

Fiscal 2010

Citizens' Guide to the Budget



Jon S. Corzine, Governor

**R. David Rousseau
State Treasurer**

**Charlene M. Holzbaaur
Director**

**Robert L. Peden
Deputy Director**

**Gary J. Brune
Associate Director**

**Jacki L. Stevens
Assistant Director**

Office of Management and Budget

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This document is available via the Internet at <http://www.state.nj.us/treasury/omb>



State of New Jersey

OFFICE OF THE GOVERNOR
125 WEST STATE STREET
PO Box 001
TRENTON NJ 08625-0001

JON S. CORZINE
Governor

Citizens of the State of New Jersey:

I am pleased to provide the FY 2010 *Citizens' Guide to the Budget*, a comprehensive summary of the final funding and policy decisions reflected in the State Budget for this fiscal year. This is the third issuance of this document since publication began in fiscal 2008. The Citizens Guide represents the capstone of a series of transparency and presentation-focused budget reforms recommended by the leadership of the Legislature and I in February, 2007. I hope that this document provides you with a better understanding of how and where tax dollars are raised, prioritized and distributed through the State Budget.

Respectfully,

A handwritten signature in black ink, appearing to read "Jon S. Corzine".

Jon S. Corzine
Governor of New Jersey



State of New Jersey

OFFICE OF THE STATE TREASURER
P.O. BOX 002
TRENTON, NJ 08625-0002

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

Message from the State Treasurer:

The journey of a State Budget, from proposal to enactment, is a dynamic and democratic process that engages all branches of State government in identifying New Jersey's spending priorities and determining the proper funding of those priorities. The FY 2010 *Citizens' Guide to the Budget* is both a road map and a presentation of this process. This cumulative document represents the hard work of the staff of the Office of Management and Budget in cooperation with the Governor's Office, the Legislature and State agencies. On behalf of the Department of the Treasury, I would like to thank all those instrumental in the compilation of the Citizens Guide for their part in providing readers with a clear and informative view of the State Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "R. David Rousseau".

R. David Rousseau
State Treasurer

Fiscal 2010 Citizens' Guide to the Budget

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The Fiscal 2010 Citizens' Guide to the Budget: A Summary of the Appropriations Act

New Jersey joins its sister states in confronting an international economic crisis. Revenues have plunged at a dizzying pace, while the need for State services has increased in response to the worst economic downturn since the Great Depression. This *Citizens' Guide* documents how the State has responded to this fiscal challenge.

This document was created in response to a series of reforms to the budget process agreed to in 2007 by Governor Jon Corzine and the New Jersey State Legislature. One of the reforms required a yearly summary document providing details of the final Appropriations Act agreement, which implements the State's enacted Budget. The intent was to make the budget process more transparent-- by outlining what the enacted Budget includes and by identifying the sponsors of agreed-upon changes to the Governor's proposed Budget. The *Citizens' Guide to the Budget* is published for the people of New Jersey to provide them this transparency.

Planning for the Budget began nearly a year ago, when the Governor's staff, the Treasurer's Office, the Office of Management and Budget, and department managers began preparing the Governor's proposed Budget:

- In March 2009, Governor Corzine released his proposed *State Budget*, along with the *Budget-in-Brief*, a document outlining the State's fiscal condition and summarizing the Governor's policy initiatives and budget proposals. The release was delayed this year by three weeks to reflect the impact of federal stimulus aid under the *American Recovery and Reinvestment Act of 2009*.
- In response to a further worsening of economic conditions, the Governor and Treasurer released the Fiscal Year 2010 Revenues and State Budget Update on May 19, delineating additional cuts in State spending and further actions to keep the proposed Budget in balance, as required under the State Constitution.
- The Legislature crafted Assembly Bill 4100, the Appropriations Act, modifying the Governor's Budget. The Governor signed the Appropriations Act on June 29, just prior to the start of the 2009-2010 fiscal year on July 1.
- The *Appropriations Handbook*, released three weeks later, provides detailed information about the enacted Budget.
- This document, the *Citizens' Guide to the Budget*, provides the citizens of New Jersey with a summary of the changes in the enacted Budget as agreed to by the Legislature and the Governor; provides information about the Governor's veto provisions; and details the State's certified revenue levels. It also includes charts and graphs that help explain the State's fiscal condition, along with specific budgetary information about New Jersey's Fiscal 2009-2010 Budget.
- All of the above documents are available electronically at <http://www.state.nj.us/treasury/omb/index.shtml>

ASSEMBLY BILL NO. 4100

To the General Assembly:

Today, I am returning the Assembly Committee Substitute for Assembly Bill No. 4100, with my signature, along with certain constitutionally permitted modifications set forth in the statement appended thereto.

As New Jersey, other states, and the world navigate through what is arguably the most severe and pervasive economic crisis since the Great Depression, we have enacted a FY 2010 Budget that is in tune with these difficult times. At \$29 billion, the Budget is approximately \$3.9 billion below the FY 2009 budget enacted last June - a 12 percent cut -- and \$1.8 billion less than the first Budget (FY 2007) I proposed in March 2006. It also spends approximately \$7 billion less than the budget otherwise would have totaled had it fully met the requirements of pre-obligated growth of grants-in-aid, services, and other fiscal priorities and mandates.

Over the last three years, the budget has re-prioritized spending to the critical areas of educating New Jersey's children; protecting the health and well-being of children; safeguarding New Jersey's most vulnerable citizens; securing public safety; and easing the property tax burden in New Jersey. While the FY 2010 Budget contains by far the largest dollar and percentage decrease in modern New Jersey history, these priorities continue to be shielded from the harsh but unavoidable reductions in spending.

Key elements of the FY 2010 Budget include:

- Reductions in about 850 - about 36 percent -- of the 2,400 line items in the budget;
- About \$4.5 billion in base cuts or reductions in projected growth;

- Cuts in the operational costs of State government of more than \$500 million;
- Increased funding for schools and preserved Homestead Rebates for more than one million households, including all seniors;
- Increased funding for higher education, with tuition and fees at senior public colleges capped at 3 percent.
- Health care premiums charged to economically disadvantaged children in the NJ FamilyCare program are eliminated, the \$605 million in funding for Charity Care is maintained, and municipal aid is held nearly flat; and
- More than half of all Budget spending is for property tax relief, inclusive of federal stimulus funding.

Defining and Solving the FY 2010 Shortfall Problem

As the last three budgets moved New Jersey closer to true structural balance - where recurring revenues match recurring expenses, the FY 2009 budget projected a succeeding fiscal year shortfall of between \$1.5 billion and \$2 billion. This estimate took into account one of the largest year-to-year spending reduction in State history, no new costly policies or government programs; and revenue assumptions built around a continuing slowdown of the national and regional economy.

The slowdown in the economy, however, quickly evolved into an overwhelming economic crisis of global proportions. As a result, a shortfall of nearly \$4.3 billion opened in New Jersey's FY 2009 budget, and restoring balance required the implementation of solutions that straddled both the current and new fiscal years.

With a shortfall for FY 2010 growing to an estimated \$8.2 billion, my administration relied on multiple approaches to meet the constitutional requirement for a balanced budget.

We closed the shortfall with the use of nearly \$4.5 billion in cuts or spending restraints. These cuts include the proposed imposition of a wage freeze and a furlough program for State employees. The balance of the shortfall was closed with the application of \$2.2 billion in federal stimulus monies and transitory changes in tax policy, including a one-time increase in the Gross Income Tax rate for the wealthiest 1% of New Jerseyans and increases in the taxes on cigarettes and alcohol, excluding beer.

Reducing Size and Cost of Government

In order to meet the State's funding priorities in the face of an extraordinary decline in fiscal resources, the FY 2010 Budget includes another major wave of cuts in the costs of the State bureaucracy. These reductions are on top of approximately \$2.7 billion in spending cuts and restraints in the original FY 2009 budget, plus an additional \$2 billion in mid-year cuts to keep the budget in balance.

Prominent among the FY 2010 reductions is approximately \$287 million in savings from a salary freeze (\$350 million FY10 and FY11) and imposition of furloughs over the course of the fiscal year. For the third straight year, operational budgets for State departments have been reduced. The FY 2010 budget assumes more than \$500 million in year-to-year spending reductions on departmental operations.

Putting Children First

For the second consecutive year, the Budget invests additional resources into New Jersey's school classrooms, increasing direct school aid by \$276.5 million to \$8.8 billion. This increase includes \$52 million more for existing preschool programs.

Formula aid represents about one-half of the increase, and no school district will receive less than it received in FY 2009, and more than 170 school districts will receive increases, most up to 5 percent.

Total school aid is funded at \$11.1 billion, which is well over one-third of the \$29 billion FY 2010 Budget. Combined, aid to K-12 schools and Higher Education represent 45 percent of the total budget.

Preserving and Continuing Property Tax Relief

The FY 2010 Budget includes \$15.4 billion in property tax relief, more than one-half of all spending, with more than \$1.1 billion being directed to the Homestead Rebate Program. When all funding for direct relief programs in FY 2010 is included, total spending in the four Corzine Administration budgets amounts to nearly \$7 billion, which is 35 percent higher than the cumulative total of any previous four-year administration.

Despite the unprecedented strains on State finances, rebates for all senior homeowners have been preserved at last year's levels, averaging \$1,300. This aid helps to ensure that seniors on fixed income can remain in their homes.

In addition, the Budget continues rebates for non-senior households with incomes below \$75,000. Non-senior homeowners with incomes between \$50,000 and \$75,000 will receive checks averaging about \$700, while those non-seniors with incomes below \$50,000 would receive rebate checks averaging \$900.

More than one million New Jersey homeowners will receive in excess of \$1 billion in rebates, averaging more than \$1,000. Two-thirds of homeowners who received rebates last year will continue to receive rebates.

The FY 2010 Budget also funds the Senior Property Tax Freeze program. Spending for this program rises by \$3.5 million to \$172.5 million. Senior Freeze checks averaged in excess of \$1,000 last year. The Governor and Legislature also enacted legislation last year that raised the income eligibility for Senior Freeze benefits.

The Budget also preserves the property tax deduction for 94 percent of taxpayers.

Conclusion

The \$29 billion Budget enacted today is an austere budget, appropriate for these difficult economic times, yet responsive to the core needs of educating and protecting our children, protecting New Jersey's health care safety net, and easing the property tax burden shouldered by all citizens.

Respectfully,

/s/Jon S. Corzine

Governor

Attest:

/s/William J. Castner, Jr.

Chief Counsel to the Governor



CHAPTER 1: GUIDING NEW JERSEY TO A BRIGHTER FUTURE, WHILE PROTECTING THE VULNERABLE

This Budget is designed to guide New Jersey through the current period of economic turmoil, a fiscal challenge unseen in this nation since the Great Depression. The Budget protects the most vulnerable residents among us, while making unprecedented cuts in State spending. It balances spending with revenues while renewing our state's economic vigor, positioning New Jersey businesses and residents at the forefront of the economic recovery to come.

Summarizing the Budget

This Budget solves an unprecedented \$8.3 billion deficit, allowing the State to begin the new fiscal year with a balanced budget, as called for by the Constitution. Moreover, it delivers a number of major accomplishments for the citizens of New Jersey:

- **Provides Significant Property Tax Relief to All New Jerseyans:** The Fiscal 2010 Budget provides much needed property tax relief. More than one-half of the Budget is dedicated to property tax relief, and over one-third of the Budget is for aid to school districts to offset educational support, which would otherwise be raised through local property taxes. Funding for the Homestead Rebate Program makes it possible to deliver rebate checks with an average of \$1,300 to senior citizens and \$800 for non-senior households with incomes below \$75,000. Over his four budgets, Governor Corzine has provided nearly \$7 billion in direct property tax relief to New Jerseyans, which is approximately 35% greater than any previous administration.
- **Offers Record-High Levels of Property Tax Relief to Seniors:** More than 500,000 senior homeowners will receive a rebate of about \$1,300, while more than 100,000 senior tenants are eligible for a maximum rebate of \$860. The Budget also provides seniors with added relief by fully funding and expanding the property tax freeze program. This Budget makes it possible for almost 170,000 seniors to receive Senior Freeze checks, which will average over \$1,000. Lastly, the Senior and Disabled Citizens' Property Tax Deduction program is funded at \$19.5 million in fiscal 2010 to continue the \$250 property tax deduction for income eligible seniors and disabled citizens. In total, the Fiscal 2010 Budget preserves Homestead Rebates for more than one million households, including all seniors.

- **Avoids Budgetary Bedlam Experienced in California and Other States:** Presented with the most difficult economic times that New Jersey – indeed this entire nation – has faced in generations, Governor Corzine and the Democratic Legislature produced a balanced state budget on time and with substantial property tax relief. In concert with his partners in the Legislature, Governor Corzine has come up with a workable budget under the most trying circumstances any state has faced, avoiding draconian cuts to safety net programs and services and without relying on far-reaching increases in broad-based taxes. The Budget was completed the right way – with transparency, public participation and broad input.
- **Dramatically Cuts Spending:** The Fiscal 2010 Budget is \$1.8 billion less than Governor Corzine’s first budget. Reductions were made in about 850 – about 36% -- of the 2,400 line items in the budget; about \$4.5 billion in cuts or reductions are against base budgets or projected growth. The budget cuts more than \$500 million from the state government bureaucracy.
- **Increases Direct Funding for Schools by Nearly \$280 Million to \$8.8 Billion:** No district receives less funding than it did in fiscal 2009, and 171 districts will receive increases, mostly 5% increases. The increase in school funding ensures students have access to needed resources and helps to reduce growth in property taxes. Over four years the Corzine Administration will have provided \$43 billion in support of education, which is nearly 30% more than the previous administration and nearly 80% more than the last Republican administration.
- **Makes College More Affordable:** The Budget imposes a 3% cap on increases in tuition and fees at the Senior Public colleges and universities. Also, funding for Tuition Aid Grants (TAG) is increased by about \$34 million. TAG will provide more than 57,000 awards in the new budget year to the State's neediest students, an increase of nearly 3,500 over fiscal 2009 levels. The Budget also makes it possible for more than 10,000 county college students to receive part-time TAGs, a 2.6% increase over fiscal 2009. The Budget also preserves level funding for the Educational Opportunity Fund (EOF), which provides financial and program support to over 19,000 needy college students from disadvantaged backgrounds. New Jersey’s public colleges and universities will maintain matching support for EOF programs at last year’s level.
- **Preserves Access to Health Care:** The Budget also eliminates health care premiums charged to economically disadvantaged children in the NJ FamilyCare program and maintains \$605 million in funding for Charity Care. Despite the difficult times, the Budget maintains current eligibility criteria and copayment levels for Medicaid programs.

- **Increases Funding for Mental Health Services:** The Budget provides \$274 million to the Division of Mental Health Services, including a \$3.5 million increase for community-based services for the mentally ill. Also, \$72 million is provided in the Divisions of Mental Health and Developmental Disabilities for community-based services to address the U.S. Supreme Court's *Olmstead* decision.
- **Protects Services for the Most Vulnerable:** The Budget provides energy assistance via \$71 million in funding for the Lifeline program, which subsidizes natural gas and electricity bills for low-income residents and a \$5 million increase in funding for an energy assistance referral program. The Budget preserves funding for programs that support New Jersey's veterans including veterans' nursing homes and other support services. Also, \$12.4 million of funding is provided to serve clients on the Division of Developmental Disabilities Community Services Waiting List. To meet rising caseloads, the Budget provides \$459 million in State and federal funding for cash assistance programs for individuals, childless couples, families, and the disabled, an increase of \$42 million.
- **Returns a Tax Amnesty Windfall to Taxpayers:** The Budget includes more than \$525 million in unanticipated revenue from the most successful tax amnesty program in New Jersey history. The program made it possible to maintain property tax rebates for working families.

Helping New Jersey Overcome the Economic Crisis

One year ago, Governor Corzine foresaw the possibility of an economic downturn and proposed a Budget that reduced spending by approximately \$600 million below the previous Appropriations Act. State government became leaner: a Rockefeller Institute analysis reported that for the year ended June 2009, New Jersey was among the top five states in the nation in terms of the largest percentage reduction in State employees. In contrast, more than half of all states actually increased state government employment over this same time period.

In further response to the intensified economic downturn, this year's Budget reduces State spending by an additional \$3.9 billion, an unprecedented amount that is over six times larger than any other cut in spending ever made in New Jersey history. Moreover, for the first time ever, the State has reduced spending for two years in a row.

In advance of other states, the Governor proposed, and the Legislature enacted, the New Jersey Economic Stimulus package, signed in December 2008. This series of bills included the Main Street Assistance Program, which helps small and medium-size businesses access credit, and the Mortgage Stabilization and Relief Act, a foreclosure prevention program.

Due in part to these early policy interventions, New Jersey is weathering this economic downturn better than many of its sister states. For example, the Annie E. Casey Foundation recently reported that over the first half of 2009, New Jersey outranked all its neighboring states on an index of state economic distress, taking into account the housing foreclosure rate, changes in unemployment, and Food Stamp participation.

Even as New Jersey was faced with bridging an unprecedented \$8.3 billion deficit in the Fiscal 2010 Budget, the final Budget agreement took pains to protect New Jersey's engines of growth—its large and small businesses:

- The only broad tax increase on corporations was to extend a 4% surcharge on the Corporation Business Tax that was about to expire. This represents less than 1% of the problem that needed to be solved. By contrast, spending cuts and cost containment comprised 54% of the budget solutions that were required.
- A total of \$380 million was appropriated by the State to the Unemployment Insurance (UI) Fund from fiscal 2008 (\$260 million) through fiscal 2009 (\$120 million) to restrain the increase in UI taxes that was necessary to keep that Fund solvent. Those appropriations enabled businesses to avoid an estimated \$886 million in additional payments into the UI Fund that would have otherwise been required in fiscal 2009 and 2010.
- The Economic Development Authority's (EDA) InvestNJ program was established in fiscal 2009 as part of a plan to provide economic assistance to New Jersey's business community. At a time when the State Budget was being reduced in most areas, this program was fully funded in an effort to stimulate job growth and capital investment. InvestNJ is composed of two parts - a job credit program and a capital credit program. The \$25 million Job Credit program will provide a \$3,000 grant or tax credit to New Jersey businesses that create a job and retain that employee for one year. The \$30.2 million Capital Credit program, which includes \$22 million in EDA resources, will expand the sales and use tax credit for capital investment in the state.
- The Business Employment Incentive Program (BEIP) provides grants to businesses that create and retain jobs in New Jersey. These grants may be provided for up to 10 years and can equal 10% to 80% of the total value of the marginal personal income taxes received by the State from the newly created jobs. There has been no reduction to BEIP's appropriation; it continues to be funded at \$194 million in fiscal 2010.
- The Administration's continued commitment to education helps preserve the State's ranking as having one of the most educated workforces in the nation. Direct School Aid will increase \$276 million (3%) in fiscal 2010, from \$8.5 billion to \$8.8 billion, providing more resources directly into the classroom. When other costs such as facility construction, health and pension charges are included, School Aid represents well over a third of the total State Budget.

- The New Jersey Bank Investment program will invest up to \$500 million from the State's Cash Management Fund and the State Pension Fund into New Jersey banks to help increase loans to businesses across the State. This program takes advantage of new FDIC protections, which guarantee these investments.
- A total of \$10 million is appropriated for grants issued by the Commission on Science and Technology to spur technological innovation through financial support of business incubators, scientists and engineers in emerging technology companies, and in research and development.
- The State broke ground recently on an \$8.7 billion project to construct a new transit tunnel from New Jersey into Manhattan. The project will be paid for with a mix of funding sources, including federal stimulus funds. This mass transit project is the nation's largest, and is expected to generate 6,000 construction jobs per year over the next 7 years and produce 44,000 permanent jobs resulting from more efficient regional mobility.
- Less than a month after signing the Budget, the Governor signed the *New Jersey Economic Stimulus Act of 2009*, to further aid the State's economy. The bill expands a number of business attraction and retention programs, including the Urban Transit Hub Tax Credit program, which will stimulate smart growth private sector investment in areas surrounding existing transit hubs in our cities. It also provides localities with greater flexibility to finance additional economic growth through the new Economic Redevelopment and Growth Grant Program, and expands incentives for emerging technology and biotechnology companies.

New Jersey's Partnership with the Federal Government to Provide Economic Stimulus

This Administration has partnered with President Barack Obama to work together to promote economic recovery and future growth, while insisting on transparency and accountability:

- New Jersey is expected to receive a total of \$17.5 billion in federal assistance related to the federal economic stimulus program, the *American Recovery and Reinvestment Act of 2009*, of which \$5.6 billion will be received directly by State government; \$8 billion will go in the form of tax cuts to residents and businesses; and the remainder will flow to local governments, nonprofits, and companies. Due to this infusion of funds, the President's Council of Economic Advisors estimates that approximately 100,000 jobs will be either created or retained in New Jersey over the next two years.

- The State will use \$2.2 billion of stimulus funds to protect Medicaid access and more than \$1.7 billion in additional stimulus funds to support the public school and higher education systems.
- To ensure transparency and accountability for the stimulus funds, the Governor created the New Jersey Recovery Accountability Task Force, chaired by the Governor's Chief of Staff and the State Comptroller. The Task Force posts information about all categories of stimulus funding on its website: <http://www.nj.gov/recovery>
- The Governor also has established a toll-free hotline, to allow any resident to report suspicions of mismanagement of any stimulus dollars. If any resident observes anything suspicious, he or she is urged to call 1-866-547-1121.

Protecting the Vulnerable

In a Budget that cuts spending so deeply, it is imperative to protect the most vulnerable among the State's residents. Besides the specific increases mentioned above, this Budget extends the efforts since the start of this Administration to help those among us who need help the most:

- **Growth in the Department of Children and Families:** Since the beginning of this Administration, total funding has increased over 50% to fulfill the requirements of the Modified Settlement Agreement.
- **Higher Enrollment in NJ FamilyCare:** Since fiscal 2006, enrollment has been re-opened to parents with incomes between 100% and 200% of the federal poverty level. Beginning January 2006, the Governor's initiative to promote health insurance to children has increased the number of children provided access to healthcare.
- **Increased Funding for Community-Based Services:** This Administration has provided additional funding since fiscal 2006 for community-based services to address the U.S. Supreme Court's *Olmstead* decision; for providing services for developmentally disabled clients on the Community Services Waiting List; and for providing prior year cost of living increases to community providers.
- **Savings within the Department of Human Services:** The Administration achieved savings through maximizing federal and dedicated revenues, along with implementing management efficiencies, overtime reductions, and shifts of several programs to other departments or other divisions.

What Does This Budget Mean for the People of New Jersey?

In the midst of the greatest economic downturn in generations, this Budget maintains vital services for all its citizens, and especially protects its most vulnerable. The chart that follows, entitled “Where Does the Money Go,” provides concrete examples of just a few of the myriad of services that this Budget offers for all of us, the inhabitants of this great state.

Where Does the Money Go?

The Programs and Services Behind the Fiscal 2010 Numbers

**People Served/
Items Purchased**

Helping Those in Need



121,160,379
29,373,155

Subsidized School Lunches
Subsidized School Breakfasts
Subsidized Drugs for Seniors and Disabled:

5,725,801
554,784
7,280,000
4,081,000

PAAD Annual Prescriptions
Senior Gold Annual Prescriptions
Hunger Initiative – Food Purchased (lbs)
Home-Delivered Meals to the Aged
Persons Receiving Health Care thru Medicaid



840,648
587,953
316,540
275,110
159,879

Children and Adults Receiving Health Care via FamilyCare
Energy Assistance – Tenants and Homeowners Served
Individuals Receiving Mental Health Services (Community Programs)
Children Receiving Services from Division of Youth and Family Services (DYFS)

98,190
80,000
37,425
22,126
10,250
5,121

Temporary Assistance to Needy Families – Recipients
Cancer Institute of New Jersey – Patient Visits
Developmentally Disabled Served (Community Programs)
Adoption Subsidies/Foster Care: Average Daily Populations
Students Served in After School Programs
State Rental Assistance - Families Served

Protecting the Public's Safety



878,000
225,000
218,899
23,974
16,542
1,800
1,300
765

State Police Investigations (Criminal, Accident, and General)
State Police – Instances of Aid to Motorists
Fire, Housing, and Construction Code Inspections
Inmates Supervised (Annual Average- Excludes Community Programs)
Parolees Supervised
Forest Fire Responses
State-owned Bridge Safety Inspections
Criminal Indictments Obtained – Criminal Justice



Preserving the Environment

17,050,000
29,000
16,000
11,117
10,080

Parks Visitors Served
Acres of Open Space Preserved:
Via Green Acres
Via Farmland Acres
Air and Water Pollution Inspections

**People Served/
Items Purchased**



400,000
300,000
210,000
132,000

84,200
75,000
42,000
20,000
8,600
4,425
3,000
815

Protecting the Public's Health

Uninsured Primary Care Visits to Federally Qualified Health Centers
Women, Infants, and Children – Healthcare Recipients
Children Screened for Lead Poisoning
Family Planning – Women in Reproductive Years Receiving Services
Number of Licensed Long Term Care Beds/Slots
AIDS Clients Tested and Counseled
Homes Tested for Radon
Breast Cancer and Cervical Cancer Screenings
Potable Water Samples Examined
Food and Milk Samples Examined
Helicopter Response Missions for Traumatic Injuries
Long Term Care Facilities Licensed

Transportation Services



452,984
13,506
7,800
3,100
950
600

Average Daily Mass Transit Ridership
Miles of Roads Maintained
Emergency and After-Hour Call Responses
Traffic Signals Maintained
Highway Lanes Under Construction
Lane Miles Resurfaced

Serving Businesses



481,436
101,000
54,000
30,000
7,000
220

State Professional Boards -- Total Regulated Licenses
Real Estate Brokers and Salespersons Licensed
Insurance Licenses Issued
Participating Businesses – Urban Enterprise Zones
Banking Licenses Issued
Recipients – Business Employment Incentive Grants

Educating Our Children



1,536,276
1,434,581
831,062

201,337
144,722
24,199
22,381
8,422

Standardized Tests Administered
Total Enrollment (Subsidized by State Aid)
Pupils Transported – Public/Non-Public (Subsidized by State Aid)
Special Ed Enrollment
Kindergarten/Preschool Enrollment
County Vocational Ed Enrollment
Charter School Enrollment
Adult Education Enrollment

**People Served/
Items Purchased**

Higher Education Student Assistance



137,690	New Jersey College Loans to State Students (NJCLASS)
70,753	Tuition Assistance Grants (TAG, Full and Part Time)
7,672	Coordinated Garden State Scholarship Program Grants (Total)
5,077	NJ Student Tuition Assistance Reward Scholarship (NJSTARS I & II) Grants

Direct Tax Relief



1,861,000	Annual Homestead Rebate (Checks)
1,014,000	Homeowners
847,000	Tenants
271,974	Veterans Claiming a Property Tax Deduction
168,000	Annual Senior Freeze (Checks)
75,752	Seniors and Disabled Claiming a Property Tax Deduction

Protecting the Consumer



	Public Advocate:
19,000	Mental Health Advocacy – Representation of Individuals at Civil Commitment Hearings – New Cases
8,753	Elder Advocacy - On-Site Investigations Regarding Care / Abuse / Neglect or Patient Funds
8,025	Elder Advocacy - Nursing Home / Boarding Home / Other Facility Visits
864	Rate Counsel - Representation of Ratepayers on Cases Involving Utilities and Cable Television

Chapter 2: Budget Highlights & Charts and Graphs

BUDGET HIGHLIGHTS

This Budget resolved a structural shortfall of \$8.2 billion relying on only \$1.3 billion of revenue solutions-- \$1 billion of which were enacted for only one year. Only 1% of the nearly 3.9 million resident income tax filers are affected by the temporary changes.

