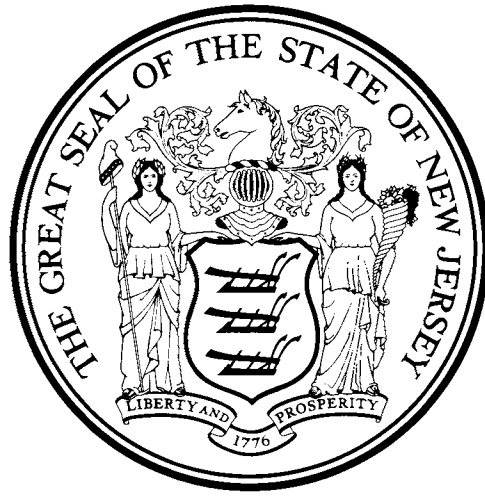


STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 2000 - 2001

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JANUARY 24, 2000

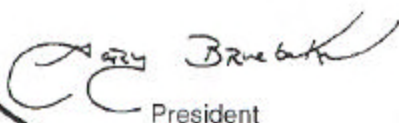


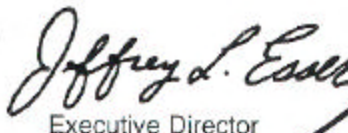
GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO
State of New Jersey,
New Jersey

For the Fiscal Year Beginning
July 1, 1999


President


Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the State of New Jersey for its annual budget for the fiscal year beginning July 1, 1999.

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

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

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**FISCAL YEAR 2001 BUDGET
OF
CHRISTINE TODD WHITMAN
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE FIRST ANNUAL SESSION
OF THE TWO HUNDREDTH AND NINTH LEGISLATURE**

Speaker Collins, Senate President DiFrancesco, members of the Legislature:

Two weeks ago, I presented to you my vision for the year ahead - a vision that builds on our work together and seeks to make New Jersey an even better place in which to live, work, and raise a family.

It's also a vision that recognizes the ability we have to do great things for the people of our state - the people we have the honor to serve.

That ability doesn't come just from the Constitution or just from the statutes. It also comes from this simple fact: our success in managing the state's fiscal affairs - and the unparalleled prosperity New Jersey now enjoys - gives us an unprecedented opportunity.

I call this opportunity New Jersey's "Prosperity Dividend." Let's use this dividend, not just to build on what we've accomplished, but to do even more for our fellow citizens.

It's a hard-earned opportunity. After all, less than ten years ago the state budget was balanced through higher taxes on things like toilet paper and practices such as the state selling itself a highway it already owned.

Fortunately, those are now distant memories. In their place, we've built a record of fiscal responsibility, a record of which we can be proud.

Since 1994, we've held the annual rate of growth of the state budget to its lowest level in 30 years.

We've totally eliminated the use of so-called "one-shot" revenue sources.

We've brought the combined balance of the Rainy Day Fund and the surplus from less than \$150 million in my predecessor's last budget to \$850 million in this budget.

Over the past six years we've built a strong fiscal record and we've done some big things for the people of our state.

We've cut taxes 37 times, saving New Jerseyans \$11 billion by the end of this fiscal year.

We're providing some \$10 billion - half the budget - in property tax relief. From rebates, to veteran's tax credits, from property tax deductibility, to school aid, we're returning record amounts of tax relief to the people.

We're saving more open space than ever before. Our historic commitment to preserve one million acres of open space and farmland for our children and grandchildren is funded in this budget as well.

Those who doubted our course said we couldn't do any one of these things, let alone all of them. They were wrong.

Because of our responsible fiscal policies - and the prosperity they have helped stimulate - we are doing all these things. Now, my friends, we can do even more.

We can return even more money to the taxpayers - and we can do it this year.

We can invest even more in our people - and we can do it this year.

We can invest even more in our infrastructure - and we can do it this year.

We can invest even more in our future - and we can do it this year.

The budget I submit to you today does all these things and it does them this year.

Of course, the first recipients of our prosperity dividend must be the taxpayers. Any time government takes in more than it spends, our first obligation is to them.

We must never forget that government revenues are taxpayers' dollars - dollars they earned through their own hard work and initiative. That's why this budget contains nearly half-a-billion dollars in new money for tax cuts for the people of New Jersey.

That includes almost \$200 million more in direct property tax relief, so we can double the average NJ SAVER rebate check. People will find those checks in their mailboxes later this year.

GOVERNOR'S MESSAGE

There's another place people can expect to find more money – right in their paychecks. The state's unemployment insurance fund has more than enough to cover anticipated expenditures. We shouldn't ask taxpayers for a dollar more than we need.

So my budget also includes \$130 million to relieve all New Jersey workers of their unemployment insurance contribution for the next two years, and another \$130 million to lower the unemployment tax rate on employers.

These tax cuts – numbers 38 and 39 – again demonstrate our basic belief in letting people keep more of the money they earn.

