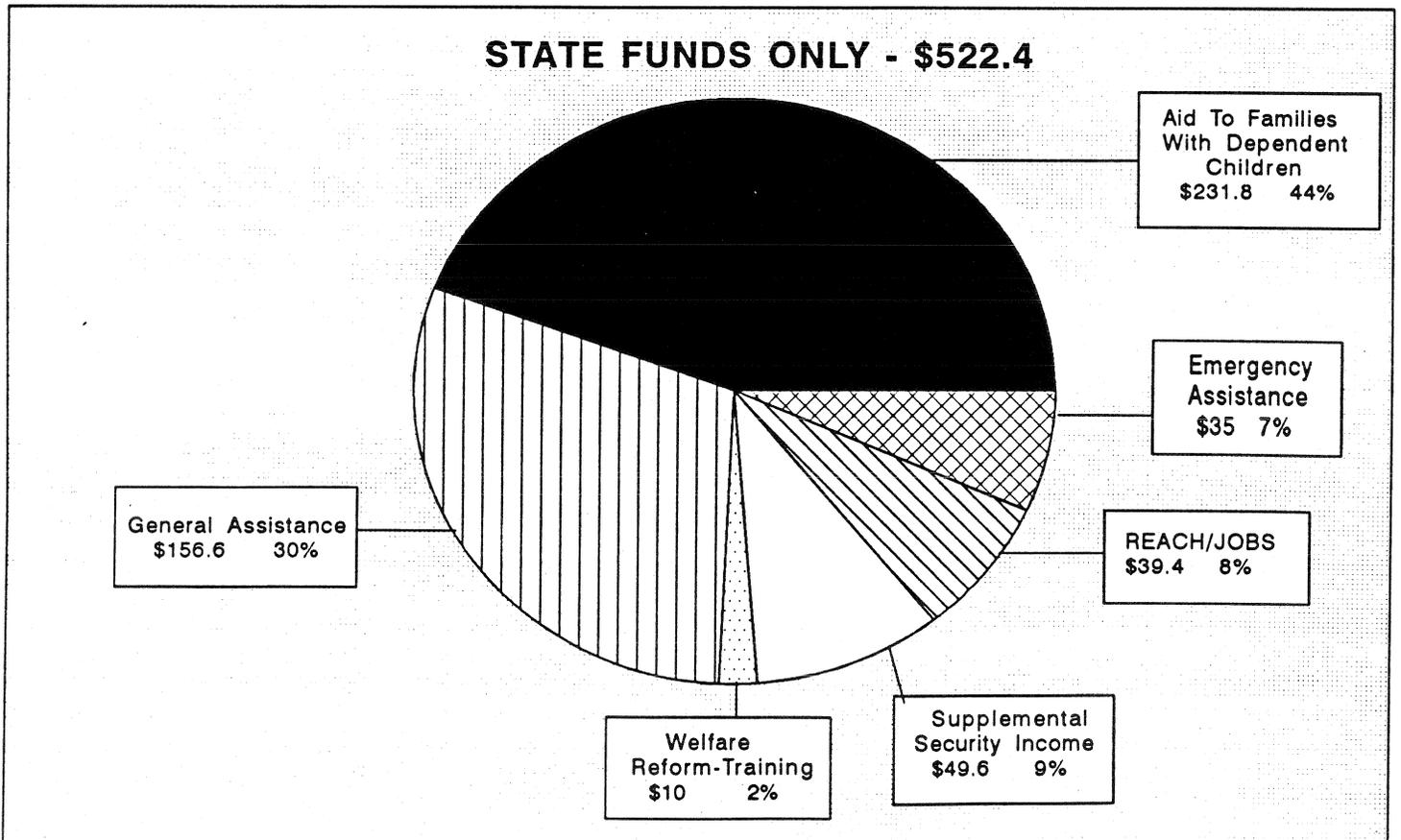
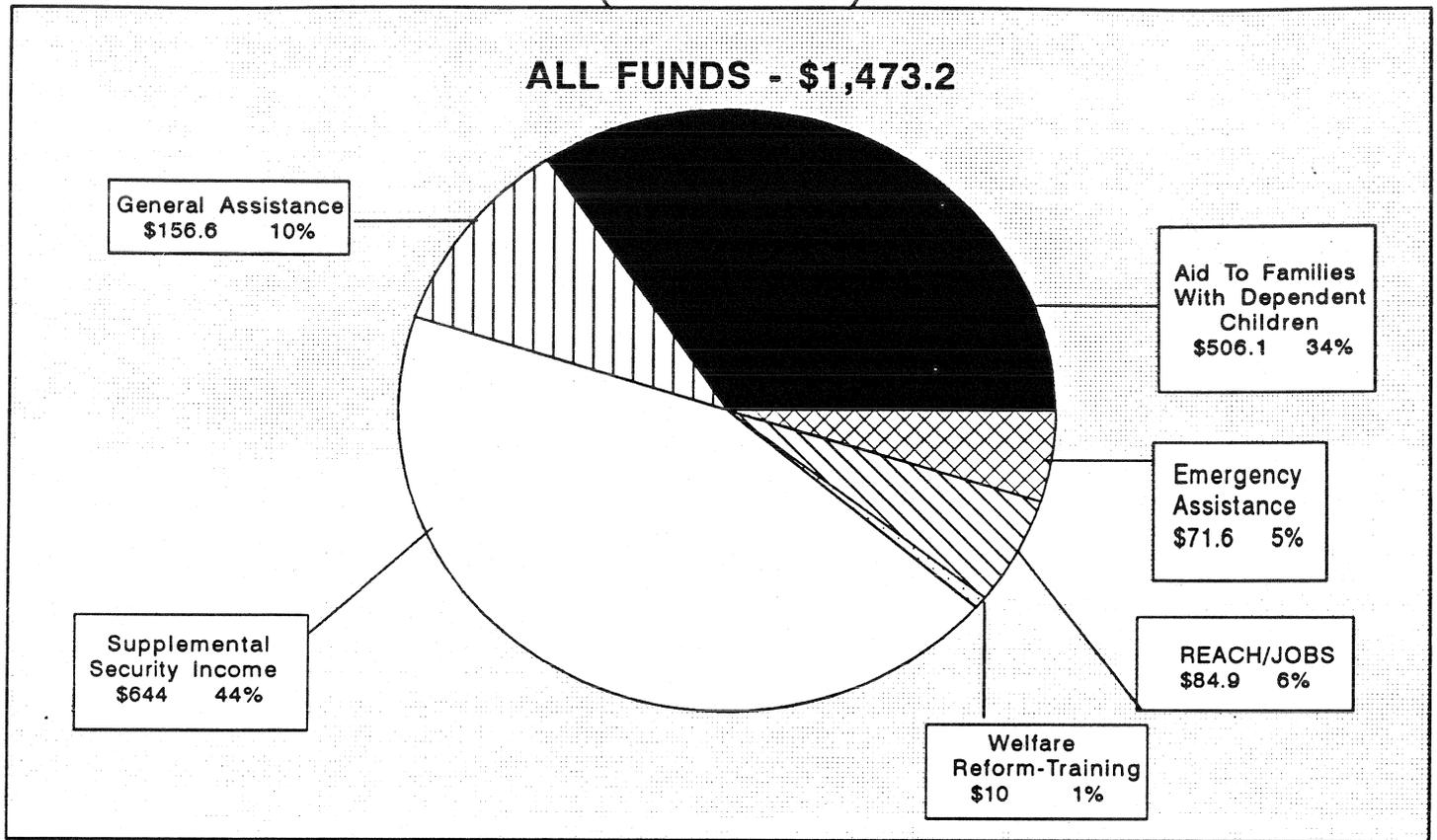
The revaluation increases foundation aid by \$341.6 million and debt service aid by \$10.2 million to local districts, thus reducing the local tax effort required.