The \$29 billion Budget is \$3.9 billion less than the \$32.9 billion Budget enacted last year and \$1.8 billion less than the Corzine Administration's first budget.

The Appropriations Act cuts spending on the State bureaucracy by 9%. The operating budget for nearly every department has been reduced.

While appropriations are significantly reduced, education, protecting the vulnerable and enhancing our economic growth are preserved. Nearly three quarters of the Budget goes back to New Jerseyans in the form of state aid and grants.

The FY 2010 Budget includes \$15.4 billion in property tax relief, more than one-half of all spending, with more than \$1.1 billion being directed to the Homestead Rebate Program. When all funding for direct relief programs in Fiscal 2010 is included, total spending in the four Corzine Administration budgets amounts to nearly \$7 billion, which is 35% higher than the cumulative total of any previous four-year administration.

Despite the unprecedented strains on State finances, rebates for all senior homeowners have been preserved at last year's levels, averaging \$1,300. This aid helps to ensure that seniors on fixed incomes can remain in their homes.

In addition, the Budget continues rebates for non-senior households with incomes below \$75,000. Non-senior homeowners with incomes between \$50,000 and \$75,000 will receive checks averaging about \$700, while those non-seniors with incomes below \$50,000 would receive rebate checks averaging \$900.

More than one million New Jersey homeowners will receive in excess of \$1 billion in rebates, averaging more than \$1,000. Two-thirds of homeowners who received rebates last year will continue to receive rebates.

The Fiscal 2010 Budget also funds the Senior Property Tax Freeze program. Spending for this program rises by \$3.5 million to \$172.5 million. Senior Freeze checks averaged in excess of \$1,000 last year. The Governor and Legislature also changed the law last year that raised the income eligibility for Senior Freeze benefits.

The Budget also preserves the property tax deduction for 94% of taxpayers.

For the second consecutive year, the Budget invests additional resources into New Jersey's school classrooms, increasing direct school aid by \$276.2 million to \$8.8 billion. This increase includes \$52 million more for existing preschool programs.

Formula aid represents about one-half of the increase, and no school district will receive less than it received in Fiscal 2009, and more than 170 school districts will receive increases, some up to 5%.

Total school aid is funded at \$11.1 billion, which is well over one-third of the \$29 billion Fiscal 2010 Budget. Combined, aid to K-12 schools and Higher Education represents 45% of the total budget.

Rather than reduce services or eliminate those eligible for safety net programs, savings are achieved through maximization of federal and dedicated revenues along with management efficiencies.

Even with reduced pension contributions, the Corzine Administration has provided more funding than the contributions from 1993 through 2006 (14 years).

There are no diversions from the Unemployment Insurance Fund. In fact, the Corzine Administration has contributed \$380 million to the Fund thereby avoiding \$886 million of employer taxes.

FY 2010 Projected Shortfall **(In Thousands)**

March

FY 2010 Total Projected Model	\$ 35,711,605
FY 2010 Base Revenue	<u>28,560,514</u>
FY 2010 Projected Shortfall	\$ 7,151,091

June

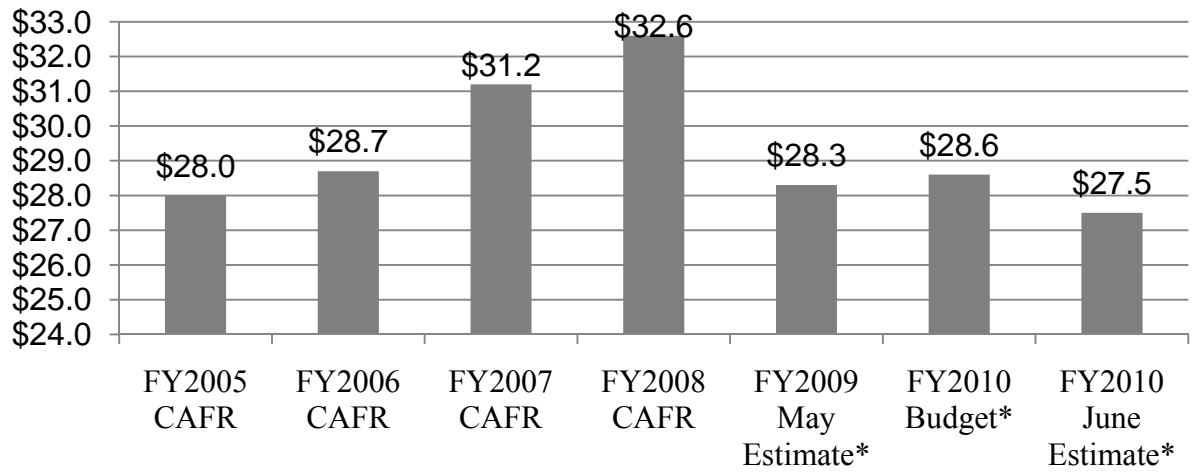
FY 2010 Total Projected Model	\$ 35,736,827
FY 2010 Base Resources *	<u>27,487,635</u>
FY 2010 Projected Shortfall	\$ 8,249,192

* Includes base revenues of \$27,454,434 plus increased opening surplus of \$33,201.

Revenue History

FY 2010 Base Revenue Below FY 2005 Actual Revenue

(In Billions)



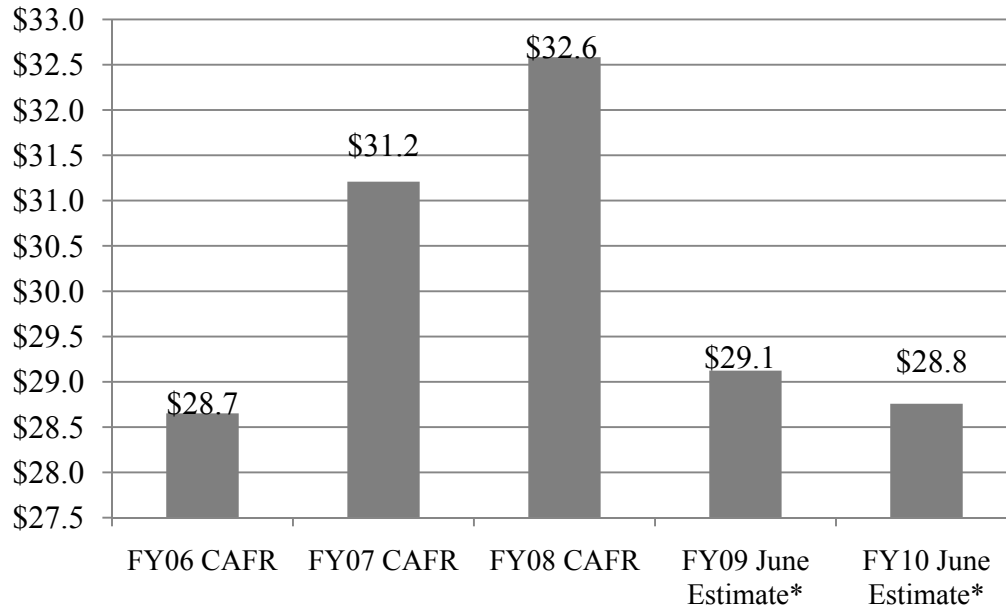
*Without solutions

CAFR – Comprehensive Annual Financial Report

History of Total Revenues

FY2010 Approximates FY2006

(In Billions)

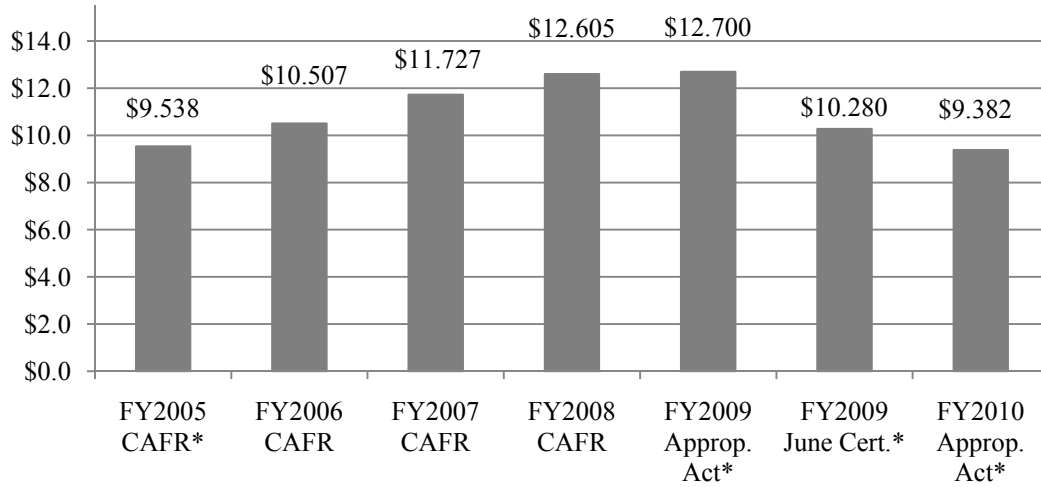


*With solutions

CAFR – Comprehensive Annual Financial Report

Base Income Tax Revenue Below Actual FY 2005 Collections

(In Billions)



*These revenues include changes in tax policy.

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

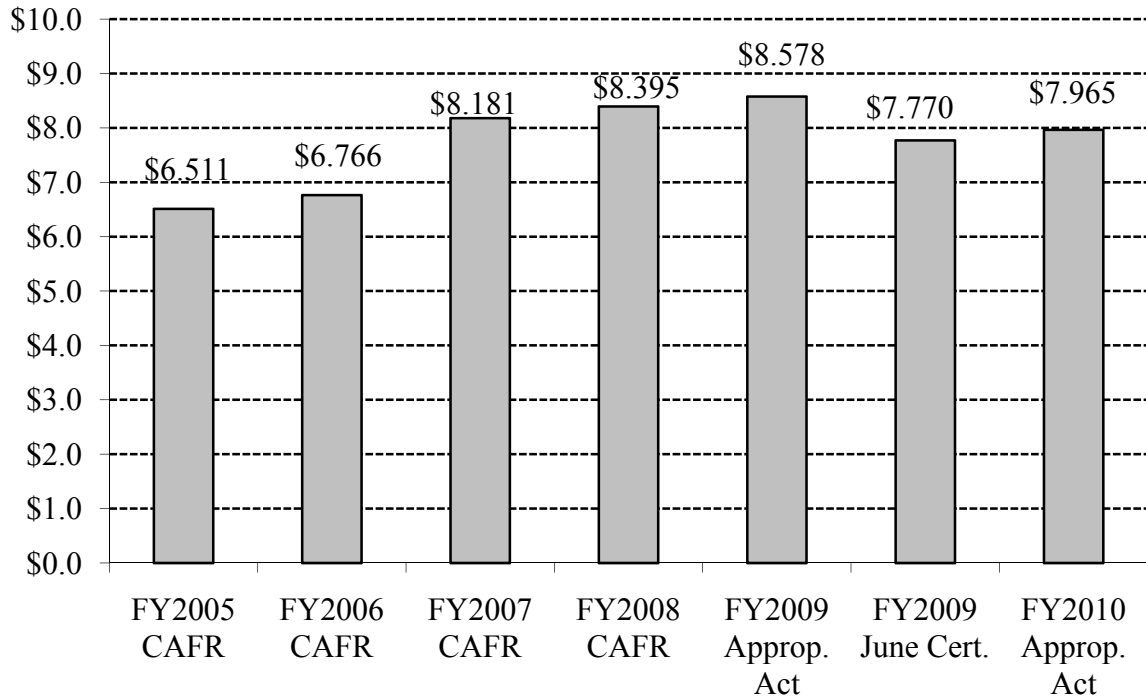
FY 2009 – Incremental Change in EITC Expansion (\$60 million)

FY 2010 – Incremental Change in EITC Expansion (\$55 million)

CAFR – Comprehensive Annual Financial Report

Sales Tax

(In Billions)

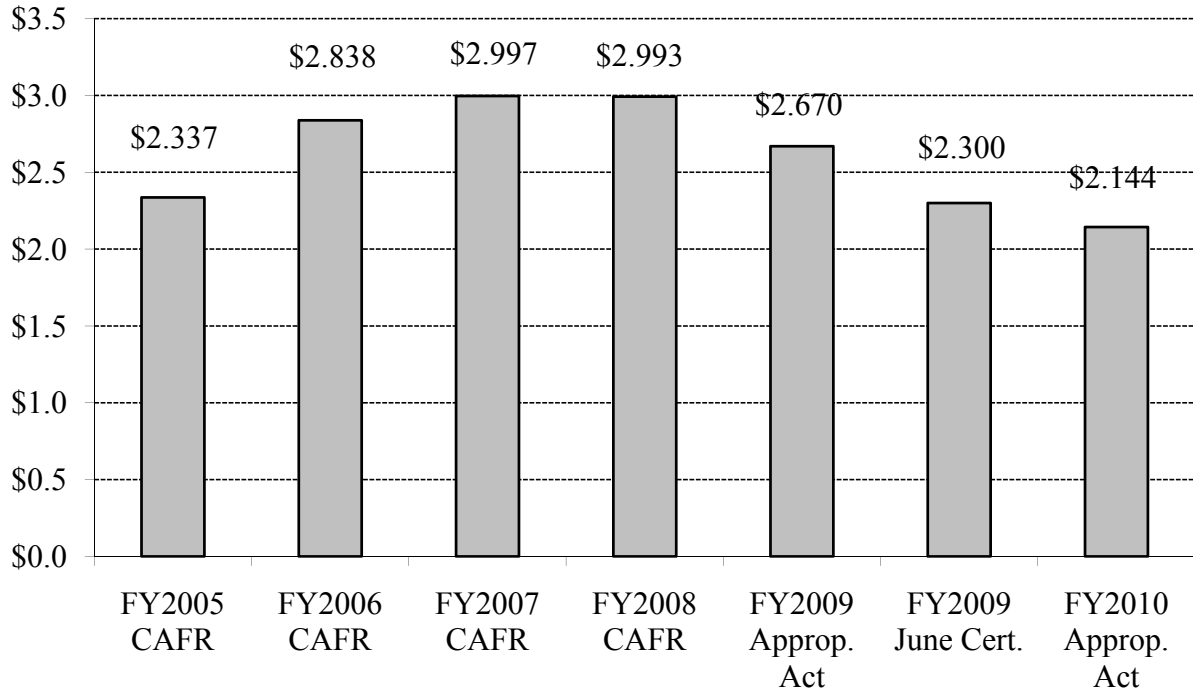


FY2007 had a change in tax policy.
- increase in Sales Tax rate from 6% to 7%
- broadened Sales Tax base

Sales Tax excludes the tax on energy
CAFR – Comprehensive Annual Financial Report

Base Corporation Business Tax Revenue Below Actual FY 2005 Collections

(In Billions)



Corporation Business Tax excludes the tax on energy
CAFR – Comprehensive Annual Financial Report

The FY 2010 Budget

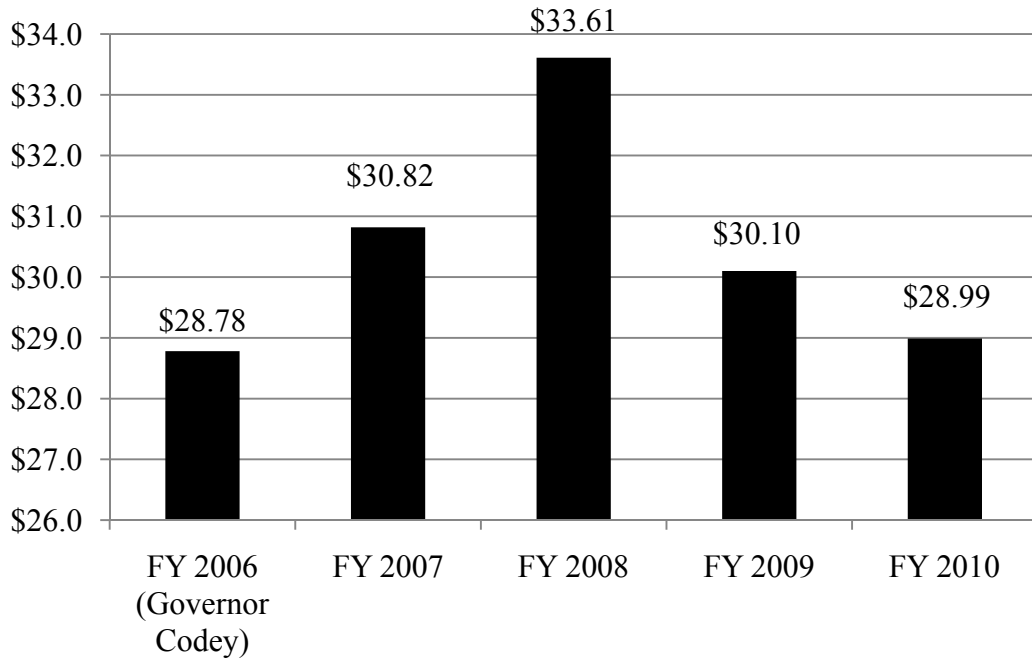
(In Millions)

	FY 2009		FY 2010	
	<u>March 10</u>	<u>June 2009</u>	<u>March 10</u>	<u>Approp. Act</u>
Opening Surplus	\$ 1,308	\$ 1,308	\$ 702	\$ 735
Revenues				
Income	11,309	10,340	11,343	10,448
EITC Expansion	(60)	(60)	(55)	(55)
Sales	7,925	7,770	8,085	7,965
Corporate	2,350	2,300	2,030	2,224
Other	8,456	8,773	8,238	8,175
Total Revenues	\$ 29,980	\$ 29,123	\$ 29,641	\$ 28,757
Lapses	2,293	3,044		
Long Term Obligation and Capital Expenditure Fund	365	365		
Total Resources	\$ 33,946	\$ 33,840	\$ 30,343	\$ 29,492
Appropriations				
Original	\$ 32,868	\$ 32,868	\$ 29,841	\$ 28,990
Supplemental	376	237		
Total Appropriations	\$ 33,244	\$ 33,105	\$ 29,841	\$ 28,990
Fund Balance	\$ 702	\$ 735	\$ 502	\$ 501

Fiscal Year 2009 spending \$30.1 billion

FY 2010 Spending Approximates FY 2006 Expenditure Level

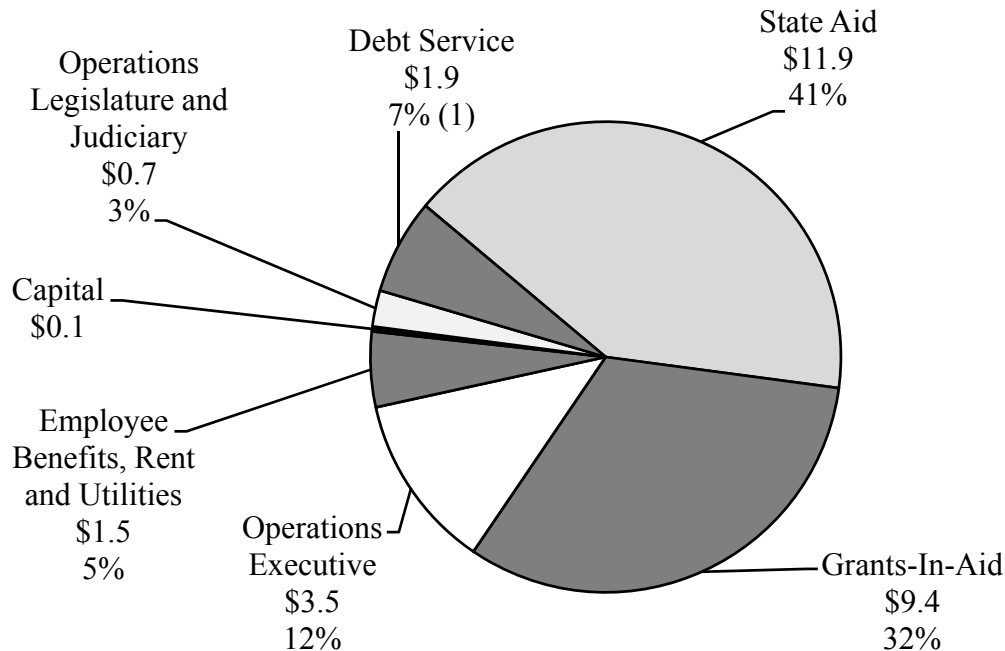
(In Billions)



Where Does the Money Go?

State Aid and Grants Represent Nearly Three Quarters of the Budget

(In Billions)



Total Budget is \$29.0 Billion

Nearly three quarters of every dollar goes to Property Tax Relief and Grants-in-Aid

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

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

Operations Executive: includes funding for adult prisons and juvenile facilities, State Police and other law enforcement programs, Human Services institutions, veterans homes, Children and Families and the Public Advocate Departments.

(1) Total Debt Service is \$2.4 billion; School Construction Debt is reflected in State Aid.

Appropriations Comparison

(In Thousands)

	FY 2009 Adjusted Approp.	FY 2010 Approp. Act	Change \$	%
Chief Executive	\$ 5,268	\$ 4,684	\$ (584)	(11.1)
Agriculture	22,463	22,547	84	0.4
Banking and Insurance	71,441	67,548	(3,893)	(5.4)
Children and Families (a)	1,089,292	1,085,850	(3,442)	(0.3)
Community Affairs	1,150,936	1,065,903	(85,033)	(7.4)
Corrections	1,196,087	1,156,775	(39,312)	(3.3)
Education (b)	11,571,648	10,156,517	(1,415,131)	(12.2)
Environmental Protection	434,193	388,178	(46,015)	(10.6)
Health and Senior Services (a)	1,590,224	1,156,021	(434,203)	(27.3)
Human Services (a)	4,893,236	4,216,794	(676,442)	(13.8)
Labor & Workforce Development (c)	276,130	147,029	(129,101)	(46.8)
Law and Public Safety	610,659	578,599	(32,060)	(5.3)
Military and Veterans' Affairs	94,725	90,055	(4,670)	(4.9)
Public Advocate	17,130	16,493	(637)	(3.7)
State (b)	1,282,950	1,258,336	(24,614)	(1.9)
Transportation (d)	1,363,092	1,277,966	(85,126)	(6.2)
Treasury (c)	3,454,278	2,780,130	(674,148)	(19.5)
Miscellaneous Commissions	1,456	1,456	-	-
Subtotal Executive Branch	<u>\$ 29,125,208</u>	<u>\$ 25,470,881</u>	<u>\$ (3,654,327)</u>	(12.5)
Interdepartmental	\$ 3,264,324	\$ 2,797,403	\$ (466,921)	(14.3)
Legislature	\$ 74,644	\$ 73,815	\$ (829)	(1.1)
Judiciary	\$ 641,007	\$ 648,385	\$ 7,378	1.2
Total	<u>\$ 33,105,183</u>	<u>\$ 28,990,484</u>	<u>\$ (4,114,699)</u>	(12.4)

(a) FY 2010 appropriations are net of \$1,105 million in federal stimulus.

(b) FY 2010 appropriations are net of a total of \$1,091 million in savings in DOE (\$1,057 million) and Higher Education/State (\$34 million) from federal stimulus.

(c) FY 2009 includes appropriations shifted from Department of Personnel.

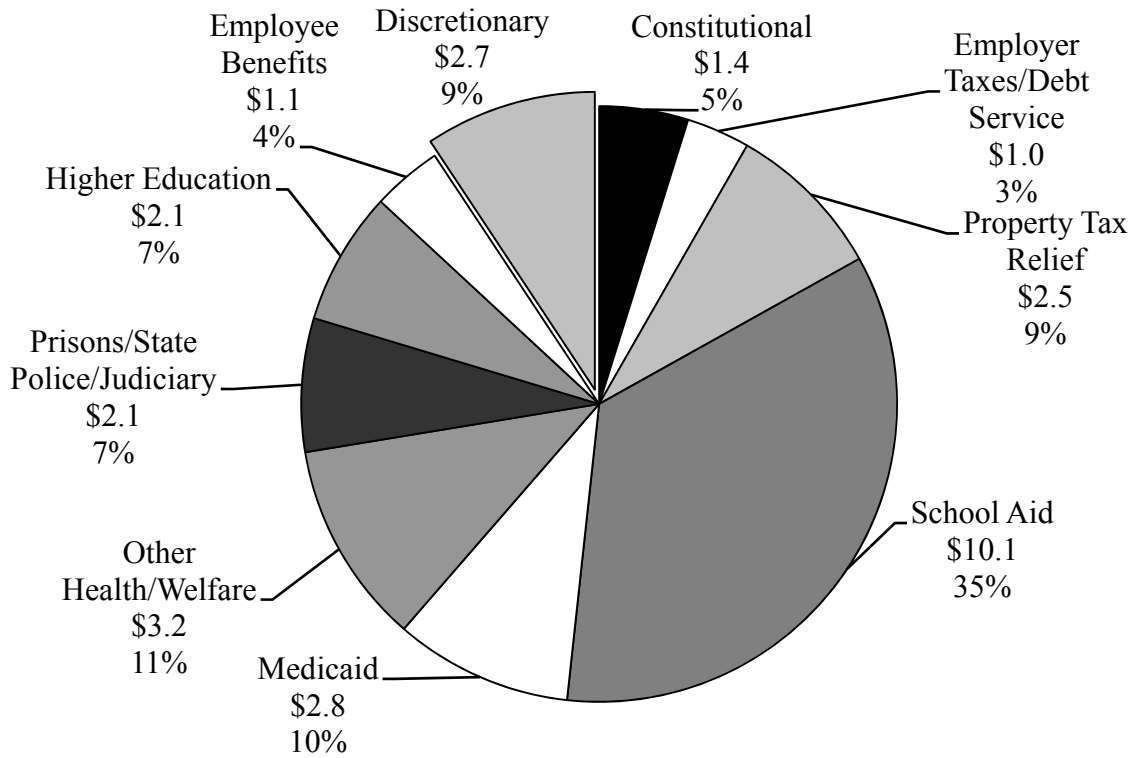
Growth in Judiciary for incarceration diversion programs generates savings in the Department of Corrections Grants-in-Aid.

(d) FY 2010 appropriation is net of \$59.1m in federal stimulus.

Fiscal Year 2009 spending \$30.1 billion

Fiscal Year 2010

(In Billions)



Total Spending \$28.99 Billion

Employer Taxes/Debt Service includes debt service for general obligation and miscellaneous contract bonds.

Direct State Services By Department

(In Thousands)

Department	FY 2009		FY 2010		Change	
	Adjusted Approp.		Approp. Act		\$	%
Chief Executive	\$ 5,268		\$ 4,684		\$ (584)	-11%
Agriculture	7,540		7,081		(459)	-6%
Banking and Insurance	71,441		67,548		(3,893)	-5%
Children & Families	334,686		323,732		(10,954)	-3%
Community Affairs	38,127		37,515		(612)	-2%
Corrections	1,053,054		1,006,657		(46,397)	-4%
Education	72,183		69,596		(2,587)	-4%
Environmental Protection	231,026		216,286		(14,740)	-6%
Health & Senior Services	60,880		63,115		2,235	4%
Human Services	522,883		468,758		(54,125)	-10%
Labor and Workforce Development (a)	82,644		81,851		(793)	-1%
Law & Public Safety	566,036		540,619		(25,417)	-4%
Military & Veterans' Affairs	91,551		86,881		(4,670)	-5%
Public Advocate	17,130		16,493		(637)	-4%
State	35,912		31,876		(4,036)	-11%
Transportation	76,874		56,533		(20,341)	-26%
Treasury (a)	481,246		449,883		(31,363)	-7%
Miscellaneous Commissions	1,456		1,456		-	-
Total Executive Branch	\$ 3,749,937		\$ 3,530,564		\$ (219,373)	-6%
Interdepartmental	2,128,571		1,756,798		(371,773)	-17%
Legislature	74,644		73,815		(829)	-1%
Judiciary	641,007		648,385		7,378	1%
Total	\$ 6,594,159		\$ 6,009,562		\$ (584,597)	-9%

(a) FY 2009 includes appropriations shifted from Department of Personnel.

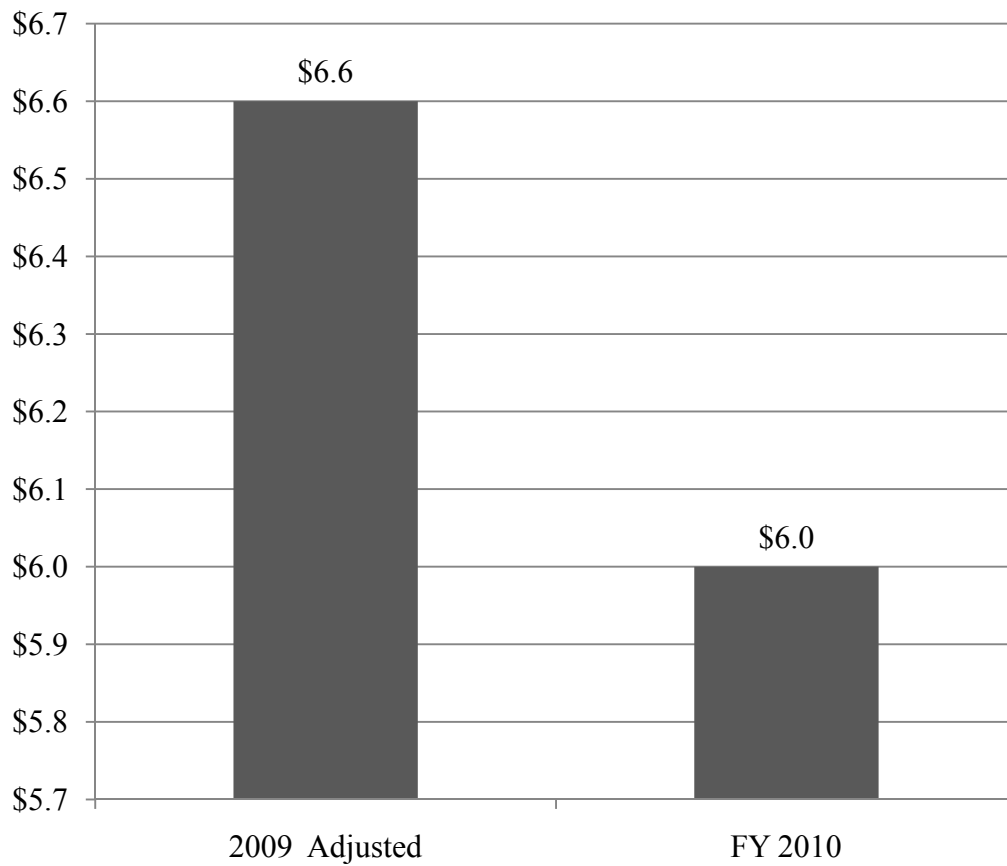
Departmental budgets will be further impacted by furlough savings, procurement savings, (\$25 million)

and management efficiencies, \$40 million, reflected in Interdepartmental.

Growth in Judiciary for incarceration diversion programs generates savings in the Department of Corrections, Grants in Aid

FY 2010 Direct State Services Reduction

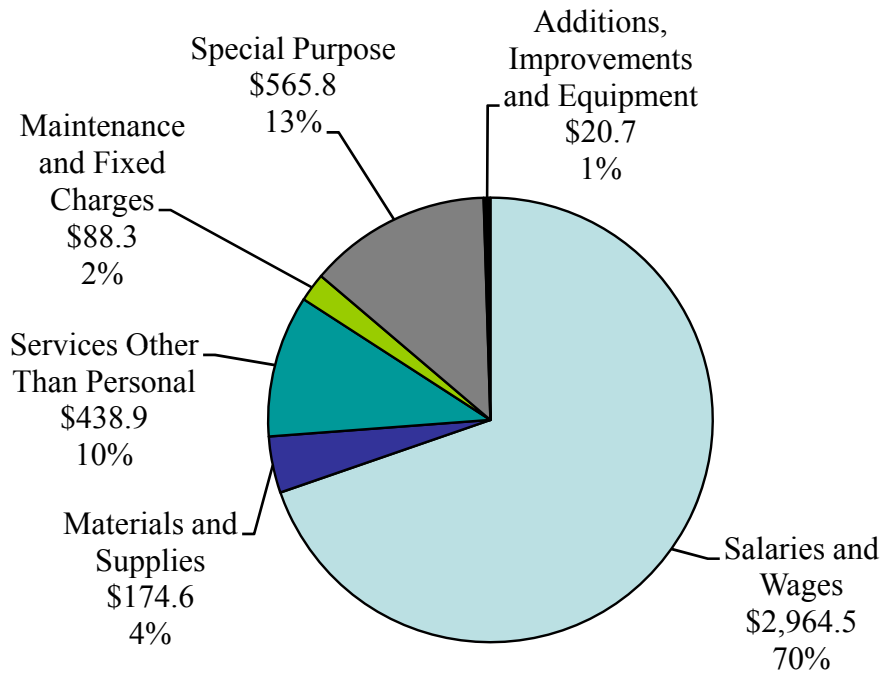
(In Billions)



\$585 million (8.9%) decline in Direct State Services

Operating Split between Salaries and Other Costs

(In Millions)

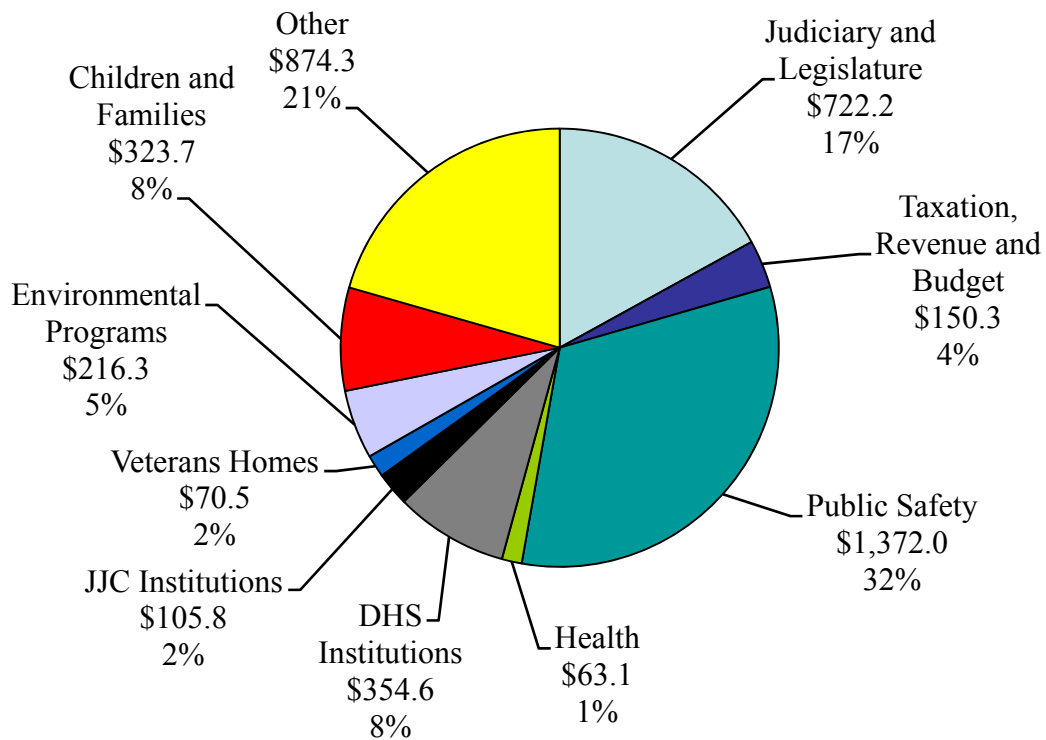


Total Operating Budget is \$4.25 billion

Operating budgets will be further impacted by management efficiencies, employee actions, and procurement savings.

Operations Budgets

(In Millions)



Total Operating Budget is \$4.25 billion

Operating budgets will be further impacted by management efficiencies, employee actions, and procurement savings.

How FY 2010 Budget Balanced

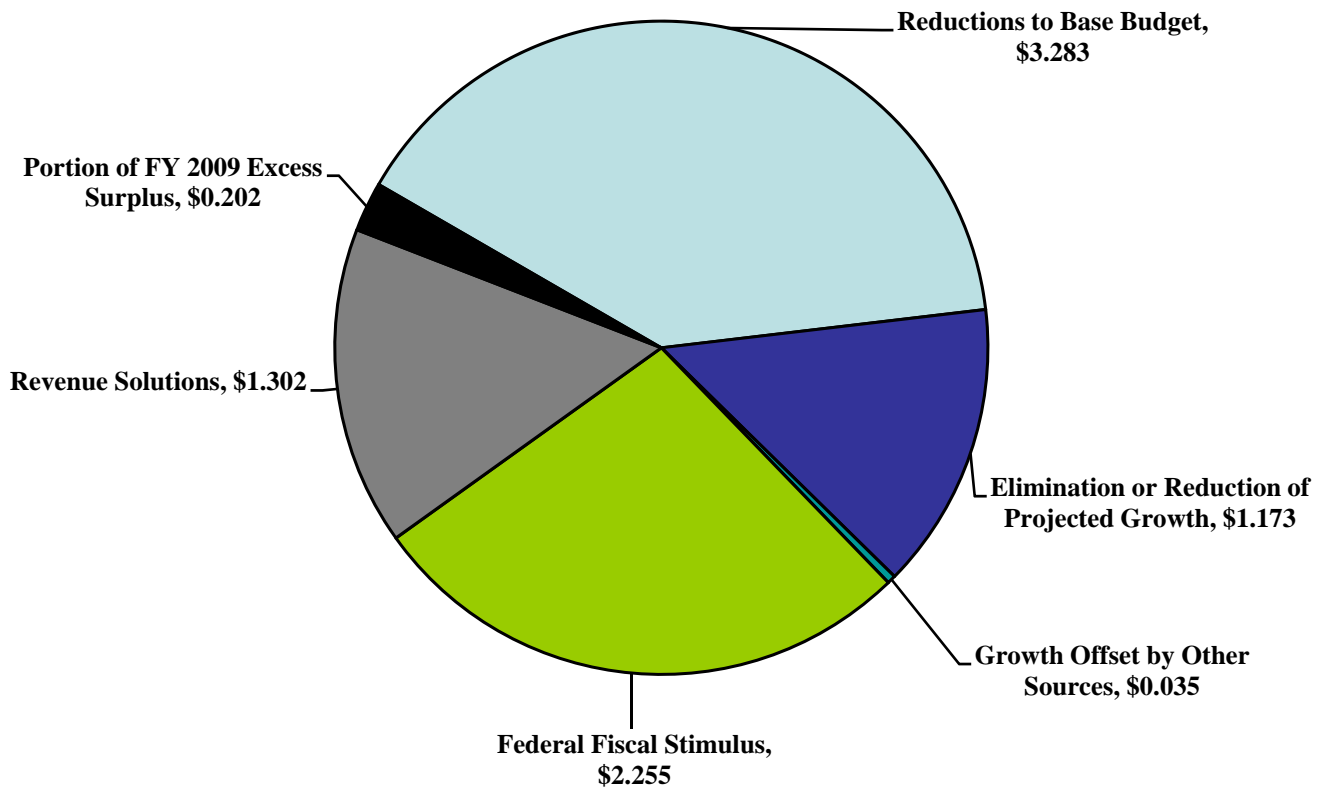
(In Thousands)

FY 2009 Adjusted Appropriation	\$	33,244,317
FY 2010 Net Growth		<u>2,492,510</u>
FY 2010 Total Projected Model		35,736,827
FY 2010 Base Revenue		27,454,434
Increased Opening Surplus		<u>33,201</u>
FY 2010 Projected Structural Gap		8,249,192
ACTIONS TO CLOSE STRUCTURAL GAP	\$	8,250,192
Reductions to Base Budget	\$	3,283,373
Pensions		946,433
Homeowner and Tenant Rebates		572,100
Debt Restructuring		456,000
Operating Budget and Interdepartmental		303,986
Furlough and Other Employee Actions		90,900
Medicaid/PAAD		395,979
NJ Transit		62,000
Municipal and County Aid		78,760
Higher Education		24,334
Hospitals		69,300
Other		283,581
Elimination or Reduction of Projected Growth	\$	1,172,961
Limit School Aid Increases		336,575
Salary Freezes for Public Employees Including Colleges		195,639
No Inflationary Increase for Municipal Aid		103,841
Offset FamilyCare Inflation with Federal SCHIP Funding		85,000
No Inflationary Increase for Rebates		77,700
No Rate Inflation for Nursing Homes		50,030
No Inflationary Increase for Higher Education		30,183
Other		293,993
Subtotal	\$	4,456,334
Federal Fiscal Stimulus	\$	2,255,277
Enhanced Medicaid Funding		1,051,330
Fiscal Stabilization		1,128,655
NJ Transit		59,100
Other		16,192
Revenue Solutions	\$	1,302,283
Revenue Adjustments - Policy		1,113,000
Other Revenue Actions		189,283
Added Reductions in FY 2009 to Generate Excess Surplus	\$	201,566
Growth Offset by Other Sources	\$	34,732

FY 2010 Actions to Close the Gap

(In Billions)

Appropriations Act



Total \$8.25 billion

Fiscal Year 2010 Revenue Solutions

(In Millions)

Tax Policy Changes

Gross Income Tax

One-year tax rate increase for incomes over \$500,000	\$ 620	
One-year tax rate increase for incomes over \$1 million	200	
One-year suspension of Property Tax Deduction for Non-Seniors with incomes greater than \$250,000 and one-year limited property tax deduction up to \$5,000 for Non-Seniors with incomes \$150,000-\$250,000	100	
One-year tax rate increase for incomes between \$400,000 and \$500,000	83	
Tax Lottery winnings > \$10k	8	
	1,011	

Corporation Business Tax - extend 4% surcharge that was to expire	80	\$ 1,091
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Alternate Use of Other Funds

State Disability Benefit Fund	75	
Workers' Compensation Security Fund	20	
Enterprise Zone Assistance Fund	13	
New Home Warranty Security Fund	10	
Unemployment Compensation Auxiliary Fund	2	
Motor Vehicle Fees	20	140

Other

Insurance Premium - Surplus Lines	22	
Mental Health Hospital County Share - increase from 12.5% to 15%	5	
Casino Revenue Fund - unclaimed slot machine vouchers	4	
Audit and Enforcement Collections	40	71

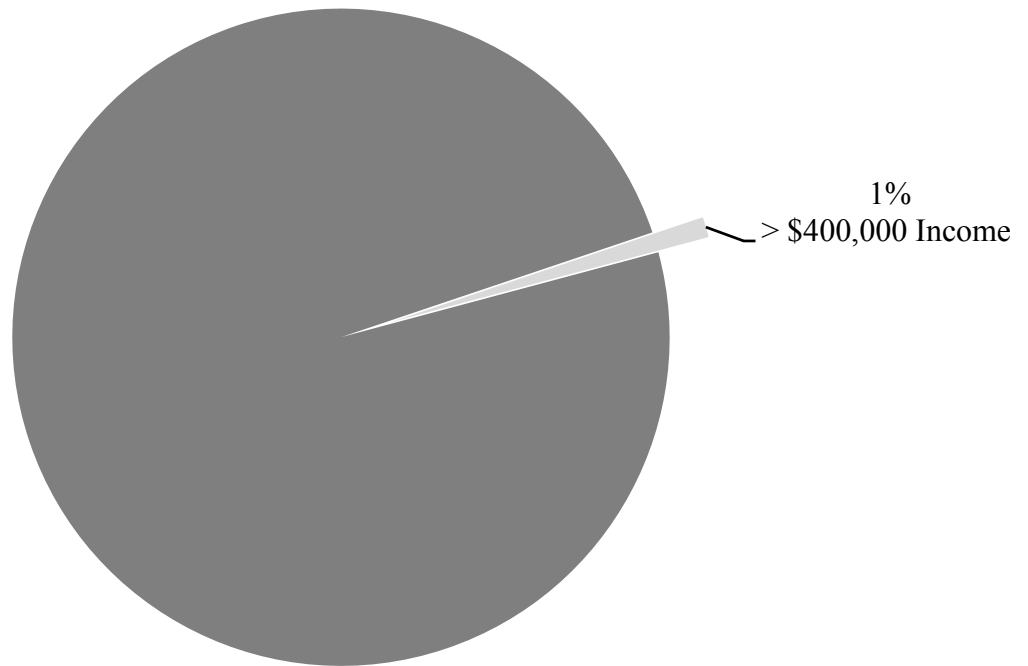
Total Revenue Solutions	\$ 1,302	
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Off Budget Revenue Solutions

Cigarette Tax - increase of 12.5 cents to \$2.70/pack	\$ 26
Alcohol Tax - 25% increase excluding beer	22
Group Accident and Health Insurance Premiums Tax	20

Total Off Budget Revenue Solutions	\$ 68
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Impact of Proposed Income Tax Increase



Only 61,300 or approximately 1% of the nearly 3.9 million income tax filers are impacted by the proposed income tax changes.

Funding for Property Tax Relief

Approximately Half of Budget Funds Property Tax Relief

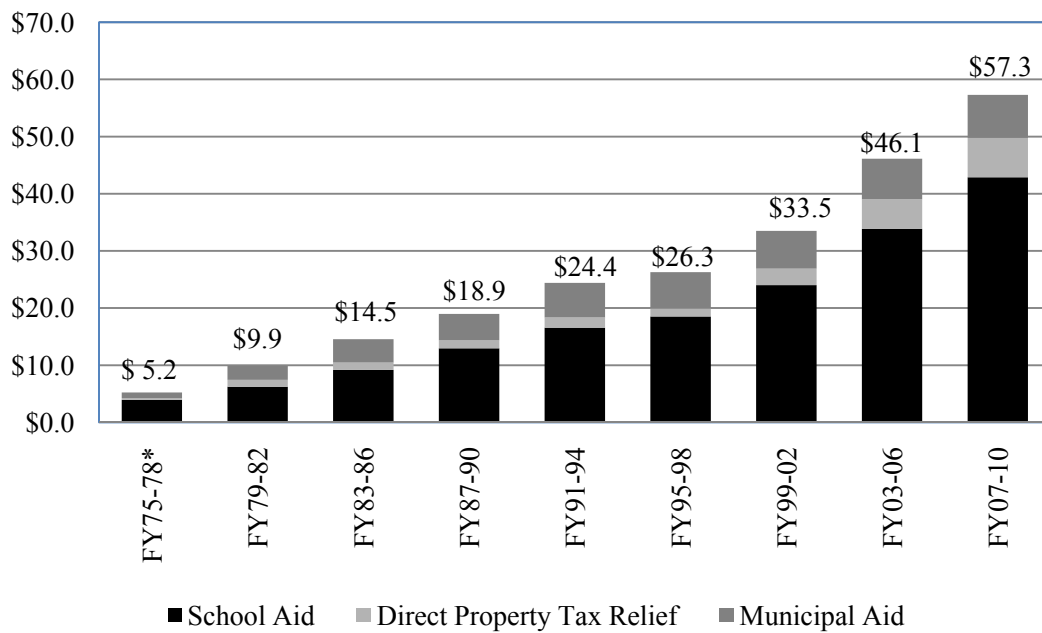
(In Millions)

<u>Programs</u>	<u>FY 2009 Adjusted Approp.</u>	<u>FY 2010 Approp. Act</u>	<u>\$ Change</u>
School Aid	\$ 11,480.8	\$ 11,130.4 *	\$ (350.4)
Municipal Aid	1,834.3	1,778.1	(56.2)
Other Local Aid	888.2	790.6	(97.6)
Direct Property Tax Relief	<u>2,439.5</u>	<u>1,731.1</u>	<u>(708.4)</u>
Total Property Tax Relief	<u>\$ 16,642.8</u>	<u>\$ 15,430.2</u>	<u>\$ (1,212.6)</u>

* Includes \$1,057 million in federal stimulus funding.

State Aid for Local School Districts, Direct Property Tax Relief, and Municipal Aid FY 1975 – FY 2010

Corzine Administration Provided Over
\$57 Billion in Aid
(In Billions)



*The Homestead Rebate program was initiated in fiscal year 1977.

Direct Property Tax Relief

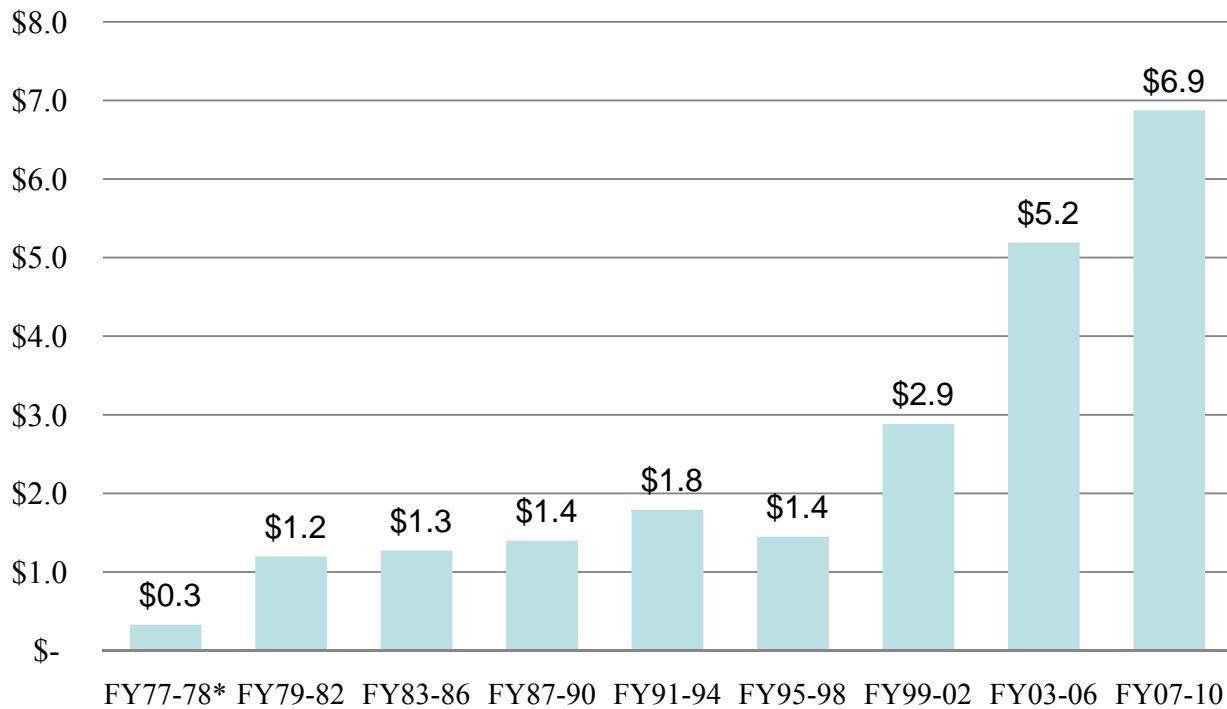
(In Millions)

	FY 2009 Adjusted Approp.	FY 2010 Approp. Act	\$ Change
	<u> </u>	<u> </u>	<u> </u>
Homestead Property Tax Credits/ Rebates for Homeowners	\$ 1,583.5	\$ 1,044.4	\$ (539.1)
Homestead Rebates for Tenants	124.0	74.2	(49.8)
Senior/Disabled Citizens Property Tax Freeze	169.0	172.5	3.5
Property Tax Deduction Act	471.0	351.0	(120.0)
Municipal Reimbursement - Veterans' Tax Deductions	71.5	69.5	(2.0)
Municipal Reimbursement - Senior/Disabled Citizens' Tax Deductions	20.5	19.5	(1.0)
	<u> </u>	<u> </u>	<u> </u>
Total Direct Property Tax Relief	<u>\$ 2,439.5</u>	<u>\$ 1,731.1</u>	<u>\$ (708.4)</u>

Direct Property Tax Relief Expenditures FY 1977 – FY 2010

Corzine Administration Provided \$6.9 Billion
in Direct Property Tax Relief

(In Billions)



Programs Included: Homestead Rebates for Homeowners, Homestead Rebates for Tenants, Senior Tax Freeze, NJSAVER, Senior and Disabled Citizens' Property Tax Deduction and Veterans' Property Tax Deduction.

*The Homestead Rebate program was initiated in fiscal year 1977.

FY 2010

Property Tax Relief Benefit Levels

Homeowner Income (Seniors)	Projected Recipients	Percent of Property Taxes	Average Benefit
\$0-100,000	468,000	20%	\$1,295
\$100,001-150,000	36,000	10%	\$763

Homeowner Income (Non-Seniors)	Projected Recipients	Percent of Property Taxes	Average Benefit
\$0-50,000	278,000	20%	\$892
\$50,001-75,000	232,000	13.34%	\$670

Tenant Income (Seniors)	Projected Recipients	Maximum Benefit
\$0-100,000	108,000	\$860

Senior Freeze	Projected Recipients	Average Check
First Time Recipients	40,000	\$210
Repeat Recipients	128,000	\$1,278

Direct Property Tax Relief by Administration

Cumulative 4-yr relief for average households at different incomes

<u>Household</u>	(FY99-02)	(FY03-06)	(FY07-10)
	Whitman DiFrancesco	McGreevey Codey	Corzine ³
Non-Senior			
@\$30k	\$ 854 ¹	\$ 1,709 ²	\$ 2,986
@\$50k	\$ 851 ¹	\$ 1,841 ²	\$ 3,118
@\$75k	\$ 871 ¹	\$ 1,835 ²	\$ 3,201
@\$100k	\$ 880 ¹	\$ 1,830 ²	\$ 2,466
Senior			
@\$30k	\$ 2,062	\$ 5,240	\$ 8,894
@\$50k	\$ 1,593	\$ 3,965	\$ 8,970
@\$75k	\$ 971 ⁴	\$ 2,250 ⁴	\$ 4,581
@\$100k	\$ 980 ⁴	\$ 2,229 ⁴	\$ 4,568

* Includes Homestead Rebate and Senior Property Tax Freeze programs.
Based on data from the Division of Taxation.

¹ Non-Senior average checks during FY00-FY04 reflect NJ SAVER rebates. Homeowners were entitled to a rebate from whichever program (either NJ SAVER or Homestead Rebate) that gave them the greater benefit. Non-Seniors generally received a larger benefit under the NJ SAVER program. Data stratifying NJ SAVER by income for FY00-01 fiscal years not available, so statewide average used.