# Medicaid State Expenditures (General Fund Only)

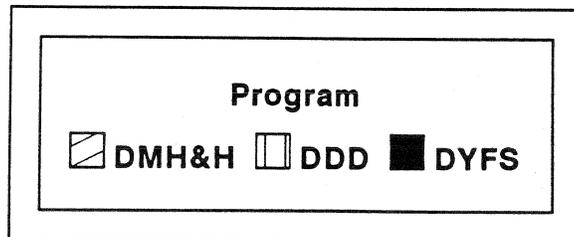
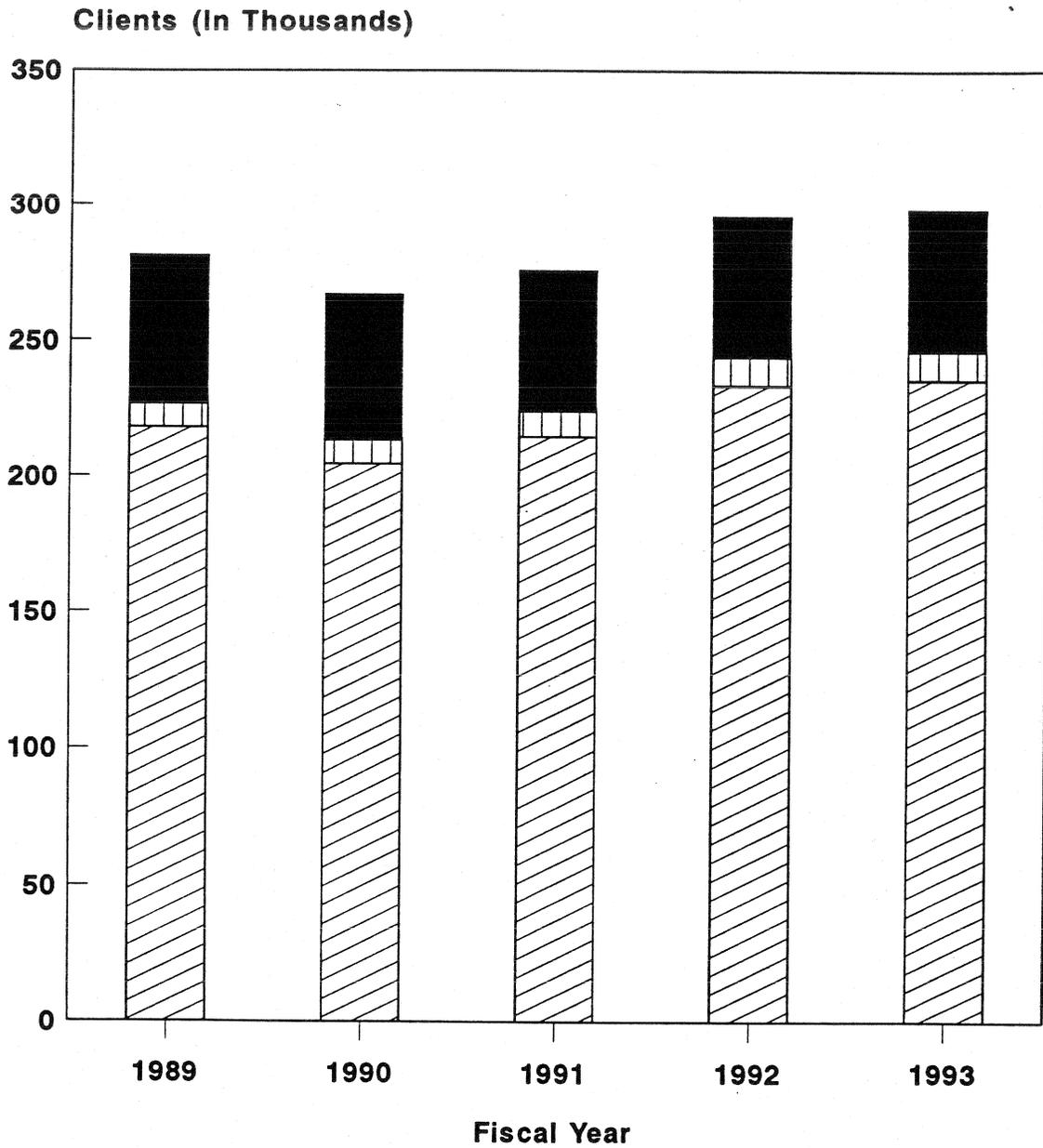
Expenditures (In Millions)



# New Jersey Income Assistance Programs FY 1993 Funding By Program (In Millions)



# Clients Served Community Care Programs



# Average Daily Population Institutions