² Reflects NJ SAVER checks for FY03-04 and Homestead Rebate checks thereafter.

³ Reflects Budget estimates for FY10 average checks .

⁴ Reflects NJ SAVER checks for FY00-FY04 (for FY00-01, total statewide average used). Senior homeowners at these income levels received a greater benefit from the NJ SAVER program than the Homestead Rebate program.

School Aid

\$ 276 Million Increase in Funding for Classrooms

School Aid Represents 35% of Total Budget

(In Millions)

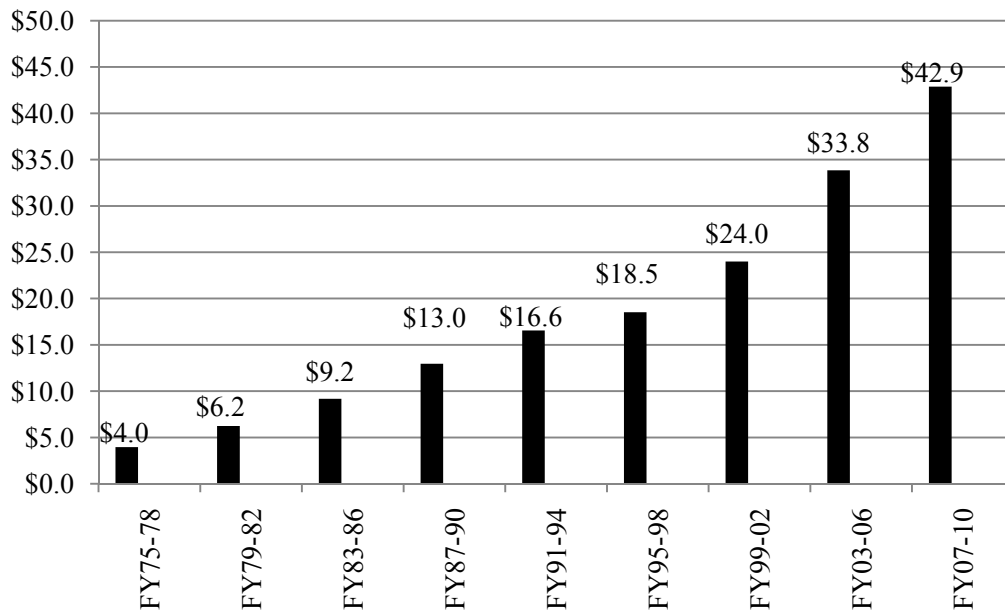
	FY 2009 Adjusted Approp.	FY 2010 Approp. Act*	\$ Change
Formula Aid	\$ 7,795.4	\$ 7,941.4	\$ 146.0
Preschool Programs	543.8	596.1	52.3
Extraordinary Special Education Aid	52.0	140.1	88.1
Adult Education	10.0	10.0	-
Other Aid	130.0	120.1	(9.9)
Total Direct School Aid	\$ 8,531.2	\$ 8,807.7	\$ 276.5
Teachers' Pension and Annuity Fund	\$ 693.3	\$ 95.7	\$ (597.6)
Post Retirement Medical	750.1	775.5	25.4
Debt Service on Pension Obligation Bonds	112.5	122.3	9.8
Teachers' Social Security	731.1	764.1	33.0
Total Direct State Payments for Education	\$ 2,287.0	\$ 1,757.6	\$ (529.4)
School Construction and Renovation Fund	\$ 559.5	\$ 465.9	\$ (93.6)
Debt Service Aid	103.1	99.2	(3.9)
Total School Building Aid	\$ 662.6	\$ 565.1	\$ (97.5)
Total School Aid	\$ 11,480.8	\$ 11,130.4	\$ (350.4)

* Includes \$1,057 million in federal stimulus funding.

State Aid for Local School Districts FY 1975 – FY 2010

Corzine Administration Provided Over
\$40 Billion in Aid

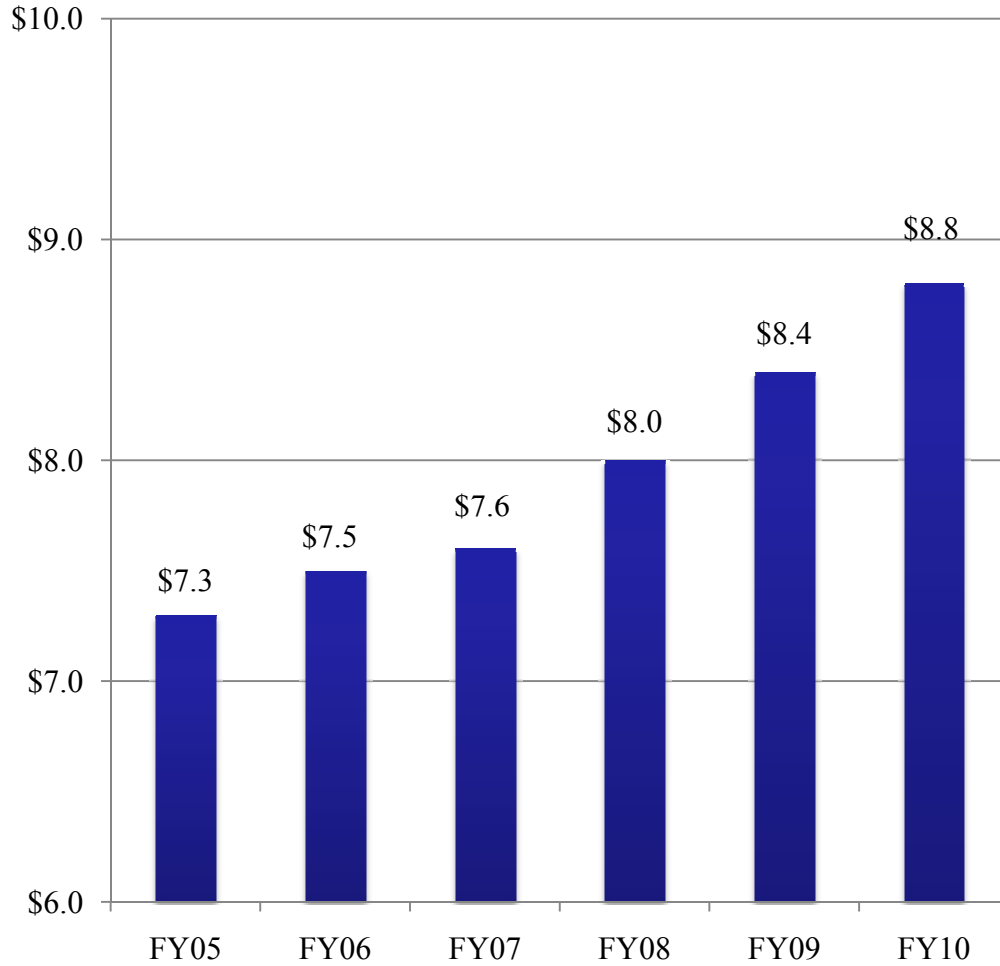
(In Billions)



Includes direct aid, on behalf payments, and school building aid
FY10 includes \$1.057b in federal stimulus funding

Direct School Aid History

(In Billions)



Excludes Employee Benefits and School Building Aid
FY05 to FY09 Reflects Spending
FY10 Includes \$1.057b in Federal Stimulus Funding

Municipal Aid

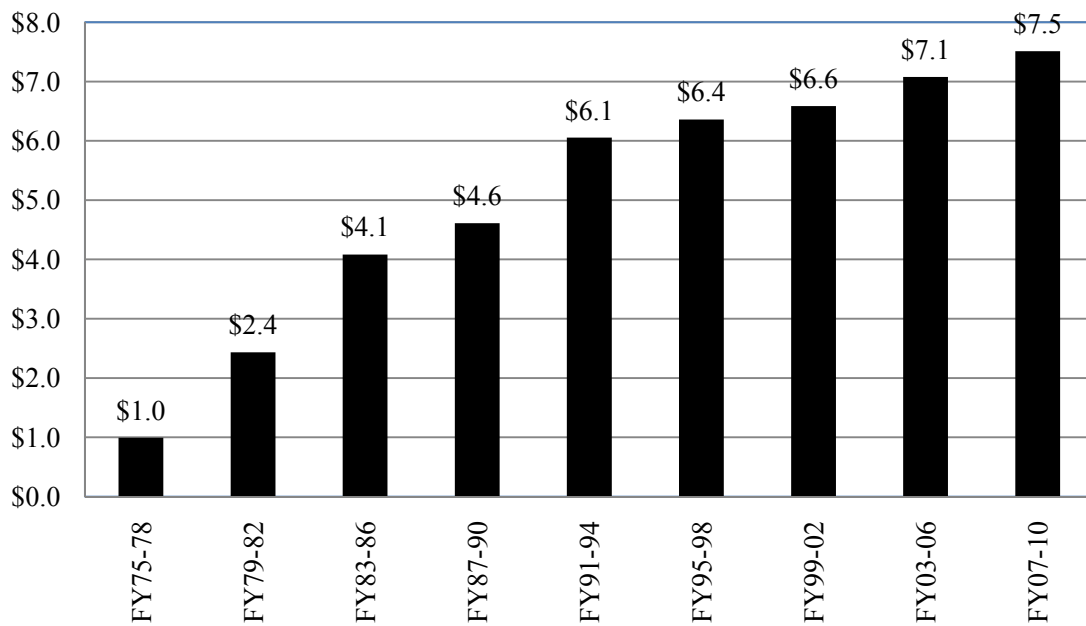
(In Millions)

	FY 2009 Adjusted Approp.	FY 2010 Approp. Act	\$ Change
	<u> </u>	<u> </u>	<u> </u>
Consolidated Municipal Property Tax Relief Aid (CMPTRA) / Energy Tax Receipts	\$ 1,597.4	\$ 1,565.3	\$ (32.1)
Special Municipal Aid	145.3	117.4	(27.9)
Trenton Capital City Aid	35.6	34.9	(0.7)
Extraordinary Aid	25.0	24.5	(0.5)
Consolidation Fund / SHARE	3.0	8.0	5.0
Highlands Protection Fund Aid	12.0	12.0	-
Open Space - Payment In Lieu of Taxes (PILOT)	10.0	10.0	-
Regional Efficiency Aid Program (REAP)	<u>6.0</u>	<u>6.0</u>	<u>-</u>
Total Municipal Aid	<u>\$ 1,834.3</u>	<u>\$ 1,778.1</u>	<u>\$ (56.2)</u>

Municipal Aid FY 1975 – FY 2010

Corzine Administration Provided Over
\$7.5 Billion in Aid

(In Billions)



Higher Education

(In Millions)

	FY 2009	FY 2010	Change	
	Adjusted	Approp.		
	Approp.	Act	\$	%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Colleges and Universities				
Senior Public Colleges and Universities	\$ 1,456.7	\$ 1,508.3	\$ 51.6	3.5
County Colleges	221.6	226.7	5.1	2.3
Independent Colleges and Universities	18.4	17.5	(0.9)	(5.0)
Student Financial Assistance	288.5	322.4	33.9	11.7
Educational Opportunity Fund	41.2	41.2	-	-
Facility and Capital Improvement Programs	88.1	76.4	(11.7)	(13.3)
Other Programs	<u>10.4</u>	<u>8.8</u>	<u>(1.6)</u>	<u>(15.1)</u>
Total Higher Education	<u><u>\$ 2,124.9</u></u>	<u><u>\$ 2,201.3</u></u>	<u><u>\$ 76.4</u></u>	<u>3.6</u>

Higher Education

(In Millions)

	FY 2009	FY 2010	Change	
	Adjusted Approp.	Approp. Act	\$	%
Senior Public Institutions				
Rutgers University	\$ 309.5	\$ 309.4	\$ (0.1)	(0.0)
UMDNJ	218.5	218.5	-	-
UMDNJ - Stabilization	-	30.9	30.9	
NJIT	45.1	45.1	-	-
Thomas Edison State College	5.6	5.6	-	-
Rowan University	36.2	36.2	-	-
New Jersey City University	30.7	30.7	-	-
Kean University	39.4	39.4	-	-
William Paterson University	38.7	38.7	-	-
Montclair State University	45.5	45.5	-	-
College of New Jersey	34.5	34.5	-	-
Ramapo College of New Jersey	19.0	19.0	-	-
Richard Stockton College of New Jersey	23.5	23.5	-	-
Subtotal Senior Publics Direct Aid^(a)	\$ 846.2	\$ 876.9	\$ 30.7	3.6
Senior Publics Salary Funding	-	-	-	
Senior Publics Net Fringe Benefits	610.5	631.4	20.9	3.4
Total Senior Publics	\$ 1,456.7	\$ 1,508.3	\$ 51.6	3.5
County Colleges				
Operating Support ^{(a)(b)}	\$ 149.1	\$ 149.1	\$ -	-
Fringe Benefits	34.5	36.3	1.8	5.1
Chapter 12 Debt Service	38.0	41.4	3.3	8.8
Total County Colleges	\$ 221.6	\$ 226.7	\$ 5.1	2.3
Total Independent Colleges and Universities	\$ 18.4	\$ 17.5	\$ (0.9)	(5.0)
Student Financial Assistance				
Tuition Aid Grants (TAG) ^(a)	\$ 250.5	\$ 283.2	\$ 32.7	13.1
Part-time TAG for County Colleges	6.0	7.1	1.1	19.2
NJSTARS I & II	14.7	17.8	3.1	21.0
EOF Grants and Scholarships	41.2	41.2	-	-
Loan Forgiveness for Mental Health Workers	3.5	3.5	-	-
Other Student Aid Programs	13.8	10.8	(3.1)	(21.9)
Total Student Financial Assistance	\$ 329.7	\$ 363.6	\$ 33.9	10.3
Other Programs				
Capital Grants and Facilities Support ^(c)	\$ 88.1	\$ 76.4	\$ (11.7)	(13.3)
All Other Programs	10.4	8.8	(1.6)	(15.1)
Total Other Programs	\$ 98.5	\$ 85.2	\$ (13.3)	(13.5)
Grand Total Higher Education	\$ 2,124.9	\$ 2,201.3	\$ 76.4	3.6

(a) FY 2010 includes funding from Federal Fiscal Stabilization of \$34.08 million for TAG and \$39.6 million for senior

public institutions and county colleges operating support.

(b) Includes funding from Supplemental Workforce Fund for Basic Skills of \$16 million in FY 2009 and FY 2010.

(c) Includes use of off-budget fund balances totaling \$1 million in FY 2009.

Hospital Funding – State and Federal

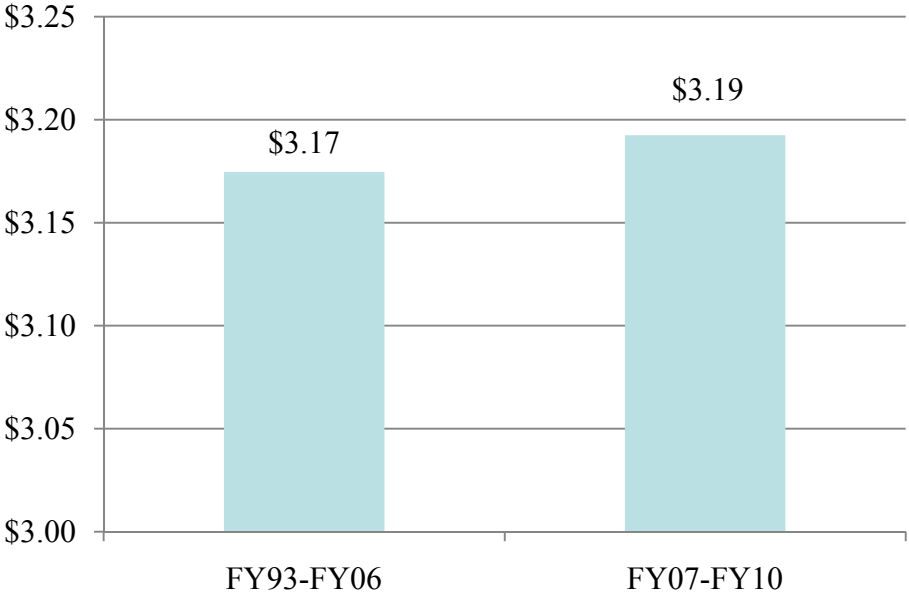
(In Millions)

	FY 2009 Adjusted Approp.	FY 2010 Approp. Act	Change
Charity Care	\$605.0	\$605.0	\$ -
Health Care Stabilization Fund	44.0	40.0	(4.0)
Hospital Relief Offset Payments	198.0	191.6	(6.4)
Cancer Grants *	48.0	38.4	(9.6)
Graduate Medical Education	68.0	60.0	(8.0)
Hospital Asset Transformation Program	12.5	16.5	4.0
TOTAL	\$975.5	\$951.5	(\$24.0)

* Includes multiple line item appropriations in the Department of Health And Senior Services and in the University of Medicine and Dentistry of New Jersey appropriations in the Department of State.

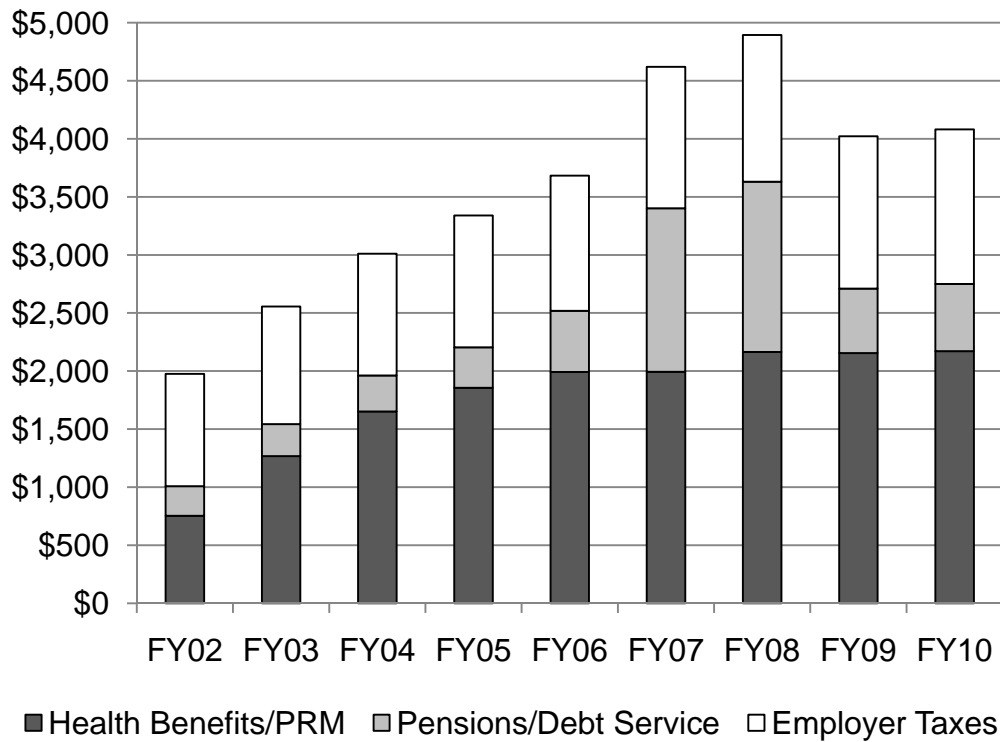
Corzine Administration Has Paid the Approximate Same Amount for Pensions in Four Years As the Previous 14 Years Combined

(In Billions)



Employee Benefit Costs

(In Millions)



FY09 reflects the revised spending for pensions.

Projected FY 2008 – FY 2022 Savings from the Pension and Health Benefit Reforms Effective July 1, 2007

(In Millions)

	State PERS/TPAF	Local PERS	Total PERS/TPAF
Pension Savings			
Retirement age from 55 to 60	\$ 287.3	\$ 83.3	\$ 370.6
Cap on defined benefit salary	501.5	399.3	900.8
Increase employee contribution from 5% to 5.5%	1,497.8	794.4	2,292.2
Mandatory defined contribution for elected/appointed	1.3	15.4	16.7
TOTAL PENSION SAVINGS	\$ 2,287.8	\$ 1,292.4	\$ 3,580.2
	State	Locals Including Municipalities, Counties & School Boards	Total State/Local
Health Benefit Savings			
1.5% of salary contribution (1)	\$ 1,850.3	\$ -	\$ 1,850.3
Co-pay changes	191.3	-	191.3
Plan design changes (2)	476.0	300.9	776.9
TOTAL HEALTH BENEFIT SAVINGS	\$ 2,517.6	\$ 300.9	\$ 2,818.5
GRAND TOTAL PENSION & HEALTH BENEFIT SAVINGS	\$ 4,805.4	\$ 1,593.3	\$ 6,398.7

(1) For local employers if 50% of them negotiate and adopt with their employees the 1.5% of salary contribution toward health benefits, it is projected that the aggregate savings through FY 2022 would be \$2.546 billion.

(2) State savings for plan design changes includes savings attributable to retired teachers and other school board retirees funded by the State.

Projected FY 2009 – FY 2022 Savings from Further Pension and Health Benefits Reforms

(In Millions)

Pension Savings	State PERS/TPAF	Local PERS	Total PERS/TPAF
Retirement age from 60 to 62	\$ 53.6	\$ 53.4	\$ 107.0
Raise eligibility threshold to \$7,500	0.8	12.2	13.1
New adjunct faculty from PERS to ABP (no estimate at this time)	-	-	-
Appeals heard by OAL (no savings)	-	-	-
TOTAL PENSION SAVINGS	\$ 54.5	\$ 65.6	\$ 120.1

Health Benefit Savings	State	Locals Including Municipalities, Counties & School Boards	Total State/Local
Allow State to offer incentive to waive SHBP coverage (no est. at this time)	\$ -	\$ -	\$ -
Out-of-state purchase not count towards PRM (no estimate at this time)	-	-	-
Codification of current regs for definition of full-time for locals (no savings)	-	-	-
TOTAL HEALTH BENEFIT SAVINGS	\$ -	\$ -	\$ -
TOTAL PENSION & HEALTH BENEFIT SAVINGS	\$ 54.5	\$ 65.6	\$ 120.1

Other Savings			
Eliminate Lincoln's Birthday as Holiday	\$ 32.2	\$ -	\$ 32.2
GRAND TOTAL SAVINGS	\$ 86.6	\$ 65.6	\$ 152.2

Unemployment Insurance Fund Diversions vs. General Fund Contributions

Diversions

\$4.7 billion	- Previous Administrations
\$0	- Corzine Administration

General Fund Contributions to UI Fund

\$0	- Previous Administrations
\$380 million	- Corzine Administration

\$260 million in FY08

\$120 million in FY09

Resulted in avoiding \$886 million of employer taxes

Budget Relief from the Federal Stimulus Bill

(In Thousands)

	<u>SFY09</u>	<u>SFY10</u>	<u>Total</u>
Enhanced Medicaid Funding - Children & Families	\$ 13,545	\$ 24,000	\$ 37,545
Enhanced Medicaid Funding - Health	128,417	310,401	\$ 438,818
Enhanced Medicaid Funding - Developmental Disabilities	87,870	142,506	\$ 230,376
Enhanced Medicaid Funding - Disability Services	25,319	45,803	\$ 71,122
Enhanced Medicaid Funding - Medicaid	332,201	528,620	\$ 860,821
Sub-Total	\$ 587,352	\$ 1,051,330	\$ 1,638,682
DHSS - Early Intervention	-	10,800	10,800
Fiscal Stabilization	162,239	1,128,655	1,290,894
Title IV-E--Foster Care	4,044	5,392	9,436
Federal Preventive Maintenance	-	59,100	59,100
Total	\$ 753,635	\$ 2,255,277	\$ 3,008,912

Enhanced Medicaid Funding assumes that the prior 3-month average of the State's unemployment rate is less than 6.7% from October 2008 through March 2009; between 6.7% and 7.6% from April 2009 through September 2009; and greater than 7.7% from October 2009 through December 2010.

Enhanced Medicaid Funding reimbursements are determined by the State's actual Medicaid expenditures.

The fiscal 2010 Fiscal Stabilization funding is allocated in accordance with the "American Recovery and Reinvestment Act." An additional \$39.6 million will be available to mitigate public college tuition increases in fiscal 2010.

Comparison of Prior Year Adjusted Appropriations to Appropriation Acts

Fiscal Year	(In Millions)			
	Approp. Act	Prior Year Adjusted Approp. *	----- Change ----- \$	----- %
2010	\$ 28,990.5	\$ 33,244.5	\$ (4,254.0)	(12.8)
2009	32,868.5	33,908.4	(1,039.9)	(3.1)
2008	33,470.9	31,020.5	2,450.4	7.9
2007	30,818.7	28,087.7	2,731.0	9.7
2006	27,919.9	28,644.8	(724.9)	(2.5)
2005	28,027.3	24,569.1	3,458.2	14.1
2004	24,003.2	23,726.4	276.8	1.2
2003	23,401.7	23,218.6	183.1	0.8
2002	22,920.7	21,842.8	1,077.9	4.9
2001	21,419.7	20,163.5	1,256.2	6.2
2000	19,514.4	18,482.3	1,032.1	5.6
1999	18,123.8	17,141.3	982.5	5.7
1998	16,786.6	16,256.7	529.9	3.3
1997	15,977.8	16,297.3	(319.5)	(2.0)
1996	15,994.6	15,528.7	465.9	3.0
1995	15,280.7	15,608.7	(328.0)	(2.1)
1994	15,466.9	14,737.5	729.4	4.9
1993	14,625.5	14,955.7	(330.2)	(2.2)
1992	14,651.5	12,638.8	2,012.7	15.9
1991	12,423.8	12,165.9	257.9	2.1
1990	11,995.0	11,904.1	90.9	0.8
1989	11,775.1	10,569.4	1,205.7	11.4
1988	10,396.5	9,355.9	1,040.6	11.1
1987	9,279.4	8,959.2	320.2	3.6
1986	8,681.2	7,946.1	735.1	9.3
1985	7,693.3	6,865.2	828.1	12.1
1984	6,771.8	6,289.5	482.3	7.7
1983	6,181.7	5,741.5	440.2	7.7
1982	5,691.3	5,151.3	540.0	10.5
1981	5,107.1	4,739.6	367.5	7.8
1980	4,652.1	4,436.6	215.5	4.9
1979	4,394.4	4,066.5	327.9	8.1
1978	4,010.6	3,486.2	524.4	15.0
1977	2,853.3	2,674.6	178.7	6.7
1976	2,698.1	2,794.4	(96.3)	(3.4)
1975	2,756.1	2,406.9	349.2	14.5
1974	2,385.7	2,090.5	295.2	14.1
1973	2,047.7	1,822.4	225.3	12.4
1972	1,779.3	1,616.6	162.7	10.1
1971	1,557.5	1,370.0	187.5	13.7
1970	1,334.4	1,136.8	197.6	17.4
1969	1,088.5	1,021.0	67.5	6.6
1968	992.7	888.2	104.5	11.8
1967	876.6	654.9	221.7	33.9
1966	639.4	592.9	46.5	7.8
1965	584.1	554.9	29.2	5.3
1964	543.8	505.9	37.9	7.5
1963	499.4	469.3	30.1	6.4
1962	467.2	437.2	30.0	6.9
1961	431.8	412.3	19.5	4.7
1960	405.1	395.9	9.2	2.3
1959	388.6	340.7	47.9	14.1
1958	342.5	324.2	18.3	5.6
1957	320.8	299.8	21.0	7.0
1956	284.4	247.7	36.7	14.8
1955	234.8	185.2	49.6	26.8
1954	219.7	211.9	7.8	3.7
1953	210.7	179.2	31.5	17.6
1952	176.8	168.6	8.2	4.9
1951	164.1	164.5	(0.4)	(0.2)

* Original Appropriations Act plus Supplementals

Comparison of Appropriation Acts

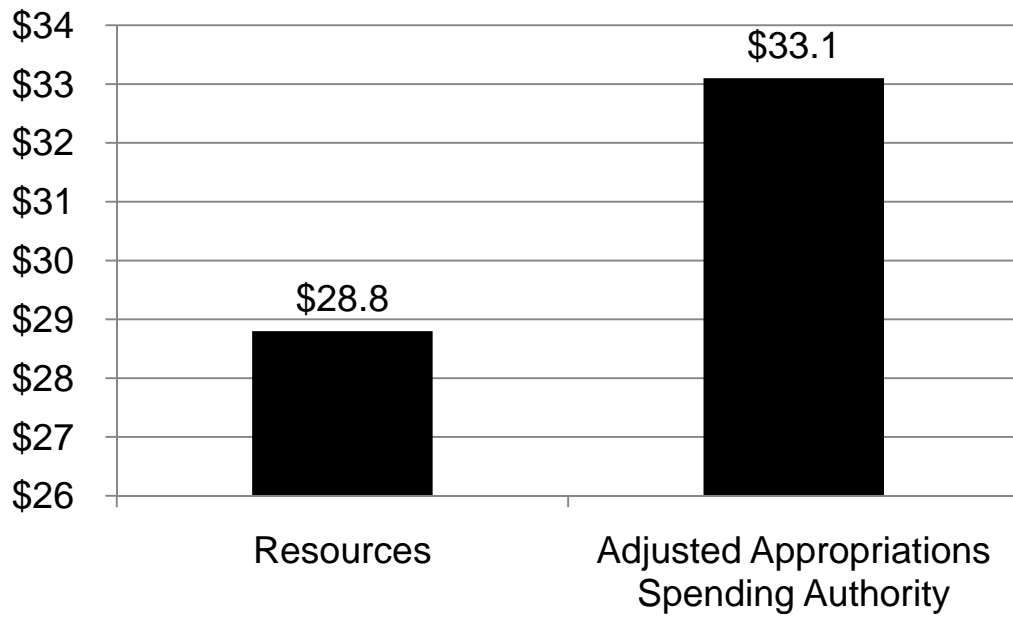
(In Millions)

Fiscal Year	Approp. Act	Change	
		\$	%
2010	\$ 28,990.5	\$ (3,878.0)	(11.8)
2009	32,868.5	(602.4)	(1.8)
2008	33,470.9	2,652.2	8.6
2007	30,818.7	2,898.8	10.4
2006	27,919.9	(107.4)	(0.4)
2005	28,027.3	4,024.1	16.8
2004	24,003.2	601.5	2.6
2003	23,401.7	481.0	2.1
2002	22,920.7	1,501.1	7.0
2001	21,419.7	1,905.3	9.8
2000	19,514.4	1,390.6	7.7
1999	18,123.8	1,337.1	8.0
1998	16,786.6	808.8	5.1
1997	15,977.8	(16.8)	(0.1)
1996	15,994.6	713.9	4.7
1995	15,280.7	(186.2)	(1.2)
1994	15,466.9	841.4	5.8
1993	14,625.5	(26.0)	(0.2)
1992	14,651.5	2,227.7	17.9
1991	12,423.8	428.8	3.6
1990	11,995.0	219.9	1.9
1989	11,775.1	1,378.6	13.3
1988	10,396.5	1,117.1	12.0
1987	9,279.4	598.2	6.9
1986	8,681.2	987.9	12.8
1985	7,693.3	921.5	13.6
1984	6,771.8	590.1	9.5
1983	6,181.7	490.4	8.6
1982	5,691.3	584.2	11.4
1981	5,107.1	455.0	9.8
1980	4,652.1	257.7	5.9
1979	4,394.4	383.7	9.6
1978	4,010.6	1,157.3	40.6
1977	2,853.3	155.2	5.8
1976	2,698.1	(58.0)	(2.1)
1975	2,756.1	370.4	15.5
1974	2,385.7	338.0	16.5
1973	2,047.7	268.4	15.1
1972	1,779.3	221.8	14.2
1971	1,557.5	223.0	16.7
1970	1,334.4	245.9	22.6
1969	1,088.5	95.8	9.7
1968	992.7	116.0	13.2
1967	876.6	237.3	37.1
1966	639.4	55.2	9.5
1965	584.1	40.3	7.4
1964	543.8	44.4	8.9
1963	499.4	32.2	6.9
1962	467.2	35.5	8.2
1961	431.8	26.6	6.6
1960	405.1	16.5	4.2
1959	388.6	46.2	13.5
1958	342.5	21.6	6.7
1957	320.8	36.4	12.8
1956	284.4	49.6	21.1
1955	234.8	15.1	6.9
1954	219.7	9.0	4.3
1953	210.7	33.9	19.2
1952	176.8	12.7	7.7
1951	164.1		

Fiscal Year 2009 Update

Fiscal Year 2009 Shortfall \$4.3 Billion

(In Billions)



Summary of Shortfall

(In Thousands)

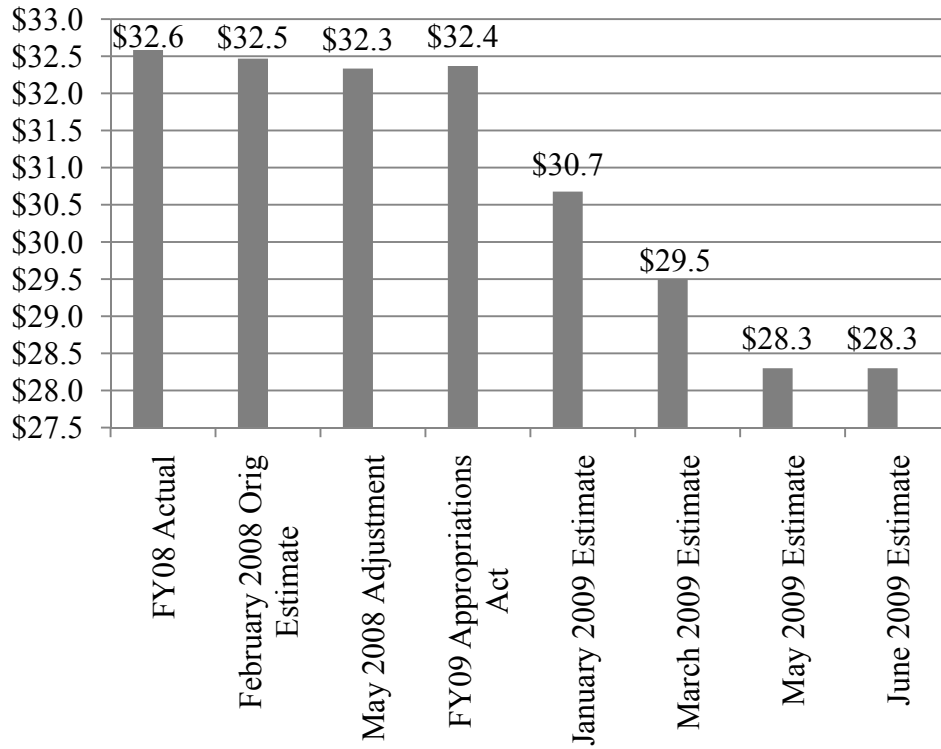
	<u>Jan 2nd</u>	<u>Added Feb 17</u>	<u>Added Mar 10</u>	<u>Added May 14</u>	<u>Added May 19</u>	<u>Added June</u>	<u>Total</u>
Revenue Shortfall	\$ 1,683,000	\$ 1,146,189	\$ 66,117	\$ 1,126,358	\$ 34,000	\$ (10,039)	\$ 4,045,625
Added Spending Needs	276,308	42,282	(92,744)	26,047	(2,665)	(132,516)	116,712
Payment to UI Fund	-	270,000	(120,000)	(30,000)	-	-	120,000
Total*	<u>\$ 1,959,308</u>	<u>\$ 1,458,471</u>	<u>\$ (146,627)</u>	<u>\$ 1,122,405</u>	<u>\$ 31,335</u>	<u>\$ (142,555)</u>	<u>\$ 4,282,337</u>
Cumulative Total		<u>\$ 3,417,779</u>	<u>\$ 3,271,152</u>	<u>\$ 4,393,557</u>	<u>\$ 4,424,892</u>	<u>\$ 4,282,337</u>	

Revenue shortfall accounts for nearly 94% of the \$4.3 billion shortfall in FY 2009.

*If the loss of anticipated Additional Federal Stimulus of \$87.8 million were included, the total shortfall would be \$4.37 billion.

History of FY 2009 Base Revenues

(In Billions)



FY 2009 Revenues

(In Millions)

	FY2008 CAFR	FY2009 Adjusted**	Change to CAFR \$	%
Income	\$ 12,605	\$ 10,280	\$ (2,325)	(18.4)
Sales	8,395	7,770	(625)	(7.4)
Corporate	2,993	2,300	(693)	(23.2)
Other*	8,591	8,774	183	2.1
Total	\$ 32,584	\$ 29,124	\$ (3,460)	(10.6)

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

** FY 2009 includes solutions

CAFR – Comprehensive Annual Financial Report

FY 2009 Revenues

(In Millions)

	FY2009 Approp. Act	FY2009 Adjusted**	Change	
	<u> </u>	<u> </u>	<u>\$</u>	<u>%</u>
Income	\$ 12,700	\$ 10,280	\$ (2,420)	(19.1)
Sales	8,578	7,770	(808)	(9.4)
Corporate	2,670	2,300	(370)	(13.9)
Other*	<u>8,420</u>	<u>8,774</u>	<u>354</u>	4.2
Total	<u><u>\$ 32,368</u></u>	<u><u>\$ 29,124</u></u>	<u><u>\$ (3,244)</u></u>	(10.0)

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

** FY 2009 includes solutions

Summary of Actions

(In Thousands)

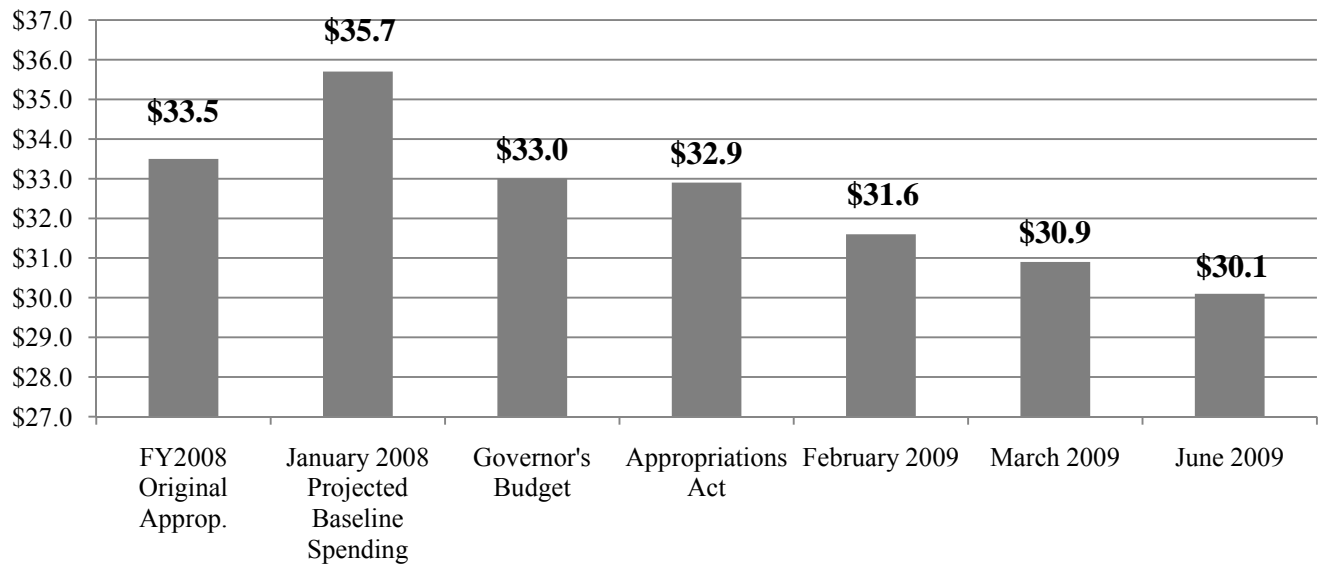
	<u>Jan 2nd</u>	<u>Added Feb 17</u>	<u>Added Mar 10</u>	<u>Added May 14</u>	<u>Added May 19</u>	<u>Added June</u>	<u>Total</u>
Budget Cuts	\$ 812,199	\$ 472,943	\$ 475,112	\$ 304,894	\$ 6,234	\$ (66,967)	\$ 2,004,415
School Aid and BEIP Deferral				453,000			453,000
Transfer from Long Term Obligation & Capital Expenditure Fund to Property							
Tax Relief Fund	365,000	-	-	-			365,000
FY 08 Added Surplus	207,578	-	-	-			207,578
Spend Down Opening Surplus				347,410			347,410
Federal Medicaid (a)	300,000	300,000	(66,990)	6,152	(12,300)	(95,728)	431,134
Additional Federal Stimulus	-	250,000	-	(87,761)			162,239
Balances Redirected from Trust Funds	-	156,876	-	-		(27,138)	129,738
Tax Amnesty	-	100,000	-	-	100,000		200,000
Total	<u>\$ 1,684,777</u>	<u>\$ 1,279,819</u>	<u>\$ 408,122</u>	<u>\$ 1,023,695</u>	<u>\$ 93,934</u>	<u>\$ (189,833)</u>	<u>\$ 4,300,514</u>
Cumulative Total		<u>\$ 2,964,596</u>	<u>\$ 3,372,718</u>	<u>\$ 4,396,413</u>	<u>\$ 4,490,347</u>	<u>\$ 4,300,514</u>	

(a) A total of \$156,218 of the Federal Medicaid funds were used to offset costs in the Departments of Human Services and Health and Senior Services.

Approximately 47% of the \$4.3 billion in solutions needed to balance the current year budget were derived from restraints on spending.

FY 09 Budget History

(In Billions)



FY 2009 Fund Diversions

(In Millions)

Temporary Disability	\$	50
UEZ Repayment of Constitutional Dedication Funds		20
Workforce Development Partnership		15
New Home Warranty		10
UEZ State Administration		6
Emergency Services Fund		6
Catastrophic Illness		5
Body Armor		5
Emergency Medical Technician		4
UI Auxiliary		3
County Deposits		3
Right-to-Know		3
Total	\$	<u>130</u>



CHAPTER 3: ECONOMIC OVERVIEW AND REVENUE FORECAST AND ENHANCEMENTS

New Jersey Economic Overview

As the global economic crisis gripped every state in the country, New Jersey's economy weakened significantly in 2008.

- Payroll employment decreased at an average annual rate of 0.5% in 2008 after growing very slowly at an average annual rate of 0.2% in 2007. Employment is projected to decrease by approximately a 3.2% average annual rate in 2009 and decrease by an average annual rate of 0.9% in 2010.
- The preliminary growth rate for personal income declined at a rate of 0.2% for the first quarter of 2009 and came in below the revised growth rate of 1.8% for the fourth quarter of 2008. Personal income is expected to decline at an annual average rate of 0.7% in 2009 and improve to a growth rate of approximately 1.7% in 2010.
- The generally declining labor market conditions have kept the State's unemployment rate above 5% for thirteen months since May 2008. For calendar year 2009, through June 2009, the State's average unemployment rate was 8.4% while the national employment rate averaged 8.7% during the same time period.
- New vehicle registrations declined in calendar year 2008 by 16%, following a 4.3% decline in 2007. For fiscal year 2009 through May 2009, new vehicle registrations declined 25.6% compared to a year ago. New motor vehicle registrations are projected to remain below the 500,000 level in 2009 and 2010.
- The housing sector is expected to weaken further in the months ahead, with housing permits in 2009 to stay below 20,000 units.
- The State and the nation may experience further near-term deterioration in growth and the expected pace of economic expansion may decline further if consumers, investors and businesses become more concerned about the impact of the federal economic stimulus on job growth, credit availability, financial market stresses and geopolitical tensions. To a large extent, the future direction of the economy nationally and in the State hinges on assumptions regarding the current recession, energy prices and stability in the financial markets.

Fiscal 2010 Revenue Projections

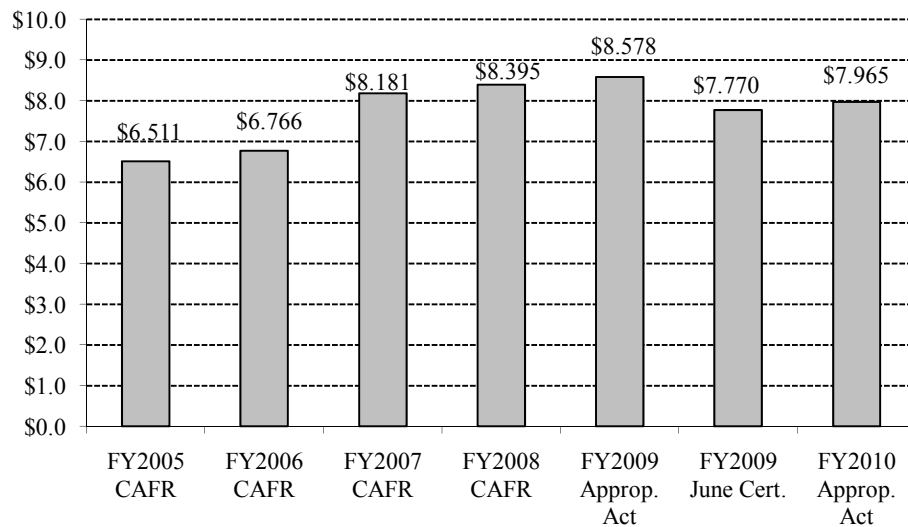
Total revenues for fiscal 2010 are expected to be \$28.8 billion, which is \$367 million or approximately 1.3% below the revised fiscal 2009 anticipated levels. New Jersey is projecting only marginal changes in base revenues in fiscal 2010. Most economic indicators for the nation and New Jersey for 2009 are projected to remain below 2008 performance levels, but show some improvement in 2010.

Sales Tax

The forecast of \$8 billion in Sales Tax revenue for fiscal 2010 is an increase of \$195 million over the revised fiscal 2009 level. The basic underlying growth rate of 2.5% reflects the anticipated improvements in the economy and consumer spending in fiscal 2010 in part due to the federal economic stimulus package.

Sales Tax

(In Billions)



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

Sales Tax excludes the tax on energy
 CAFR – Comprehensive Annual Financial Report

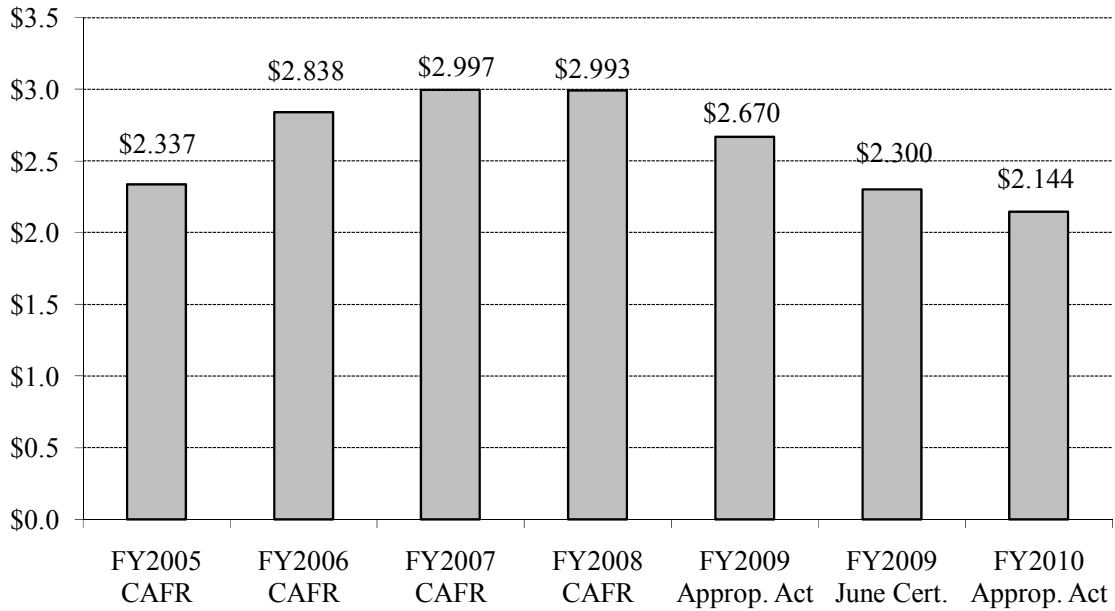
Corporation Business Tax

The fiscal 2010 Corporation Business Tax (CBT) revenue forecast of \$2.2 billion represents a decrease of \$76 million (-3.3%), compared to the revised fiscal 2009 level. It includes \$80 million for the one-year extension of the 4% surcharge, which was due to expire June 30, 2009. It also assumes slower growth in payments for calendar year 2009 associated with the anticipated slowdown in corporate pre-tax profit growth. Pre-tax profit is projected to decrease 15.3% in 2008, followed by another 11.4% decline in 2009. In addition there has been a significant increase in CBT refunds in fiscal year 2009. The baseline growth,

excluding the impact of the extension of the 4% surcharge of \$80 million, is a negative 6.8% over a year ago.

Base Corporation Business Tax Revenue Below Actual FY 2005 Collections

(In Billions)



Corporation Business Tax excludes the tax on energy
CAFR – Comprehensive Annual Financial Report

Gross Income Tax

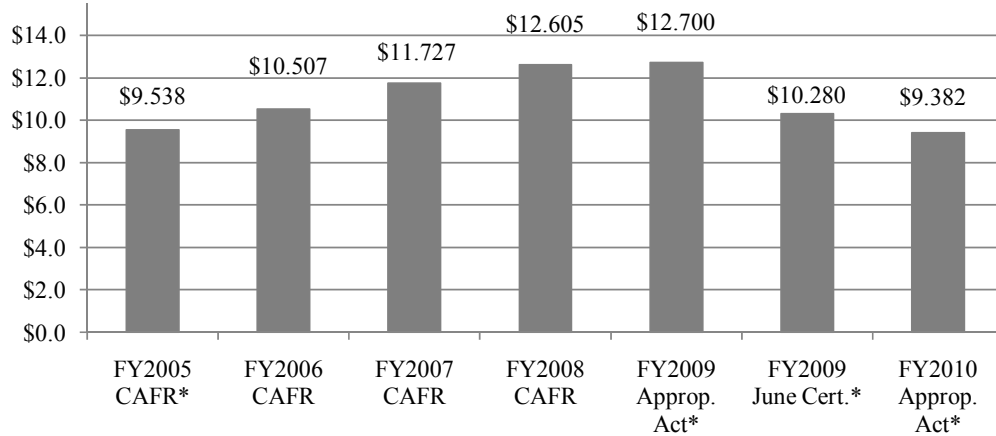
The fiscal 2010 forecast of \$10.4 billion is an increase of \$113 million over the revised fiscal 2009 level. This forecast includes additional revenues of approximately \$1 billion from the following sources: \$83 million from the one-year increase in the tax rate from 6.37% to 8% on income over \$400,000 to \$500,000; \$620 million from the one-year increase in the tax rate from 8.97% to 10.25% on income over \$500,000 to \$1,000,000; \$200 million from the one-year increase in the tax rate from 8.97% to 10.75% on income over \$1,000,000; \$100 million from the one year suspension of the property tax deduction for non-seniors with incomes greater than \$250,000 and a limited one-year deduction up to \$5,000 for non-seniors earning from \$150,000 to \$250,000; and \$8 million for taxing lottery winnings greater than \$10,000. This forecast includes a \$55 million decline, to take into account the expansion of the New Jersey Earned Income Tax Credit (EITC).

The basic underlying growth rate of negative 5.8% over the revised fiscal 2009 level reflects the weakening income growth trends and the probability of a weak financial market. New Jersey Total Income, which is the tax base, increased by 7.3% and 10.2% in tax years 2006 and 2007, respectively. The tax base is projected to moderate substantially at a growth rate of 0.5% in tax year 2008 and decline at approximately an 8.3% rate in tax year 2009, reflecting the recessionary outlook for personal income anticipated by a number of independent economic forecasting services. Households reporting over \$100,000 in total income account for almost 86% of the income tax revenue. The pace of growth in income for these households is expected to weaken substantially at approximately 0.5% rate in tax year 2008; followed by a steeper decline of around 12% in tax year 2009 before improving to an increase of around 8% in tax year 2010. These trends are significantly below the double-digit average annual growth rate of 12.5% experienced in the 2004-2007 expansionary period, following the last economic recession.

The eligibility requirements for the New Jersey EITC have changed-- beginning with tax year 2007 the benefits are available to all taxpayers who are eligible for the federal credit. The percentage used to calculate the expanded NJEITC program was increased from 20% in tax year 2007 to 22.5% of the applicant's federal earned income tax credit for tax year 2008. The Corzine Administration understands how important this program is in these difficult economic times. The Governor has proposed EITC be increased further to 25% of the federal earned income credit for tax year 2009 and beyond.

Base Income Tax Revenue Below Actual FY 2005 Collections

(In Billions)



*These revenues include changes in tax policy.

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

FY 2009 – Incremental Change in EITC Expansion (\$60 million)

FY 2010 – Incremental Change in EITC Expansion (\$55 million)

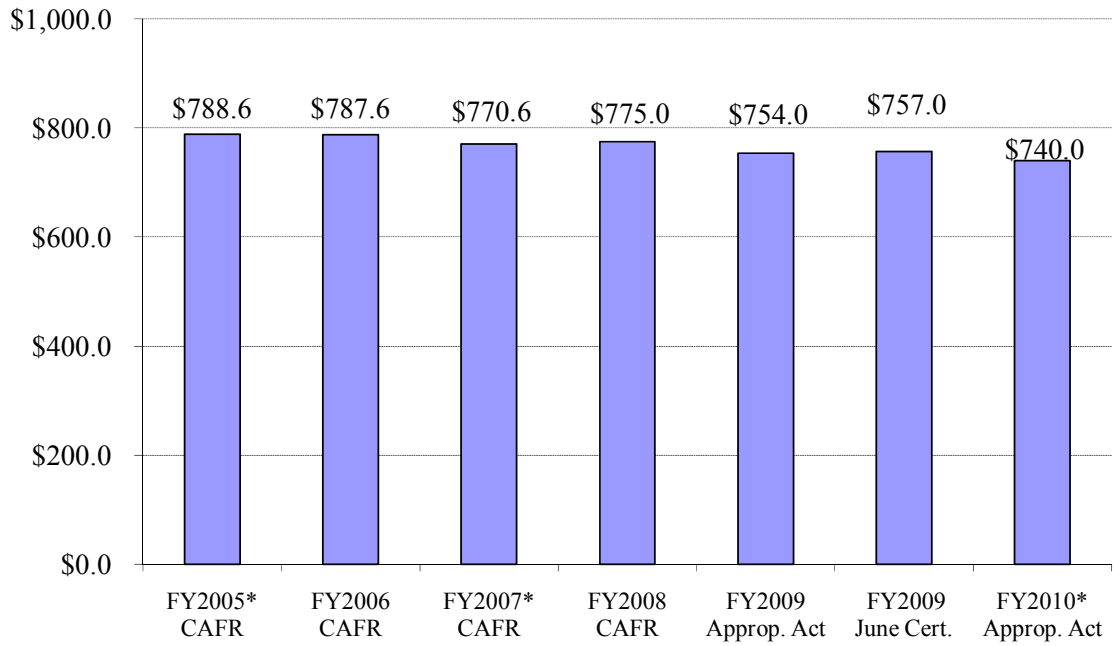
CAFR – Comprehensive Annual Financial Report

Cigarette Tax

For fiscal 2010, the gross cigarette tax collections are estimated to be \$740 million. This estimate assumes a decline in consumption and an increase in the tax rate of 12.5 cents to a rate of \$2.70 per pack. From the fiscal 2010 gross collections, \$396.5 million is dedicated to the Health Care Subsidy Fund to assist hospitals with charity care and other uncompensated care disproportionate share payments. Also, \$140 million has been pledged to bondholders with the issuance of the Cigarette Tax Revenue Bonds, Series 2004. The remaining funds of \$203.5 million are available to support the General Fund.

Cigarette Tax Gross Collections

(In Millions)



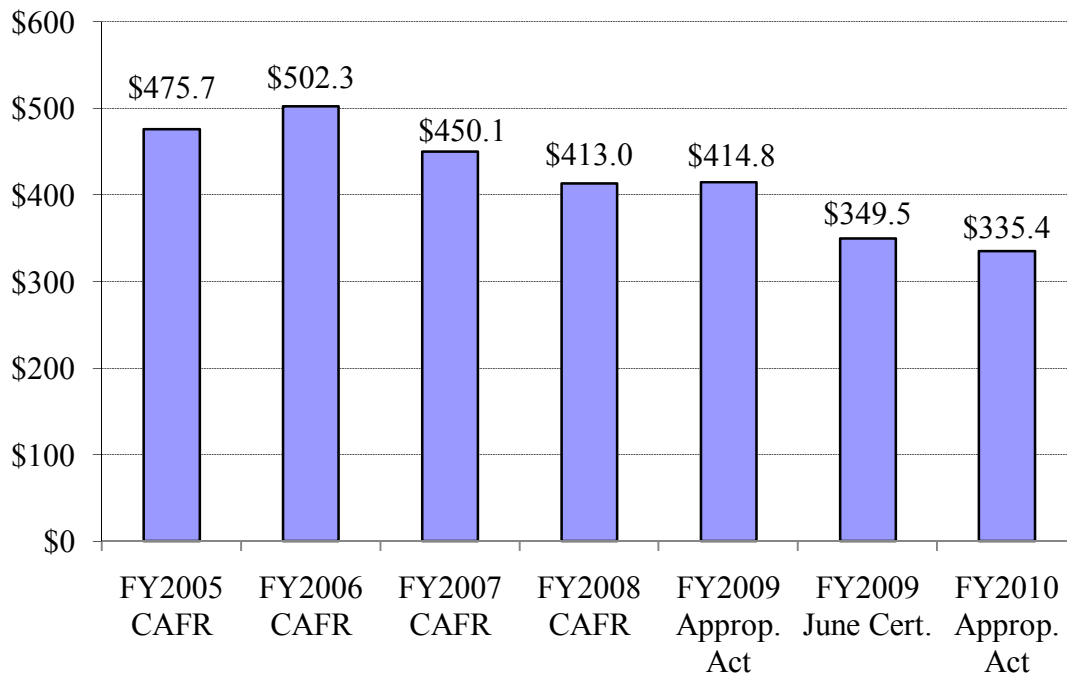
*Includes change in tax rate.
CAFR - Comprehensive Annual Financial Report

Casino Revenue

The fiscal 2010 Casino Revenue forecast of \$335.4 million represents a decrease of \$14.1 million from the revised fiscal 2009 level, and includes \$4 million of revenue from unclaimed slot machine vouchers. The decline in casino revenue for fiscal 2010 is primarily due to the continuation of difficult economic conditions, increased regional slot machine competition, the anticipation of a full smoking ban effective October 2009, and a statutory reduction in the Comp Tax.

Casino Revenue

(In Millions)



Revenue Initiatives

As a global recession batters the economy, Governor Corzine remains focused on long-term fiscal stability while he confronts this short-term crisis. The fallout from the downturn came swiftly and harshly, creating an \$8 billion shortfall in a budget that would have already been austere under any other conditions.

To address this shortfall, Governor Corzine's Fiscal 2010 Budget relies on a mixture of solutions, with the largest offset coming from \$4 billion in cuts and restraints in government spending. The Fiscal 2010 Budget also benefits from more than \$2 billion in federal stimulus funding to meet critical health care and educational needs.

The imposition of deep cuts, along with additional federal aid, however, fell short of bringing full balance to the Budget. In order to avert even deeper spending reductions and their damaging effects on education, the health care safety net, public safety and the most vulnerable, the solutions to the Fiscal 2010 Budget shortfall include additional revenues. The revenues are largely temporary, to enable the State to bridge the gap between revenues and expenditures, and to provide a path from these extraordinarily difficult times to a return of stability in the global economy.

Tax Policy Changes

Gross Income Tax (\$1 billion)

1) One-year tax rate increases that were enacted are estimated to generate \$903 million of revenue. Only 1% will be impacted, out of the nearly 3.9 million filers and taxpayers not required to file state income tax returns.

-Incomes over \$400,000 to \$500,000: A one-year tax rate increase to 8.0% (\$83 million)

-Incomes over \$500,000 to \$1,000,000: A one-year tax rate increase to 10.25% (\$620 million)

-Incomes over \$1,000,000: A one-year tax rate increase to 10.75% (\$200 million)

2) One-year property deduction changes were implemented that are estimated to increase revenue by \$100 million.

-Enacted legislation provides for the one-year suspension of the property tax deduction for non-seniors with incomes above \$250,000 and the one-year limited deduction up to \$5,000 for non-seniors with incomes over \$150,000 to \$250,000.

3) Lottery winnings in excess of \$10,000 will be subject to gross income tax. This tax change is estimated at \$8 million.

Corporation Business Tax (\$80 million)

The Fiscal 2010 Corporation Business Tax estimate includes a one-year extension of the 4% surcharge that was originally set to expire on June 30, 2009.

Alternate Use of Other Funds

The Fiscal 2010 Budget assumes the alternate use of \$140 million of other funds:

\$20 million Motor Vehicle Fees

Receipts derived from the proposed increase in various motor vehicle fees will be used in fiscal 2010 to support the General Fund rather than the Motor Vehicle Commission. The fees are comprised of transactions, processes and services including: vehicle and boat titles, motorcycle registrations, commercial driver's license permits, driver improvement programs, and abstracts.

\$13 million Enterprise Zone Assistance Fund

The Enterprise Zone Assistance Fund has not contributed its share of the constitutionally dedicated sales tax to the Property Tax Relief Fund since this dedication began in July 2006. Instead, the General Fund has made the contribution on the Zones' behalf. The \$13 million to be transferred to the General Fund represents the Enterprise Zone Assistance Fund share of the sales tax dedication for fiscal 2010.

For the following funds, balances are available for transfer to the General Fund:

\$75 million State Disability Benefit Fund

\$20 million Workers' Compensation Security Fund

\$10 million New Home Warranty Security Fund

\$ 2 million Unemployment Compensation Auxiliary Fund

Other

Insurance Premium – Surplus Lines (\$22 million)

The Insurance Premium Tax rate paid by Surplus Lines Carriers will increase from 3% to 5%.

Mental Health Hospital County Share (\$5 million)

This increase in revenue is the result of an increase in the share of costs that county psychiatric hospitals pay for patients at both county and State institutions from 12.5% to 15% beginning January 1, 2010.

Casino Revenue Fund (\$4 million)

The Fiscal 2010 Budget assumes additional revenue of \$4 million from unclaimed slot machine vouchers. Any obligation owed to a patron by a casino as a result of a gaming transaction would expire in one year, with 25% distributed to the Casino Revenue Fund and 75% to the casino licensee.

Audit and Enforcement Collections (\$40 million)

The Fiscal 2010 Budget assumes additional revenue of \$40 million through audit and enforcement efforts.

Off Budget Revenue Solutions

New Jersey bolstered its support of hospitals delivering care to the uninsured with three revenues for fiscal 2010.

Cigarette Tax (\$26.5 million)

The Cigarette Tax was increased from \$2.575 per pack of 20 cigarettes to \$2.70 per pack. As part of the legislation increasing the cigarette tax, the dedication of cigarette tax revenue to the Health Care Subsidy Fund was increased by \$26.5 million.

Alcoholic Beverage Excise (\$22 million)

The Alcoholic Beverage Excise Tax on wine and spirits was increased by 25%. In conjunction with this tax increase, the sum of \$22 million from the collection of this revenue shall be deposited in the Health Care Subsidy Fund.

Group Accident and Health Insurance Premiums Tax (\$20 million)

Any insurance company subject to the Group Accident and Health Insurance Premiums Tax will be subject to a one-year rate increase from 1% to 1.35% on taxes payable for calendar year 2009. The additional revenue from this one-year tax increase shall be deposited in the Health Care Subsidy Fund.

Chapter 4: Budget Details

REVENUE CERTIFICATION

In accordance with the provisions of Article VIII, Section II, Paragraph 2 of the State Constitution, I hereby certify that the resources listed below are available to support appropriations for the fiscal year ending June 30, 2010.

GENERAL FUND

Undesignated Fund Balance, July 1, 2009	\$ 734,767,000
All Revenues—same as A-4100	17,318,605,000
Transfer to Gubernatorial Elections Fund—same as A-4100	<u>(7,180,000)</u>
Total Resources, General Fund	<u>\$ 18,046,192,000</u>

PROPERTY TAX RELIEF FUND

Undesignated Fund Balance, July 1, 2009	\$ -
All Revenues—same as A-4100	<u>11,032,000,000</u>
Total Resources, Property Tax Relief Fund	<u>\$ 11,032,000,000</u>

GUBERNATORIAL ELECTIONS FUND

Undesignated Fund Balance, July 1, 2009	\$ -
All Revenues—same as A-4100	700,000
Transfer from General Fund—same as A-4100	<u>7,180,000</u>
Total Resources, Gubernatorial Elections Fund	<u>\$ 7,880,000</u>

CASINO REVENUE FUND

Undesignated Fund Balance, July 1, 2009	\$ -
All Revenues—same as A-4100	<u>335,441,000</u>
Total Resources, Casino Revenue Fund	<u>\$ 335,441,000</u>

CASINO CONTROL FUND

Undesignated Fund Balance, July 1, 2009	\$ -
All Revenues—same as A-4100	<u>69,971,000</u>
Total Resources, Casino Control Fund	<u>\$ 69,971,000</u>

SURPLUS REVENUE FUND

Undesignated Fund Balance, July 1, 2009	\$ -
Total Resources, Surplus Revenue Fund	<u>\$ -</u>

GRAND TOTAL, ALL STATE FUNDS \$ 29,491,484,000

FEDERAL FUNDS

Uncertainty over the amount of federal aid which may be available to the State prevents me from making a like certification in the case of federal funds. Federal monies specified in the appropriations bill cannot be regarded as immediately available for expenditure. Pursuant to NJS 52:27B-26, I direct that expenditures be permitted under these appropriations only upon determination by the Director of the Division of Budget and Accounting that federal funds to support any expenditure are receivable or have been received by the State.

SUMMARY OF FISCAL YEAR 2009-10 APPROPRIATIONS

(thousands of dollars)

This table is a summary of appropriations of all State fund sources. It highlights the percent and total change in appropriations between fiscal years.

	2009 Adjusted Approp.	2010 Approp. Act	----- Change ----- Dollar	Percent
GENERAL FUND AND PROPERTY TAX RELIEF FUND				
State Aid and Grants	24,616,636	21,285,790	(3,330,846)	(13.5)
State Operations				
Executive Branch	3,616,892	3,459,030	(157,862)	(4.4)
Legislature	73,744	73,815	71	0.1
Judiciary	635,467	648,385	12,918	2.0
Interdepartmental	2,188,836	1,756,798	(432,038)	(19.7)
Total State Operations	6,514,939	5,938,028	(576,911)	(8.9)
Capital Construction	1,206,313	1,091,657	(114,656)	(9.5)
Debt Service	270,897	261,117	(9,780)	(3.6)
TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND	32,608,785	28,576,592	(4,032,193)	(12.4)
CASINO CONTROL FUND	75,439	70,571	(4,868)	(6.5)
CASINO REVENUE FUND	414,759	335,441	(79,318)	(19.1)
GUBERNATORIAL ELECTIONS FUND	6,200	7,880	1,680	27.1
GRAND TOTAL STATE APPROPRIATIONS	33,105,183	28,990,484	(4,114,699)	(12.4)

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
In Comparison to the Governor’s Proposed Fiscal 2010 Budget
(\$ In Millions)

This table summarizes the major increases and decreases in the Fiscal 2010 Appropriations. Budget and is organized by category.

Categories of appropriations are defined as follows:

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

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

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

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

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

All changes were sponsored by the Executive except as noted in the “House/Sponsor” column.

	<u>House/Sponsor</u>	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
State Operations				
Salary Increments		\$ 24.370		
Children and Families - Regional Day Schools		4.000		
Subtotal - State Operations Increases		<u>\$ 28.370</u>		
Fuel and Utilities - Clean Energy Fund Offset			\$ (30.000)	
Departmental Operating Efficiencies			(14.795)	
Reduce Defined Benefit Pension Funding			(14.734)	
Salaries and Wages			(13.463)	
Economic Development Authority – Added Debt Savings			(10.000)	
Workers Compensation Self Insurance Fund			(7.000)	
Overtime Reduction			(3.934)	
Securities Enforcement Fund			(3.300)	
Fuel and Utilities - Reduced Expenditures			(3.000)	
Civilly Committed Sexual Offender Facility			(2.500)	
Riverfront Prison Closure			(2.457)	
Line of Credit			(1.100)	
Health Laboratory Phase-in			(1.000)	
Maintenance and Operations			(1.000)	
Property Assessment Management System (PAMS)			(0.900)	
Autism Registry - Fund Offset			(0.500)	

	<u>House Sponsor</u>	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
Temporary Disability Insurance			(0.487)	
One-time Capital Expenditures			(0.352)	
Properly Allocate Public Advocate Administrative Costs to Division of Rate Counsel			(0.341)	
Payment of Military Leave Benefits			(0.200)	
Procurement Card Negotiation			(0.200)	
Office of Maritime Resources			(0.111)	
<i>Subtotal - State Operations Decreases</i>			<u>\$ (111.374)</u>	
<i>Net Change (State Operations)</i>				<u>\$ (83.004)</u>
Grants-In-Aid				
Community Services Waiting List		\$ 3.954		
Immigration and Customs Enforcement (ICE) Initiative - Corrections		2.037		
Developmental Disabilities and Mental Health Community Placements		1.231		
AIDS Drug Distribution Program (ADDP)		1.100		
Cultural, Historical, and Tourism Programs		0.034		
<i>Subtotal - Grants-In-Aid Increases</i>		<u>\$ 8.356</u>		
Federal Waiver Savings			\$ (194.787)	
Health Care Subsidy Fund - Surplus Lines Fund Offset and Medical/Dental Premium Tax			(79.500)	
Homestead Property Tax Rebates for Tenants - One Year Suspension Non-Senior Rebates			(55.000)	
Health Care Subsidy Fund - Alcohol and Cigarette Tax			(48.500)	
Community Programs - Federal Funds			(39.000)	
Nursing Home Savings from ARRA Funding			(28.985)	
InvestNJ, EDA			(22.000)	
Reallocation of Debt Restructuring Savings to Affected Accounts			(18.500)	
State Rental Assistance Program - HMFA Offset			(12.000)	
Work First New Jersey Support Services - Workforce Development Fund Offset			(10.000)	
NJ Family Care - General Assistance Rebates			(8.403)	
State Rental Assistance Program - New Home Warranty Fund Offset			(7.000)	
Early Intervention Program - Federal Stimulus Funding			(5.400)	
Home Assistance			(4.000)	
County Jail Population			(3.215)	
Community Programs			(3.000)	
Mental Health Community Care			(2.490)	
Hunger Initiative/ Food Assistance Program			(2.082)	
Early Childhood Services			(2.000)	
Community Programs to Reduce Recidivism - Program Efficiencies			(1.000)	
Community Based Substance Abuse Treatment and Prevention			(0.700)	
Nursing Homes - Therapeutic Day Reduction			(0.625)	
Education of Language Minority Students			(0.366)	
E3CO, Inc			(0.135)	

	<u>House Sponsor</u>	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
Temporary Disability Insurance			(0.118)	
Hearing Aid Assistance - Underutilization			(0.080)	
Subtotal - Grants-In-Aid Decreases			<u>\$ (548.886)</u>	
Net Change (Grants-In-Aid)				<u>\$ (540.530)</u>
State Aid				
Extraordinary Special Education Costs Aid		\$ 10.095		
Adult Education Aid	(A) JOSEPH J. ROBERTS, JR. (A) BONNIE WATSON COLEMAN EXECUTIVE	10.000		
Bridge Loan Interest and Approved Borrowing Cost		<u>0.590</u>		
Subtotal - State Aid Increases		<u>\$ 20.685</u>		
Reallocation of Debt Restructuring Savings to Affected Accounts			\$ (105.000)	
School Construction - Added Debt Savings			(85.000)	
Reduce Defined Benefit Pension Funding			(36.393)	
Eliminate Preschool Incentive Aid			(25.000)	
Special Municipal Aid			(25.000)	
Federal Waiver Institutional Savings			(23.817)	
Payment Delay Savings			(12.500)	
Social Security Tax for Teachers - Updated Projections			(9.922)	
Maximize Medicaid Funding - Supplemental Security Income			(7.941)	
Special Education Magnet Aid			(5.000)	
County Colleges - Increase Supplemental Workforce Funding Offset			(2.000)	
General Assistance (GA) and Supplemental Security Income (SSI) Caseload			(0.851)	
Payments for Institutionalized Children - Unknown District of Residence			<u>(0.500)</u>	
Subtotal - State Aid Decreases			<u>\$ (338.924)</u>	
Net Change (State Aid)				<u>\$ (318.239)</u>
Capital Construction				
Reallocation of Debt Restructuring Savings to Affected Accounts			\$ (90.000)	
Reduction of Discretionary Capital Spending			<u>(32.000)</u>	
Subtotal - Capital Construction Decreases			<u>\$ (122.000)</u>	
Net Change (Capital Construction)				<u>\$ (122.000)</u>
Debt Service				
Reallocation of Debt Restructuring Savings to Affected Accounts		<u>\$ 213.500</u>		
Subtotal - Debt Service Increases		<u>\$ 213.500</u>		
Net Change (Debt Service)				<u>\$ 213.500</u>
GRAND TOTAL		<u>\$ 270.911</u>	<u>\$ (1,121.184)</u>	<u>\$ (850.273)</u>



VETO MESSAGE AND VETO SUMMARY

Veto Message

From Governor Jon Corzine's June 30, 2009 Signing Statement for the Fiscal 2010 Appropriations Act:

Today, I am returning the Assembly Committee Substitute for Assembly Bill No. 4100, with my signature, along with certain constitutionally permitted modifications set forth in the statement appended thereto.

Veto Summary

State of New Jersey

Executive

Page

46 DEPARTMENT OF HEALTH AND SENIOR SERVICES

20 Physical and Mental Health

21 Health Services

DIRECT STATE SERVICES

"08-4280 Laboratory Services \$14,371,000."
This item is reduced to \$13,371,000.

"Total Direct State Services Appropriation, Health Services \$40,144,000."
This item is reduced to \$39,144,000.

Direct State Services:

77 "Services Other Than Personal (\$4,192,000)."
This item is reduced to \$3,192,000.

"Department Of Health And Senior Services, Total State Appropriation \$1,157,021,000."
This item is reduced to \$1,156,021,000.

54 DEPARTMENT OF HUMAN SERVICES

129 "Notwithstanding the provisions of R.S.30:4-78, or any law or regulation to the contrary, with respect to the amount hereinabove appropriated for Support of Patients in County Psychiatric Hospitals, from July 1, 2009 to December 31, 2009, the State shall pay to each county an amount equal to 37.5% of the total per capita costs ((paid by the counties)) for the reasonable cost of maintenance and clothing of county patients in State psychiatric facilities. Commencing January 1, 2010, the State shall pay to each county an amount equal to 35% of the total per capita costs ((paid by the counties)) for the reasonable cost of maintenance and clothing of county patients in State psychiatric facilities."

The language within double parentheses is deleted.

SUMMARY OF CHANGES In The Fiscal 2010 Appropriations Act By Major Agencies

(in thousands)

In Comparison To The Fiscal 2009 Adjusted Appropriations

The table that follows over these next pages summarizes the changes represented in the Fiscal 2010 Appropriations Act in comparison to the previous year's adjusted appropriations. The changes are listed by major agency.

This table is useful for identifying all decreases and increases in appropriations in this year's Budget in comparison to the State's Budget as it stood at the end of the last fiscal year.

IPB Fund	Legislature	Amount
**	2009 Adjusted Appropriations	74,644
Department		
DSS	Office of Legislative Services - Master Lease Payment Supplemental not continued in fiscal year 2010.	(829)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(829)
FISCAL 2010 RECOMMENDATION		73,815

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Chief Executive	Amount
**	2009 Adjusted Appropriations	5,268
<hr/>		
Department		
DSS	Salaries and Wages	(520)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Line of Credit	(64)
	Debt service savings due to bond refunding, interest earnings, or reduced costs.	
<hr/>		
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(584)
<hr/>		
FISCAL 2010 RECOMMENDATION		4,684
<hr/>		

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Agriculture	Amount
**	2009 Adjusted Appropriations	22,463
<hr/>		
Department		
p	Jersey Fresh	(300)
	Funding for this program is reduced in fiscal 2010.	
DSS	Marketing and Development Services	(134)
	This program could be supported by non-state resources in fiscal year 2010.	
p	Hunger Initiative/ Food Assistance Program	(82)
	Funding for this program is reduced in fiscal 2010.	
DSS	Salaries and Wages	(75)
	This program could be supported by non-state resources in fiscal year 2010.	
SA	School Lunch Program	675
	Program priority growth.	
<hr/>		
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		84
<hr/>		
FISCAL 2010 RECOMMENDATION		22,547
<hr/>		

****p** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Banking and Insurance	Amount
**	2009 Adjusted Appropriations	71,441
<hr/>		
Department		
DSS	Staff Attrition	(3,787)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Insurance Fraud Prosecution Services	(106)
	Technical shift between fund sources or between accounts.	
<hr/>		
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(3,893)
<hr/>		
FISCAL 2010 RECOMMENDATION		67,548
<hr/>		

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Children and Families	Amount
**	2009 Adjusted Appropriations	1,089,292
<hr/>		
Department		
GIA	Enhanced Medicaid Match Budget Relief from Federal Stimulus.	(24,000)
DSS	Salaries and Wages This program could be supported by non-state resources in fiscal year 2010.	(8,000)
GIA	Child Behavioral Health Reduction based on actual or projected utilization decrease or reduced costs.	(7,000)
GIA	Enhanced Title IV-E Match Budget Relief from Federal Stimulus.	(5,392)
p	Contract Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(5,151)
DSS	Additions, Improvements and Equipment Reduction of one-time or other non-recurring costs.	(2,500)
GIA	Court Appointed Special Advocates Reduction based on actual or projected utilization decrease or reduced costs.	(289)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(204)
GIA	Human Services Composite Bond Debt Service Debt service savings due to bond refunding, interest earnings, or reduced costs.	(36)
p	Child Welfare Reform Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	49,130
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		<hr/> (3,442)
FISCAL 2010 RECOMMENDATION		<hr/> 1,085,850 <hr/>

p = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Community Affairs	Amount
**	2009 Adjusted Appropriations	1,150,936
<hr/>		
Department		
PTRF	Consolidated Municipal Property Tax Relief Aid / Energy Tax Receipts Municipal Aid	(32,090)
	Funding for this program is reduced in fiscal 2010.	
P	Special Municipal Aid	(27,910)
	Funding for this program is reduced in fiscal 2010.	
GIA	State Rental Assistance Program - HMFA Offset	(12,000)
	This program could be supported by non-state resources in fiscal year 2010.	
GIA	State Rental Assistance Program - New Home Warranty Fund Offset	(7,000)
	This program could be supported by non-state resources in fiscal year 2010.	
GIA	Lead Hazard Control Assistance Fund	(6,000)
	Savings achieved by utilizing available prior year balances.	
GIA	Smart Future Planning Grants	(2,295)
	Funding for this program is eliminated in fiscal 2010.	
PTRF	Trenton Capital City Aid	(715)
	Funding for this program is reduced in fiscal 2010.	
SA	Extraordinary Aid	(500)
	Funding for this program is reduced in fiscal 2010.	
GIA	Center for Hispanic Policy Research and Development	(410)
	Funding for this program is reduced in fiscal 2010.	
SA	Domestic Violence Police Training Cost Reimbursement Grants	(250)
	Funding for this program is eliminated in fiscal 2010.	
SA	Relocation Assistance Program	(250)
	Funding for this program is eliminated in fiscal 2010.	
DSS	Homelessness Prevention Administration	(243)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Operational Efficiencies	(235)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
GIA	Grants to Displaced Homemaker Centers	(120)
	Funding for this program is reduced in fiscal 2010.	
DSS	Fund Additional Local Government Services Costs from Special Municipal Aid and SHARE	(100)
	Technical shift between fund sources or between accounts.	

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Community Affairs	Amount
GIA	Rape Prevention Funding for this program is reduced in fiscal 2010.	(100)
GIA	Recreation for the Handicapped Funding for this program is reduced in fiscal 2010.	(65)
GIA	Grants to Hispanic Women's Resource Centers Funding for this program is reduced in fiscal 2010.	(50)
GIA	Special Olympics Funding for this program is reduced in fiscal 2010.	(45)
GIA	Job Training Center for Urban Women Act Funding for this program is reduced in fiscal 2010.	(30)
DSS	Salaries and Wages This program could be supported by non-state resources in fiscal year 2010.	(28)
GIA	ASPIRA, Inc. Funding for this program is reduced in fiscal 2010.	(10)
DSS	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(6)
SA	County Prosecutors and Officials Salary Increase Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	419
P	Consolidation Fund Program priority growth.	5,000
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(85,033)
FISCAL 2010 RECOMMENDATION		1,065,903

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Corrections	Amount
**	2009 Adjusted Appropriations	1,196,087
Department		
P	Riverfront Prison Closure	(42,067)
	Funding for this program is eliminated in fiscal 2010.	
P	Operational Efficiencies	(7,130)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Civilly Committed Sexual Offender Facility	(2,500)
	Reduction based on actual or projected utilization decrease or reduced costs.	
DSS	Line of Credit	(1,100)
	Debt service savings due to bond refunding, interest earnings, or reduced costs.	
SA	Essex County - County Jail Substance Abuse Program	(475)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
SA	Union County Inmate Rehabilitation Services	(100)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Federal Liaison - Reduced Costs	(7)
	Funding for this program is reduced in fiscal 2010.	
P	County Jail Population	8,660
	Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	
P	Inflationary Operational Costs	8,765
	Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	
Parole Board		
DSS	Operational Efficiencies	(1,050)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
P	Community Programs to Reduce Recidivism	(1,000)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
P	Community Programs to Prevent Incarceration	(724)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Corrections	Amount
DSS	Sex Offender Internet Monitoring Reduction based on actual or projected utilization decrease or reduced costs.	(584)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(39,312)
FISCAL 2010 RECOMMENDATION		1,156,775

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Education	Amount
**	2009 Adjusted Appropriations	11,571,648
Department		
PTRF	Federal Fiscal Stabilization Funding	(1,056,920)
	Budget Relief from Federal Stimulus.	
P	Reallocation of Debt Restructuring Savings to Affected Accounts	(190,000)
	Technical shift between fund sources or between accounts.	
PTRF	SDA New Facilities Transition Aid	(13,240)
	Supplemental not continued in fiscal year 2010.	
P	Nonpublic Aid	(11,131)
	Funding for this program is reduced in fiscal 2010.	
SA	Nonpublic Supplemental	(5,502)
	Supplemental not continued in fiscal year 2010.	
P	Integration Assistance Aid	(5,000)
	Funding for this program is eliminated in fiscal 2010.	
P	New Jersey After 3	(4,020)
	Funding for this program is reduced in fiscal 2010.	
P	School Building Aid	(3,790)
	Reduction based on actual or projected utilization decrease or reduced costs.	
P	Operational Efficiencies	(2,490)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
P	Charter School Aid	(2,269)
	Funding for this program is reduced in fiscal 2010.	
P	Nonpublic Transportation	(1,849)
	Containment of growth.	
P	Governor's Literacy Grant	(780)
	Funding for this program is reduced in fiscal 2010.	
GIA	Liberty Science Center	(300)
	Funding for this program is reduced in fiscal 2010.	
DSS	Holocaust Commission	(72)
	Funding for this program is reduced in fiscal 2010.	
GIA	Phase-out Subsidy for Teacher Board Certification	(65)
	Funding for this program is reduced in fiscal 2010.	
SA	Educational Information and Resource Center	(45)
	Funding for this program is reduced in fiscal 2010.	

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Education	Amount
DSS	Italian American Heritage Commission Funding for this program is reduced in fiscal 2010.	(25)
SA	Bridge Loan Interest and Approved Borrowing Cost Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	590
P	Unknown District of Residence Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	1,204
P	Loss of Payment Delay Savings Growth to offset loss of non-recurring resource.	25,500
P	Preschool Formula Aid Program priority growth.	52,255
P	Extraordinary Special Education Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	88,095
P	School Construction Growth based on increased debt service costs.	96,326
P	Formula Aid Program priority growth.	147,883
Teachers Pensions/Social Sec.		
P	Pensions Funding for this program is reduced in fiscal 2010.	(597,656)
PTRF	Debt Service - Pension Bonds Growth based on increased debt service costs.	9,748
P	Local Retired Employees' Health Benefit (PRM) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	25,402
P	Social Security Tax Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	33,020
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(1,415,131)
FISCAL 2010 RECOMMENDATION		10,156,517

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Environmental Protection	Amount
**	2009 Adjusted Appropriations	434,193
<hr/>		
Department		
p	CBT Dedication	(17,431)
	Change mandated by CBT constitutional dedication.	
DSS	Subsidy to the Hunters and Anglers Fund	(1,500)
	This program could be supported by non-state resources in fiscal year 2010.	
DSS	Nuclear Emergency Response	(1,078)
	Supplemental not continued in fiscal year 2010.	
DSS	Water Pollution Control - NJ Pollution Elimination System (NJPDES) Excess Receipts Offset	(500)
	This program could be supported by non-state resources in fiscal year 2010.	
DSS	Fire Fighting Costs	(500)
	Funding for this program is reduced in fiscal 2010.	
DSS	Office of Climate and Energy - Greenhouse Gas Initiative (RGGI) Offset	(380)
	This program could be supported by non-state resources in fiscal year 2010.	
DSS	Hunting and Fishing Licenses for National Guard and Disabled Veterans	(360)
	Supplemental not continued in fiscal year 2010.	
DSS	Federal Liaison - Reduced Costs	(18)
	Funding for this program is reduced in fiscal 2010.	
Palisades Interstate		
DSS	Palisades Interstate Park Commission - Attrition Savings	(200)
	Funding for this program is reduced in fiscal 2010.	
Environmental Protection		
p	CBT Dedication	(25,085)
	Change mandated by CBT constitutional dedication.	
p	Shore Protection	(6,250)
	One-time savings achieved by utilizing available prior year balances.	
CC	HR 6 Flood Control	6,500
	Program priority growth.	
Pinelands Commission		
SA	Operational Efficiencies	(16)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	

****p** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Environmental Protection	Amount
Environmental Protection		
P	Reallocation of Debt Restructuring Savings to Affected Accounts	803
	Technical shift between fund sources or between accounts.	
	TOTAL FISCAL 2010 REDUCTIONS/INCREASES	(46,015)
	FISCAL 2010 RECOMMENDATION	388,178

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Health & Senior Services	Amount
**	2009 Adjusted Appropriations	1,590,224
Department		
P	Enhanced Medicaid Match and Stabilization Funding	(348,056)
	Budget Relief from Federal Stimulus.	
GIA	Health Care Subsidy Fund - Surplus Lines and Medical/Dental Premium Taxes	(79,500)
	This program could be supported by non-state resources in fiscal year 2010.	
P	Nursing Homes - No Inflation and Therapeutic Day Reduction	(50,655)
	Containment of growth.	
GIA	Health Care Subsidy Fund - Alcohol and Cigarette Tax	(48,500)
	This program could be supported by non-state resources in fiscal year 2010.	
P	PAAD/Senior Gold	(24,650)
	Reduction based on actual or projected utilization decrease or reduced costs.	
GIA	Health Care Subsidy Fund - Federal Waivers	(24,636)
	This program could be supported by non-state resources in fiscal year 2010.	
GIA	Medical Day Care Rates	(18,000)
	Funding for this program is reduced in fiscal 2010.	
GIA	Anti-Fraud and Enhanced Utilization Efficiencies	(12,500)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
P	Early Intervention Program - Federal Stimulus Funding	(10,800)
	Budget Relief from Federal Stimulus.	
P	Cancer Programs	(9,600)
	Funding for this program is reduced in fiscal 2010.	
P	Federally Qualified Health Centers	(5,500)
	Funding for this program is reduced in fiscal 2010.	
GIA	PAAD - Discontinue Certain Wrap-Around Drugs	(2,480)
	Funding for this program is reduced in fiscal 2010.	
P	Reduce Pharmacy Reimbursement to AWP-16% for PAAD/Senior Gold/AIDS Drugs	(1,182)
	Containment of growth.	
P	Anti-Smoking Programs	(1,040)
	Funding for this program is reduced in fiscal 2010.	
GIA	Postpartum Education Program	(500)
	Funding for this program is reduced in fiscal 2010.	
DSS	Autism Registry	(500)
	This program could be supported by non-state resources in fiscal year 2010.	

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Health & Senior Services	Amount
GIA	Family Planning Services Funding for this program is reduced in fiscal 2010.	(399)
P	Tourette Syndrome Funding for this program is reduced in fiscal 2010.	(300)
P	Hearing Aid Assistance Reduction based on actual or projected utilization decrease or reduced costs.	(80)
GIA	Alzheimer's Disease Program Funding for this program is reduced in fiscal 2010.	(45)
GIA	Cleft Palate Programs Funding for this program is reduced in fiscal 2010.	(36)
GIA	Chronic Renal Disease Services Funding for this program is reduced in fiscal 2010.	(25)
GIA	Services to Victims of Huntington's Disease Funding for this program is reduced in fiscal 2010.	(16)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(15)
DSS	West Nile Virus Growth to offset loss of non-recurring resource.	640
GIA	Early Intervention Program Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	1,000
P	Lab Relocation and Equipment Program priority growth.	3,150
GIA	Medical Emergency Preparedness for BioTerrorism Growth to offset loss of non-recurring resource.	4,000
GIA	Hospital Asset Transformation Program Program priority growth.	4,009
P	Maximize Medicaid Funding - DHS Supplemental Security Income Technical shift between fund sources or between accounts.	4,952
P	AIDS Drug Distribution Program Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	5,844
P	Health Care Subsidy Fund Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	28,317
P	Nursing Homes & Long Term Care Alternatives Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	152,900
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(434,203)

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Health & Senior Services	Amount
		<hr/>
	FISCAL 2010 RECOMMENDATION	1,156,021 <hr/> <hr/>

****P** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Human Services	Amount
**	2009 Adjusted Appropriations	4,893,236
Family Development		
P	Maximize Medicaid Funding - DHS Supplemental Security Income Technical shift between fund sources or between accounts.	(12,893)
GIA	Work First New Jersey Support Services - Workforce Development Fund Offset This program could be supported by non-state resources in fiscal year 2010.	(10,000)
P	Work First New Jersey Child Care Reduction based on actual or projected utilization decrease or reduced costs.	(4,964)
P	General Assistance Savings from Compliance Review Efficiencies Containment of growth.	(3,600)
P	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,832)
GIA	Substance Abuse Initiatives Reduction based on actual or projected utilization decrease or reduced costs.	(2,000)
P	Contract Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,584)
SA	Increase Food Stamp Eligibility - County Administration Program priority growth.	8,625
P	General Assistance (GA) and Supplemental Security Income (SSI) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	40,402
Addiction Services		
P	Community Based Substance Abuse Treatment and Prevention - Alcohol Education, Rehabilitation and Enforcement Fund Offset This program could be supported by non-state resources in fiscal year 2010.	(2,200)
P	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(593)
Central Office		
DSS	Federal Maximization Contract Supplemental not continued in fiscal year 2010.	(1,189)

P = Parent Record

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Human Services	Amount
P	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(112)
Developmental Disabilities		
GIA	Enhanced Medicaid Match Budget Relief from Federal Stimulus.	(142,506)
P	Community Programs This program could be supported by non-state resources in fiscal year 2010.	(47,354)
P	Contract Efficiencies Reduction based on actual or projected utilization decrease or reduced costs.	(21,046)
P	Operational Efficiencies This program could be supported by non-state resources in fiscal year 2010 and costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(7,580)
GIA	Home Assistance Reduction based on actual or projected utilization decrease or reduced costs.	(4,000)
P	Physician Staff at Developmental Centers Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,600)
DSS	Overtime Reduction Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,300)
DSS	Closure of Developmental Center Cottages Reduction based on actual or projected utilization decrease or reduced costs.	(1,250)
GIA	Human Services Composite Bond Debt Service Debt service savings due to bond refunding, interest earnings, or reduced costs.	(82)
GIA	FY2010 Community Services Waiting List (Home Assistance) Program priority growth.	4,000
P	Olmstead Placements Annualization of fiscal year 2009 costs.	5,049
GIA	Community Services Waiting List Annualization of fiscal year 2009 costs.	8,351
P	FY2010 Olmstead Placements Program priority growth.	9,313
Commission for the Blind and Visually Impaired		
P	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(523)

****P** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Human Services	Amount
p	Camp Marcella Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(92)
Hard of Hearing and Hearing Impaired		
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(10)
Disability Services		
GIA	Enhanced Medicaid Match Budget Relief from Federal Stimulus.	(45,803)
GIA	Disability Services - Medical Assistance Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	6,462
Mental Health Services		
SA	Federal Waiver Institutional Savings This program could be supported by non-state resources in fiscal year 2010.	(23,817)
p	Overtime Savings Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(7,500)
p	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(4,424)
GIA	Community Care This program could be supported by non-state resources in fiscal year 2010.	(2,490)
DSS	Suspend Participation Awards to Agencies in Medicaid Administrative Claim (MAC) Project Funding for this program is eliminated in fiscal 2010.	(2,200)
p	Contract Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,121)
p	Non-Psychiatrist Physician Positions Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,050)
SA	State Share of Psychiatric Hospital Cost from 87.5% to 85% Funding for this program is reduced in fiscal 2010.	(1,827)
GIA	Human Services Composite Bond Debt Service Debt service savings due to bond refunding, interest earnings, or reduced costs.	(61)
GIA	Olmstead Support and Community Care Annualization of fiscal year 2009 costs.	1,350

****p** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Human Services	Amount
P	Mental Health Olmstead Program priority growth.	5,000
GIA	Community Care Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	8,000
SA	Aid to County Psychiatric Hospitals Program priority growth.	16,906
Medicaid		
GIA	Enhanced Medicaid Match Budget Relief from Federal Stimulus.	(528,620)
P	Federal Waiver Savings This program could be supported by non-state resources in fiscal year 2010.	(170,151)
GIA	Medicaid Anti-Fraud and Enhanced Utilization Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(12,500)
GIA	Savings from Management of Prescription Drugs Containment of growth.	(10,000)
GIA	NJ FamilyCare - Federal Funding for Immigrant Children This program could be supported by non-state resources in fiscal year 2010.	(9,705)
GIA	NJ Family Care - General Assistance Rebates This program could be supported by non-state resources in fiscal year 2010.	(8,403)
GIA	Prescription Drugs: Client Eligibility Efficiencies Containment of growth.	(6,000)
GIA	Reduce Pharmacy Reimbursement to AWP-16% Funding for this program is reduced in fiscal 2010.	(5,100)
GIA	Graduate Medical Education Funding for this program is reduced in fiscal 2010.	(4,000)
GIA	Conform Medicaid Coverage of Drugs to Medicare Part D Containment of growth.	(3,520)
GIA	Hospital Relief Offset Funding for this program is reduced in fiscal 2010.	(3,200)
GIA	Prior Authorization of Partial Care in Mental Health Clinic Containment of growth.	(3,000)
GIA	Discontinue Coverage of Erectile Dysfunction Drugs Funding for this program is eliminated in fiscal 2010.	(2,700)
GIA	Long-Term Care Pharmacies' Dispensing Fee Reduction Funding for this program is reduced in fiscal 2010.	(2,100)
GIA	Clinic Compliance Review Savings Containment of growth.	(1,250)

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Human Services	Amount
GIA	NJ FamilyCare - Outreach Supplemental not continued in fiscal year 2010.	(1,000)
GIA	Eliminate NJ FamilyCare Premiums for Children 151-200% FPL Program priority growth.	1,200
P	Information Technology Enhancements Growth to offset loss of non-recurring resource.	2,892
P	NJ FamilyCare Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	138,339
P	Medicaid - General Medical Services Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	202,521
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(676,442)
FISCAL 2010 RECOMMENDATION		4,216,794

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Labor and Workforce Development	Amount
**	2009 Adjusted Appropriations	276,130
Department		
GIA	Unemployment Compensation Fund	(120,000)
	Supplemental not continued in fiscal year 2010.	
P	Vocational Rehabilitation	(3,487)
	Funding for this program is reduced in fiscal 2010.	
GIA	Work First New Jersey	(2,541)
	Funding for this program is reduced in fiscal 2010.	
SA	Adult Literacy Program	(922)
	Funding for this program is reduced in fiscal 2010.	
SA	Vocational Education Apprenticeship Program	(600)
	This program could be supported by non-state resources in fiscal year 2010.	
GIA	Sheltered Workshop Placement Incentive	(450)
	Reduction based on actual or projected utilization decrease or reduced costs.	
DSS	Workers' Compensation	(369)
	This program could be supported by non-state resources in fiscal year 2010.	
GIA	NJ Youth Corps	(308)
	Funding for this program is reduced in fiscal 2010.	
DSS	Private Plan Disability	(244)
	This program could be supported by non-state resources in fiscal year 2010.	
DSS	Disadvantaged Youth Employment Council	(50)
	This program could be supported by non-state resources in fiscal year 2010.	
DSS	Operational Efficiencies	(41)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	
DSS	Federal Liaison - Reduced Costs	(9)
	Funding for this program is reduced in fiscal 2010.	
PERC		
DSS	Line of Credit	(45)
	Debt service savings due to bond refunding, interest earnings, or reduced costs.	
Civil Service Commission		
DSS	Operational Efficiencies	(35)
	Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Labor and Workforce Development	Amount
	TOTAL FISCAL 2010 REDUCTIONS/INCREASES	<hr/> (129,101)
	FISCAL 2010 RECOMMENDATION	<hr/> 147,029 <hr/>

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Law & Public Safety	Amount
**	2009 Adjusted Appropriations	610,659
Department		
DSS	Division of State Police Line of Credit Debt service savings due to bond refunding, interest earnings, or reduced costs.	(4,500)
DSS	Delay State Police Class Funding for this program is reduced in fiscal 2010.	(3,500)
DSS	Securities Enforcement Fund This program could be supported by non-state resources in fiscal year 2010.	(3,300)
DSS	State Police Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,512)
CCF	Division of Gaming Enforcement Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,000)
DSS	Nuclear Facilities Security Detail Program costs have been eliminated through operational efficiencies.	(1,600)
p	Addressing Violence Against Women This program could be supported by non-state resources in fiscal year 2010.	(1,500)
DSS	Securities Enforcement Fund One-time savings achieved by utilizing available prior year balances.	(1,300)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,000)
DSS	State Police - Federal Monitor Funding for this program is eliminated in fiscal 2010.	(400)
DSS	State Police - Megan's Law - DNA This program could be supported by non-state resources in fiscal year 2010.	(200)
DSS	Criminal Disposition Commission Funding for this program is eliminated in fiscal 2010.	(150)
SA	Safe and Secure Neighborhoods Program Funding for this program is reduced in fiscal 2010.	(100)
DSS	Sentencing Commission Funding for this program is eliminated in fiscal 2010.	(100)
GIA	Operation CeaseFire Funding for this program is reduced in fiscal 2010.	(85)

****p** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Law & Public Safety	Amount
DSS	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(8)
Election Law Enforcement		
GEF	Gubernatorial Primary Elections Fund Supplemental not continued in fiscal year 2010.	(1,120)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(84)
GEF	Gubernatorial Election Costs Program priority growth.	2,800
State Ethics Commission		
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(108)
Juvenile Justice Commission		
GIA	Juvenile Detention Alternative Initiative Funding for this program is reduced in fiscal 2010.	(2,100)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,655)
GIA	Community Programs Reduction based on actual or projected utilization decrease or reduced costs.	(288)
Office of Homeland Security and Preparedness		
SA	Homeland Security Capital Reduction of one-time or other non-recurring costs.	(4,000)
DSS	Operating Costs One-time savings achieved by utilizing available prior year balances.	(3,000)
SA	Advertising Funding for this program is reduced in fiscal 2010.	(250)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(32,060)
FISCAL 2010 RECOMMENDATION		578,599

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Military & Veterans Affairs	Amount
**	2009 Adjusted Appropriations	94,725
Department		
DSS	Nuclear Facilities Security Detail Program costs have been eliminated through operational efficiencies.	(2,930)
DSS	National Guard Salaries and Wages This program could be supported by non-state resources in fiscal year 2010.	(992)
DSS	Excess Patient Cost Recovery Revenue Supplemental not continued in fiscal year 2010.	(369)
DSS	Nursing Initiative Funding for this program is reduced in fiscal 2010.	(170)
DSS	New Jersey National Guard Challenge Youth Program Funding for this program is reduced in fiscal 2010.	(130)
DSS	Staff Vacancy Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(70)
DSS	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(9)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(4,670)
FISCAL 2010 RECOMMENDATION		90,055

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Public Advocate	Amount
**	2009 Adjusted Appropriations	17,130
Office of Child Advocate		
DSS	Staff Vacancies and Attrition Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(296)
Office of Public Advocate		
DSS	Allocation of Administrative Costs to Division of Rate Counsel Program costs will be reduced through appropriate charge-back of administrative overhead costs	(341)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(637)
FISCAL 2010 RECOMMENDATION		16,493

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	State	Amount
**	2009 Adjusted Appropriations	1,282,950
Commission on Higher Education		
P	Higher Education for Special Needs Students Funding for this program is reduced in fiscal 2010.	(500)
P	Program for the Education of Language Minority Students (ELMS) Funding for this program is eliminated in fiscal 2010.	(450)
GIA	Minority Faculty Advancement Funding for this program is reduced in fiscal 2010.	(242)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(31)
Higher Ed Student Assistance Auth.		
GIA	Federal Fiscal Stabilization Funding Budget Relief from Federal Stimulus.	(34,080)
GIA	Reduce TAG Awards for Proprietary Institutions Funding for this program is reduced in fiscal 2010.	(11,450)
GIA	Outstanding Scholars Recruitment Program Funding for this program is eliminated in fiscal 2010.	(3,003)
P	Operational Costs This program could be supported by non-state resources in fiscal year 2010.	(341)
GIA	Veterinary Medicine Education Program Funding for this program is reduced in fiscal 2010.	(263)
DSS	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(4)
GIA	New Jersey World Trade Center Scholarship Program Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	200
GIA	Part-Time Tuition Aid Grants for County Colleges Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	1,145
GIA	NJSTARS (I and II) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	3,087
P	Tuition Aid Grants (TAG) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	44,178

****P** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	State	Amount
Rutgers, The State University		
GIA	E3CO, Inc	(135)
	Funding for this program is eliminated in fiscal 2010.	
Senior Public Colleges		
P	Senior Public Institutions	(32,135)
	Budget Relief from Federal Stimulus.	
The State Library of New Jersey		
SA	Per Capita Library Aid	(797)
	Funding for this program is reduced in fiscal 2010.	
P	Virtual Library (Knowledge Initiative)	(551)
	Funding for this program is reduced in fiscal 2010.	
SA	Library Network	(478)
	Funding for this program is reduced in fiscal 2010.	
SA	Virtual Library Aid	(130)
	Funding for this program is reduced in fiscal 2010.	
SA	Public Library Project Fund	(2)
	Debt service savings due to bond refunding, interest earnings, or reduced costs.	
UMDNJ		
GIA	UMDNJ Stabilization	30,850
	Program priority growth.	
Department		
SA	Voter Verified Paper Audit Trail	(10,000)
	Funding for this program is eliminated in fiscal 2010.	
P	Cultural Projects	(2,626)
	Funding for this program is reduced in fiscal 2010.	
P	Newark Museum	(2,430)
	Technical shift between fund sources or between accounts.	
P	Travel and Tourism Cooperative Marketing	(1,850)
	Technical shift between fund sources or between accounts.	
P	Travel and Tourism Advertising and Promotion	(945)
	Funding for this program is reduced in fiscal 2010.	
P	Ellis Island New Jersey Foundation	(450)
	Technical shift between fund sources or between accounts.	
P	New Jersey Historical Commission - Agency Grants	(408)
	Funding for this program is reduced in fiscal 2010.	

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	State	Amount
DSS	State Museum Re-Opening Supplemental not continued in fiscal year 2010.	(166)
GIA	Battleship New Jersey Funding for this program is reduced in fiscal 2010.	(150)
GIA	Office of Faith Based Initiatives Funding for this program is reduced in fiscal 2010.	(150)
P	Cultural Trust Funding for this program is reduced in fiscal 2010.	(121)
DSS	Line of Credit Debt service savings due to bond refunding, interest earnings, or reduced costs.	(100)
DSS	Maintenance of Old Barracks Funding for this program is reduced in fiscal 2010.	(75)
DSS	Staff Attrition Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(73)
GIA	New Jersey Council for the Humanities Funding for this program is reduced in fiscal 2010.	(25)
GIA	Grants in Afro-American History Technical shift between fund sources or between accounts.	(13)
DSS	Amistad Commission Growth to offset loss of non-recurring resource.	100
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(24,614)
FISCAL 2010 RECOMMENDATION		1,258,336

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Transportation	Amount
**	2009 Adjusted Appropriations	1,363,092
NJ Transit		
P	NJ Transit Operating Subsidy This program could be supported by non-state resources in fiscal year 2010 and costs will be reduced through operational efficiencies.	(62,000)
CRFS	Transportation Assistance for Senior Citizens and Disabled Residents Reduction based on corresponding reduction in revenue.	(2,785)
Department		
P	Feeder Roads Maintenance This program could be supported by non-state resources in fiscal year 2010.	(8,804)
P	Maintenance and Operations This program could be supported by non-state resources in fiscal year 2010.	(7,297)
DSS	Salaries and Wages This program could be supported by non-state resources in fiscal year 2010.	(2,057)
DSS	Staff Vacancies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,209)
DSS	Operating Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(854)
DSS	Office of Maritime Resources Funding for this program is reduced in fiscal 2010.	(111)
DSS	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(9)
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(85,126)
FISCAL 2010 RECOMMENDATION		1,277,966

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Treasury	Amount
**	2009 Adjusted Appropriations	3,454,278
<hr/>		
Board of Public Utilities		
DSS	Staff Vacancies and Attrition Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,602)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(162)
GIA	New Jersey Statewide Heating Assistance and Referral for Energy Services (NJSHARES) Program priority growth.	5,000
Department		
DSS	Division of Taxation - Tax Amnesty Supplemental not continued in fiscal year 2010.	(10,000)
DSS	Property Assessment Management System (PAMS) Funding for this program is reduced in fiscal 2010.	(900)
p	Staff Vacancies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(680)
DSS	Contract Compliance and Equal Employment Opportunities in Public Contracting This program could be supported by non-state resources in fiscal year 2010.	(573)
DSS	Overtime Reduction Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(434)
DSS	Revenue - Information Technology Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(294)
DSS	Revenue - Operating Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(228)
DSS	Property Management Equipment - DEP Heat Pumps This program could be supported by non-state resources in fiscal year 2010.	(200)
DSS	Procurement Card Negotiation Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(200)
DSS	Revenue - Eliminate Quarterly Mailings to Employers Program costs have been eliminated through operational efficiencies.	(173)

P = Parent Record

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Treasury	Amount
DSS	Eliminate Income Tax Withholding Table Booklet to New Employers Funding for this program is eliminated in fiscal 2010.	(145)
P	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(126)
DSS	Service and Retirement Awards Funding for this program is eliminated in fiscal 2010.	(90)
DSS	DPMC - Site Closure Costs for Hammonton Station Supplemental not continued in fiscal year 2010.	(80)
P	Federal Liaison - Reduced Costs Funding for this program is reduced in fiscal 2010.	(7)
P	Riverfront Prison - Maintenance of Closed Facility Program priority growth.	243
 Treasury - Casino Control Fund		
CCF	Casino Control Commission - Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(2,868)
 Science and Technology		
P	Commission on Science and Technology Grants Funding for this program is reduced in fiscal 2010.	(9,250)
P	Business Incubator Network Funding for this program is eliminated in fiscal 2010.	(630)
DSS	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(6)
 State Legal Services		
GIA	Community Health Law Project Program priority growth.	300
GIA	Legal Services of New Jersey Program priority growth.	9,200
 Treasury-Direct Property Relief		
P	Homestead Property Tax Credits/Rebates for Homeowners Funding for this program is reduced in fiscal 2010.	(533,900)
PTRG	Homestead Property Tax Rebates for Tenants - One Year Suspension Non-Senior Rebates Funding for this program is reduced in fiscal 2010.	(55,000)
PTRF	Seniors', Disabled Citizens' and Veterans' Property Tax Deductions Reduction based on actual or projected utilization decrease or reduced costs.	(3,000)

****P** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Treasury	Amount
PTRG	Senior and Disabled Citizens' Property Tax Freeze - Expanded Eligibility Program priority growth.	3,500
Treasury-Municipal & County Aid		
p	Pensions Funding for this program is reduced in fiscal 2010.	(55,267)
SA	Solid Waste Management - County Environmental Investment Debt Service Aid Reduction based on actual or projected utilization decrease or reduced costs.	(3,000)
SA	County Boards of Taxation Program priority growth.	64
PTRF	Pension Bonds Growth based on increased debt service costs.	961
SA	South Jersey Port Corporation Debt Service Reserve Fund Growth based on increased debt service costs.	1,523
PTRF	Municipal Retired Employees' Health Benefits (PRM) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	3,245
Office of Inspector General		
p	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(124)
Office of Information Technology		
p	Enhanced 911 Grants Funding for this program is eliminated in fiscal 2010.	(12,425)
DSS	Quality Assurance Oversight Funding for this program is eliminated in fiscal 2010.	(2,000)
p	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(1,088)
DSS	Information Technology Online State Portal Funding for this program is eliminated in fiscal 2010.	(1,000)
DSS	Data Center Consolidation Reduction of one-time or other non-recurring costs.	(800)
DSS	Contractual Mainframe Maintenance Reduction based on actual or projected utilization decrease or reduced costs.	(600)
Commerce & Economic Development		
GIA	Staff Attrition Annualization of fiscal year 2009 savings.	(320)

****p** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Treasury	Amount
GIA	New Jersey Small Business Development Centers Funding for this program is reduced in fiscal 2010.	(250)
GIA	Operational Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(80)
P	InvestNJ, EDA Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	33,200
Treasury		
P	General Obligation Debt Service - Restructuring Savings Debt service savings due to bond refunding, interest earnings, or reduced costs.	(205,997)
P	Reallocation of Debt Restructuring Savings to Affected Accounts Technical shift between fund sources or between accounts.	195,414
Higher Ed - County Colleges		
P	County Colleges Budget Relief from Federal Stimulus.	(7,455)
SA	County Colleges - Increase Supplemental Workforce Funding Offset This program could be supported by non-state resources in fiscal year 2010.	(2,000)
SA	Pension Bonds Growth based on increased debt service costs.	10
P	Pensions Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	641
SA	County College Retired Employees' Health Benefit (PRM) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	1,105
PTRF	Debt Service for Chapter 12 N.J.S.18A 64A-22.1 (PTRF) Growth based on increased debt service costs.	3,332
Higher Ed - Indepen. Colleges & Oth		
P	Independent Colleges and Universities Funding for this program is reduced in fiscal 2010.	(920)
Miscellaneous Higher Ed.		
GIA	Higher Education Technology Bond Debt service savings due to bond refunding, interest earnings, or reduced costs.	(6,347)
GIA	Equipment Leasing Fund Debt service savings due to bond refunding, interest earnings, or reduced costs.	(5,079)
GIA	Dormitory Safety Trust Fund Debt service savings due to bond refunding, interest earnings, or reduced costs.	(304)

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Treasury	Amount
GIA	Higher Education Facilities Trust Fund	(4)
	Debt service savings due to bond refunding, interest earnings, or reduced costs.	
GIA	Higher Education Capital Improvement Program	948
	Growth to offset loss of non-recurring resource.	
Office of Administrative Law		
P	Administrative Law Judges Salaries	(141)
	Containment of growth.	
Public Defender		
DSS	Public Defender -- FY 2009 Accrued Professional Services Liability Supplemental (APSL)	(7,085)
	Supplemental not continued in fiscal year 2010.	
	TOTAL FISCAL 2010 REDUCTIONS/INCREASES	(674,148)
	FISCAL 2010 RECOMMENDATION	2,780,130

P = Parent Record

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Miscellaneous Commissions	Amount
**	2009 Adjusted Appropriations	1,456
	FISCAL 2010 RECOMMENDATION	<hr/> <hr/> 1,456 <hr/> <hr/>

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Inter-departmental	Amount
**	2009 Adjusted Appropriations	3,264,324
Employee Benefits		
P	Pensions - State and College Employees Funding for this program is reduced in fiscal 2010.	(282,631)
P	Furlough and Other Employee Actions	(90,900)
DSS	Management Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(40,000)
P	State Health Benefits Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(21,000)
P	Attrition Savings	(8,226)
P	Debt Service - Pension Bonds Growth based on increased debt service costs.	7,667
P	Retired Employee Health Benefits (PRM) Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	21,987
P	Employee Benefits - FICA	109,679
Inter-departmental		
P	Reallocation of Debt Restructuring Savings to Affected Accounts Technical shift between fund sources or between accounts.	(90,000)
CC	Building Authority Growth based on increased debt service costs.	179
Other Inter-departmental Accounts		
P	Reallocation of Debt Restructuring Savings to Affected Accounts Technical shift between fund sources or between accounts.	(18,500)
GIA	Business Employment Incentive Program (BEIP) and Designated Industries Debt Service Debt service savings due to bond refunding, interest earnings, or reduced costs.	(8,062)
DSS	Payment of Military Leave Benefits Reduction based on actual or projected utilization decrease or reduced costs.	(200)
GIA	Liberty Science Center, EDA Debt Service Debt service savings due to bond refunding, interest earnings, or reduced costs.	(116)

****P** = Parent Record**

SUMMARY OF CHANGES

Major Agencies

(in thousands)

IPB Fund	Inter-departmental	Amount
GIA	New Jersey Performing Arts Center, EDA Debt Service Growth based on increased debt service costs.	2
GIA	Municipal Rehabilitation and Economic Recovery, EDA Debt Service Growth based on increased debt service costs.	2
GIA	New Jersey Sports and Exposition Authority Debt Service Growth based on increased debt service costs.	11,062
P	Interest on Short Term Notes Growth based on increased debt service costs.	24,000
Rentals and Utilities		
DSS	Fuel and Utilities - Clean Energy Fund Offset This program could be supported by non-state resources in fiscal year 2010.	(30,000)
DSS	Procurement Efficiencies Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(25,000)
P	Property Rentals Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(19,365)
P	Economic Development Debt service savings due to bond refunding, interest earnings, or reduced costs.	(9,958)
DSS	Workers Compensation Self Insurance Fund This program could be supported by non-state resources in fiscal year 2010.	(7,000)
P	Fuel and Utilities - Reduced Expenditures Reduction based on actual or projected utilization decrease or reduced costs.	(6,400)
DSS	Property and Casualty Insurance Premiums Payments Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(847)
DSS	Household and Security Program costs will be reduced through operational efficiencies or absorbed within the agency's normal operations funded from its base budget.	(800)
DSS	Line of Credit Debt service savings due to bond refunding, interest earnings, or reduced costs.	(644)
DSS	State Recycling This program could be supported by non-state resources in fiscal year 2010.	(358)
DSS	Camp Marcella Insurance Funding for this program is eliminated in fiscal 2010.	(29)
DSS	Workers' Compensation Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	3,000

****P** = Parent Record**

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Inter-departmental	Amount
Salary & Other Benefits (Adjustmts)		
DSS	Unused Sick Leave Payments	(8,833)
	Reduction of one-time or other non-recurring costs.	
DSS	Salary Increments	24,370
	Growth mandated by statute, court decision, contract or entitlement program, inflation or utilization increase.	
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		(466,921)
FISCAL 2010 RECOMMENDATION		2,797,403

SUMMARY OF CHANGES
Major Agencies
(in thousands)

IPB Fund	Judiciary	Amount
**	2009 Adjusted Appropriations	641,007
Department		
P	Continued GEAR Intensive Supervision Program Diversions Annualization of fiscal year 2009 costs.	1,797
P	Continued GEAR Drug Court Diversions Annualization of fiscal year 2009 costs.	5,581
TOTAL FISCAL 2010 REDUCTIONS/INCREASES		7,378
FISCAL 2010 RECOMMENDATION		648,385
GRAND TOTAL -- FISCAL 2010 RECOMMENDATION (Excludes Federal Funds)		28,990,484

P = Parent Record

Appendix

**JON S. CORZINE
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDRED AND THIRTEENTH LEGISLATURE
MARCH 10, 2009**

Good afternoon, and thank you all for attending today's budget address.

Reverend clergy, Senate President Codey, Speaker Roberts, Chief Justice Rabner, Judge Glen Grant, Members of the Legislature, Members of the Cabinet, Former governors Byrne and DiFrancesco, Honored guests and fellow New Jerseyans.

Every day, across New Jersey, across America, millions of people are sitting down at their kitchen tables and sorting out their family budgets. On the backs of envelopes ... with pencils and calculators in hand ... surrounded by stacks of bills and receipts ... families are figuring out how to balance their income and expenses ... And they're doing this amid alarming economic circumstances.

You pick up the newspaper and see the national unemployment rate rising above 8%. You see neighbors losing their jobs, their homes and their health care. People worry they might be next.

The economy may not be "in shambles" as Warren Buffet remarked last week, but it is clear that this is no ordinary recession. And the costs of this economic crisis are exacting a serious, human toll. People from all walks of life are tightening their belts.

Around the kitchen table, every family knows what it means to make tough choices in these tough times. But people also understand the importance of making the right choices. They identify their most important priorities, and they change their spending habits to live within their means. That's exactly what those of us in this chamber must do in this budget season.

I come before you today to speak candidly and directly about our state's finances - not just to you, but also to the people of New Jersey. Make no mistake: because of where the world is right now, we must move in directions we might not otherwise choose.

Tough times require that we make the right choices, and that we do the right thing for the common good. By making the right decisions now, New Jersey can and will emerge from this national economic crisis stronger, sooner, and more prosperous.

To that purpose, the budget I am proposing for FY 2010 totals \$29.8 billion - that's \$1 billion less than the first budget I presented in 2006. Stop and think about it, since 1947, every governor before me has grown spending over their four years.

With this proposal, we will have reduced spending two years in a row and will literally spend less than in the first budget I presented in 2006. This isn't a matter of debate or nuance. It's a fact. It is also a measure of the times in which we live. It is a demonstration that here in Trenton, we are dealing with the state's finances exactly as every family in New Jersey is dealing with theirs. We are living within our means.

We are not spending more than we are taking in. We are making the tough choices to do the right thing. And ... just like the choices that a family makes around the kitchen table about its spending, the decisions I have made in laying out this budget reflect a clear ranking of my priorities and a core values.

These priorities and values are the same ones that have guided my administration since I took office. Those values reflect a lifetime of experience and are informed by the voices of our fellow citizens, not just the loudest voices, but those who too often don't have a voice.

Yes, we are cutting the size of government, but because of our values, we have made it a priority to continue: Nurturing our children, honoring seniors, protecting the most vulnerable among us, and I want to make it clear that we must maintain these priorities at the same time that we work to minimize the tax burden on our citizens.

GOVERNOR'S MESSAGE

We've been able to enshrine these values in a leaner budget because, for three years, we governed responsibly. We eliminated the gimmicks and one-shots that past administrations used to paper over the state's debt. We reduced and streamlined state government. We funded state employee pensions and the unemployment trust fund. We were the first state in the nation to respond to the global recession with a comprehensive economic recovery program. Because we chose to do the right things yesterday, we are able to keep doing the right things today.

In FY 2009, declining revenues required cuts of over \$2 billion in state spending, as it turns out, that was just the start. The global recession took a further toll on our revenues, so we have cut almost \$4 billion in baseline spending from this year's budget. But before we cut, we made a value-based judgment to take some things off the table.

There are certain parts of our government's work that we must sustain. In New Jersey, we recognize the importance of our children; they are our bright hope for the future. To that purpose, in this budget, we have increased, rather than cut, classroom funding for K-12 education. And with the federal government's help, we're giving our children a jump-start on a lifetime of learning.

This budget funds Pre-K education for 50,000 kids - an important down payment on our commitment to universal early childhood education. Our increase in classroom funding allows the state to press ahead with a new formula for school aid that is rooted in educational needs and fairness -- not zip codes. Our formula recognizes that half of all "at-risk" children live outside of Abbott districts.

The state's school aid allows communities, rich and poor, urban and suburban, to hire talented educators who fire up our children's minds and imaginations, because here in New Jersey we believe that every child has a right to be inspired and challenged every day in schools that are among the world's best. School aid is just one reflection of the value we have placed on learning.

Today, I want to again congratulate the legislature for passing the \$3.9 billion school construction program that is about to put 15,000 to 20,000 New Jerseyans back to work while modernizing schools for hundreds of thousands of children. Every generation of children has the right to schools that offer a clean, safe, and stimulating environment for learning.

Just as we value our kids' education, we value their health. That's why we've expanded our Family Care program to include a child mandate and enrolled many thousands more kids and their families - particularly mothers seeking pre- and post-natal care.

Providing health care for our children is a priority in this budget, just as it has been in years past. On this point, I have been clear. When the Bush administration tried to cut 10,000 kids out of New Jersey's Family Care program, we said "no." We even went to court and made it a "federal case." Throwing kids off health care is not the way we do business in New Jersey. Now, with the help of key members of New Jersey's congressional delegation, we can be certain of advancing children's health in partnership with the federal government.

And just as with education and health care, we are spending wisely to improve the lives of children who require placement outside of their homes. Our Division of Children and Families has gone from being among the most poorly-rated in the country, to among the very best. Our budget priorities make it clear kids count!

We are also protecting seniors in this budget because we believe that, as a community, we have a responsibility to honor our parents and grandparents. Not only does this budget preserve the senior property tax freeze, it expands it. We have also preserved all homestead rebates for senior homeowners and renters. We want to make sure that our parents have a choice of staying in the homes where they have raised their families. And we want to make sure that our grandparents can live where they're most comfortable and where long-term care is most affordable. Seniors have a right to live in dignity and comfort ...that's why my administration has found ways to increase assistance for home heating and senior health care.

This budget also reflects the view that when people who have played by the rules fall on hard times. When they get sick, or lose their jobs, or stumble into a run of bad luck government will help them get back on their feet - with a hand up, not a hand out.

This budget provides that helping hand by maintaining emergency funds for food banks, avoiding cuts to charity care, investing in worker re-training, expanding the earned income tax credit, funding our groundbreaking efforts to stave off home foreclosures, through mortgage mediation and loan modification, and by preserving funding for the developmentally disabled and community providers.

We must not - and we will not - balance this budget on the backs of people, who through little or no fault of their own, have been caught in the rip-tide of the economic tsunami.

Let me repeat: Even as we cut the cost of government in unprecedented and historic amounts, we are doing so in the right way -- the way that sustains our abiding commitment to those core values... Again, nurturing our children, honoring our seniors, and protecting the most vulnerable.

These are the basic values I have held for the past decade as I've fought for New Jersey families on the floor of the United States Senate and here in the State House. Throughout those years, I have guided my judgment by doing only what is best for New Jerseyans. Whether the question has been balancing the budget, or sending our soldiers to war, or holding corporations accountable, I may not have always done what was popular in the moment, but you can be damn sure I have always done what I thought was right.

But it's not just me. I take great pride in my administration. Even in the face of this dire financial circumstance, people have stayed true to our core values. From the cabinet members on down, this administration has refused to look for the easy way out.

Even so, I don't need to remind you that the current economic crisis has taken a sharp toll on our revenues, as it has in every state across the nation. The difference is New Jersey is weathering the storm with better outcomes than many.

Our unemployment rate is below the national average. And as of January, at least 18 states had higher jobless rates than New Jersey -- often, significantly higher. Our incomes are nearly the highest in the nation, and while our budget gap is among the larger, we are managing that challenge without shuttering government, like California, or missing a payroll, like Kansas, or ignoring the unemployed, like South Carolina.

Now, let's lay out the numbers in basic terms. This fiscal year, which runs through June, the state will take in about \$30 billion - about \$3 billion less than we originally planned. In the coming FY 2010, we're projecting base revenues of only \$28.5 billion. Even with important help from the federal government -- the declining revenue meant we had to make deep cuts in spending to balance the 2010 budget.

With respect to budget cuts, there are two ways to compare the numbers: in absolute terms - as I just outlined - or in terms that reflect baseline growth. In absolute terms, we need to cut \$3 billion to bring this budget into balance. In baseline growth, we need to find a "staggering" \$7 billion in spending and revenue solutions.

As you all can appreciate, baseline growth is a more practical measure of the state's budget gap. Baseline numbers include increases that are mandated by statute, contract, and the courts - contractual wage increases, for instance. A baseline comparison also includes increases in health care and energy costs, supplemental school funding, debt service and court-mandated actions that increase child-welfare expenses.

A family sitting around the kitchen table understands the real pressures in baseline growth. Their health care costs are going up every year, their energy costs soared in 2009, and the cost of nearly everything else - from food, to child care, to college tuition - continues to rise. The state budget is no different. In fact, if we did nothing to curtail growth or adjust our contractual, statutory, and court-mandated obligations, the FY 2010 budget would come in just under \$36 billion. As I noted, that's more than \$7 billion over projected revenues.

Fortunately, President Barack Obama understood the pressure on states to meet these shortfalls while still keeping teachers in the classroom and police on the street. The American Recovery and Reinvestment Act provides New Jersey about \$2 billion in aid to be used for current operations on education and health care. That still leaves a \$5 billion gap in the budget, which we have attacked with \$4 billion in cuts to programs, rebates, pension payments, and state worker salaries, in all, over 850 line items in the budget have been cut. The largest cuts will come from reductions in a scaling back of homestead rebates by \$500 million, and reducing, by another \$500 million, payments to the pension fund.

I am proposing to save \$400 million in personnel costs through a wage freeze and furloughs for employees. This approach calls for shared sacrifice, but I believe it is far better for employees to share in these reductions and continue working than it is for savings to be achieved by the layoff of up to 7,000 workers. It most certainly is better to keep people at work and insured, than in the unemployment lines and on the Medicaid rolls.

GOVERNOR'S MESSAGE

I'm sure state workers understand the household principle, just as we do, that when a family's income drops everybody has to tighten their belts. We all have to share the responsibility of keeping our financial house in order.

Now, let me take a moment to briefly describe some of the options we sought to balance through this budget in hundreds of hours of meetings over the past few months. In these discussions, we would have preferred not to reduce rebates or pension contributions but we chose to preserve our children's health care and education funding. We would have preferred not to cut funding for the arts and humanities but we chose in this financial emergency not to close hospitals or eliminate senior prescription drug assistance.

We didn't want to cut funding for tourism advertising and beach replenishment but we chose to maintain safe neighborhoods, safe highways, and homeland security.

During those discussions, even as we cut spending, and cut, and then "cut some more", we also came to a decision that we had to preserve as much property tax relief as possible, given the severe financial pressure middle-class New Jersey homeowners are experiencing. For instance, this budget has less than a two-percent cut in municipal aid - a small amount in comparison to other line items but one that recognizes that municipalities took a big hit last year. Further, in order to help municipalities balance their budgets and stabilize property taxes, I recommended the much-debated, optional pension deferral. This deferral will provide many communities with enough breathing room to avoid layoffs of police and firefighters.

Following the same reasoning, my budget preserves homestead rebates for over one million moderate and middle-income families earning \$75,000 or less. Protecting rebates as much as possible is consistent with one of the most basic priorities of my administration, providing direct property tax relief on a progressive basis.

With this budget, my administration will have provided more direct property tax relief in four years than any other governor in New Jersey's history - nearly \$7 billion put directly into the pockets of homeowners. This substantial commitment recognizes the heavy burden property taxes place on New Jersey families. It also recognizes the power and traditions of home rule.

Obviously, no governor can single-handedly fix New Jersey's local property tax problem. Our state's 566 towns and 616 school districts need to rationalize their cost structures and hold spending under the cap. They need to share and consolidate services. Until these actions broadly take hold, the underlying problem will remain.

Simply put, New Jersey has too many layers of government. To the credit of many, the process of restructuring is gaining momentum across the state, and we will continue to promote consolidation and shared services wherever and whenever they make sense. There are incentive dollars in this budget that do just that.

In the meantime, however, rebates remain the primary tool by which the state can ease the property tax burden on individual citizens. That is why we should restore the rebates for higher income families as soon as the recovery of state revenues allows.

Make no mistake -- a \$1,000 rebate check is more than meaningful for families who are working out their finances around the kitchen table. We know that's absolutely true for fixed-income seniors, many of whom could receive as much as \$2,500 -- combining both their senior freeze and homestead rebates. And, as family members lose jobs or see their hourly wages fall, the number of taxpayers making less than \$75,000 grows. For those citizens, rebates count. To help pay for the rebates, we have proposed eliminating the property tax deduction next year on state income taxes for everyone but seniors.

Now, as I commented, New Jersey faces difficult challenges, but from a better position than many states. One of the reasons is that, together, we've taken serious steps toward fiscal responsibility. As we all understand, for 15 or 20 years, New Jersey budgetary decisions had often gone in another direction - reflecting expediency rather than responsibility. For many of those years, our government chose to meet its constitutional obligation to balance the budget by using one-shots and gimmicks.

Whether it was raiding the unemployment trust fund, borrowing to fill unfunded pension liabilities or securitizing tobacco settlements for current spending. These gimmicks and others undermined the state's long-term financial strength and stability.

At the time, they were easy fixes. They didn't require tough choices about what the state could and could not afford. They were actions that didn't require telling the public the truth. Even worse, they saddled future generations with the cost of that irresponsibility. With your help, I stopped it.

You can't correct 15 or 20 years of bad decisions in 38 months, but the steps we've taken have put our state's finances on more solid ground. Over the past three years, we've contributed more money to the public pension system than did our predecessors in the preceding 15 years, combined.

Regrettably, in the current crisis we need to temporarily reduce pension funding so that we can sustain our first priorities - our children, seniors, and the most vulnerable. In better times, such an action would be unacceptable. But this is a time of unprecedented economic stress. It is the right choice to make.

Similarly, over the 14 years before I took office, repeated raids of the unemployment trust fund - totaling nearly \$5 billion - were used to balance the state's operating budgets. My administration stopped the raids and in fact bolstered the fund by over \$400 million, which avoided sharply higher payroll taxes - over \$650 million to be exact - that would have fallen hardest on small businesses.

The unemployment trust fund is now under even more stress, and it would take as much as \$500 million dollars in additional spending to avoid a dramatic payroll tax increase. We cannot make that kind of payment while still maintaining our priorities and preserving property tax relief. But we will make a significant payment that will soften the impact on employers. And we will also seek legislation to require a tax decrease when the fund recovers in a growing economy.

In this budget, we continue in our effort to make state government do more with less, and to hold ourselves accountable to the taxpayers. My administration has reduced the payrolls of the state and its authorities' by almost 7,000 employees. We have eliminated departments. We negotiated with public employees and asked them to contribute toward the cost of their health care. We extended the retirement age to 62 and capped the pensions of new state workers. We recognized that sustainable employee benefit programs require serious restructuring to avoid future breakdowns.

The measures we have taken will save the state and local governments \$6.4 billion over 15 years. Those dollars count in a year like this. This kind of restructuring needs to be adopted across all levels of government in New Jersey.

We have scrubbed departments for inefficiencies - line by line - and implemented consolidations. We've sold cars, cut up state credit cards, and moved out of half-filled, leased warehouse space. By measures big and small, we have reshaped and resized state government.

We have also confronted and put an end to the entrenched ways of doing business in the State House. We ended Christmas tree spending. We approved a constitutional amendment to give voters a voice on state borrowing. And by executive order, I required that recurring expenditures be matched with recurring revenues. Other governors have talked about doing these things. I did them.

This budget continues a 4-year pattern of making the right choices - choices that may not be politically popular today, but which put our state on a stronger footing for tomorrow.

In a time of crisis, we must all share in the responsibility for balancing our finances and that's why I'm asking those who are the most fortunate among us - the one percent of New Jerseyans with incomes of a half-million dollars or more - to carry a little more of the burden. To this end, I am proposing a one-year, only, rate increase of 3/4 of a percent for those earning more than \$500,000. This new revenue, along with small increases in alcohol and cigarette taxes, will allow us to finish closing that \$7 billion gap.

As I've said repeatedly, the unprecedented circumstances of our national economic crisis requires choices we might not otherwise make. Our responsibility requires us to have the courage to meet these challenges, deliberately, honestly, with compassion and good judgment. And that is precisely what we have done in crafting this budget.

We faced down a \$7 billion shortfall with roughly \$4 billion in spending cuts, \$2 billion in federal aid, and \$1 billion in new revenue. That left us with \$29.8 billion in which to prioritize our children, our seniors, and those who play by the rules but find themselves in dire straits.

GOVERNOR'S MESSAGE

I'm asking you all to review the proposed budget. Offer alternatives where you find them - as long as those alternatives honestly meet the challenges of full funding, meet legal requirements, and fit within the broad priorities laid out.

I welcome ideas from everyone. I only ask that the ideas be real, be specific, and be fiscally responsible. The last thing that New Jersey needs in today's environment is political posturing. Posturing won't save one job, it won't help one family with property taxes, and it won't improve a single school or save a single business.

As I close, let me be clear, this budget is one part - only one part - of our responsibility to meet head-on the challenges of the global economic crisis. It is not our first step - and it won't be our last.

Last fall, when the banking and credit sectors collapsed, my administration was ahead of the curve in dealing with the global economic crisis. We were the first state in the nation to pass a comprehensive economic recovery plan. I thank the legislature for your forceful and timely response in passing the nine pieces of legislation that made up that recovery package.

Our mortgage mediation and modification program is stabilizing our state's housing sector, and now, other states - and the federal government - are making similar efforts.

With our Invest New Jersey initiative, we offered a \$3,000 grant for every new job created and sustained for at least a year, along with a sales tax exemption for the purchase of new business equipment. In the ten weeks since that grant program has been in place, we've received over 800 applications representing 20,000 jobs and hundreds of millions of dollars in investment. Each of those 20,000 people represents a New Jerseyan who has the opportunity to wake up every day, knowing that he or she has a job.

We also reformed New Jersey's corporate tax code to make our state more business friendly. We enabled businesses to carry forward tax loss benefits for up to 20 years. We eliminated the Throw-Out and Regular Place of Business Rules that penalized companies headquartered in New Jersey. We enacted permit extension provisions. We created a clean energy fund and put in place incentives for public investments in energy efficiency.

All of these measures have cushioned us against the blow of this global recession. These actions may even produce growing revenues for future state budgets.

Now, I've taken some heat from our neighbors -- particularly up north. Some have accused me of trying to steal their companies. I get accused of a lot of things, but this is one offense I'm willing to cop to. Let's be clear - our economic recovery plan sends a clear and unequivocal message to employers: New Jersey is a great place to do business.

When we move legislation to expand the urban hub tax credits, when we pass the revenue allocation district act, when we move forward on allowing license site professionals to certify Brownfield cleanups, we'll lay an extraordinary foundation for New Jersey's strong economic recovery.

When the global and national economy rebounds, New Jersey will be in a stronger position than its neighbors and competitors. We will prosper tomorrow because of the decisions we make today.

Now, I'd like to close by citing President Obama, who reminded us two weeks ago in his address to Congress that we are in the eye of an economic storm, the likes of which we haven't seen since the breadline days of the 1930's. That said -- with a strong national recovery program, and with a true partner for New Jersey in the White House, we will come through this storm.

While today's crisis is challenging and often painful, we will pull together as a community and a nation and build for a more prosperous tomorrow. History is clear - the economy will turn. With the talent, the work ethic, and the strong character of our people, New Jersey will lead the way. I believe in our common desire to do what is right.

I hope and expect to see that spirit reflected in the final budget, a budget that values children, seniors, and the most vulnerable, and asks a little more from the rest of us.

Thank you.

May God bless each of you, and God bless New Jersey.

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SESSION OF 2009**

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