Of course, keeping more of what you earn is especially important to the working poor – the people who go to work every day but don't earn enough to make themselves economically self-sufficient.

For those who struggle to earn a living, any tax bite is painful. In addition, for those moving from welfare to work, taxes undermine welfare reform.

Over the past six years, we've made real progress in relieving the tax burden on the working poor here in New Jersey.

One of the first things I did when I took office was to remove 380,000 low-income taxpayers from the rolls. More recently, thanks to the Speaker's leadership, we've exempted another 320,000 low-income earners.

But exempting the working poor from the state income tax doesn't exempt them from all taxes, especially the federal government's payroll taxes.

That is why I am proposing the creation of a New Jersey Earned Income Tax Credit. This credit, when fully phased in over the next four years, will pay \$823 to every working family earning just the minimum wage.

The EITC reaffirms our commitment to the value of work. It will give more than 200,000 hard-working families a real hand up, not just a hand out. I look forward to working with Assemblyman Bagger to get this done. Oh, and in case anyone's counting, it will make for tax cut number 40.

As we have seen over the past six years, the best investments we make are in the men, women, and children who call our state home.

Now, we have a new opportunity to make another wise investment in the needs of our people. The settlement between the states and the tobacco companies allows us to build on what we've done and do even more.

With \$7.4 billion over the next 25 years, we have to set a good example – avoid the “raid the cookie jar” mentality – and spend this money responsibly. When considering how to use these funds, we should also keep in mind the justification for the settle-

ment – compensation for covering years of healthcare expenses for smokers.

To do justice to those who've lost their battle with tobacco, it's clear we should use most of this money, once we receive it, to safeguard the health of our people.

That's why we should dedicate \$200 million – two-thirds of the tobacco funds we'll receive annually – to healthcare.

You may recall I initially expressed my goal to use the entire proceeds of this settlement for healthcare. I believe, however, that the tobacco money we'll invest in the health of our citizens meets our goal.

Let's begin by putting the first \$30 million into a comprehensive Tobacco Control Program. We can turn the tide on our state's single most preventable cause of death and disease. Prevention is the best cure.

Second, let's use \$15 million for supplemental charity care, so that more hospitals in New Jersey will receive some reimbursement for the free services they provide to the uninsured.

Next, let's target \$10 million toward cancer research and treatment. I agree with Senator Sinagra, every New Jerseyan who's fighting cancer should be able to find the top-notch care they need right here at home.

These programs are in addition to the \$33 million for senior care and biotechnology research I announced in my State of the State address. Taken together, all these initiatives will make New Jersey a healthier place to live.

But there's more we can do. Let's use the next \$100 million in tobacco funds to address a growing problem – the rising number of uninsured adults in our state. By establishing a program I call New Jersey FamilyCare, we can help 125,000 low-income adults obtain the health insurance they need.

We're already insuring more than 55,000 children through New Jersey KidCare, a program that I know is very important to the Senate President. Our new program will provide subsidized health insurance to the adults who can least afford it, including many of the parents of children in KidCare. Children shouldn't have to see their parents get sick because they don't have the money to see a doctor.

FamilyCare coverage would include preventive services, doctors' visits, prescription drugs, and mental health services.

Because this program will improve the health of New Jersey's families and reduce the cost of charity care, we will enroll as many people as we can as quickly as possible.

Among the first people we will target are those whose children are already in KidCare, as well as those who are on General Assistance. We know who they are; we can sign them up right away.

This way, our investment in FamilyCare will be paying dividends from the start - from healthier families to lower overall medical costs.

With respect to the remaining \$100 million, the Speaker, the Senate President, and I have all agreed that it should be used for school construction - a program that will certainly contribute to the well-being of our children.

These uses of the tobacco settlement are prudent and appropriate. But with our prosperity dividend, there's so much more we can do - especially for those who have not enjoyed the full measure of New Jersey's success.

With this budget, I propose an historic \$72 million investment in services for people with disabilities.

First, let's follow through on our nationally recognized plan to eliminate the Community Services Waiting List for people with developmental disabilities - giving even more people the option of living in homes of their own.

At the same time, we are providing for increased job training and community support to make that transition to independence even smoother.

We can also make it easier for people with mental illnesses to be integrated parts of our communities.

Many people with these illnesses can live and work independently if we can provide appropriate assistance and affordable housing. That's why this budget funds a supportive housing initiative for people with mental illness.

We're also making sure that disabled New Jerseyans aren't penalized for taking a big step toward independence - a job. With this budget, New Jersey becomes one of the first states in the nation to extend Medicaid coverage to disabled people who work.

What's more, we're doing more for those who care for people living with disabilities. This budget ensures that direct care workers receive the salaries they deserve for the specialized care they give. With this budget we're investing in every one of the many faces of our one family.

As we invest in helping the disabled live fuller lives, let's also make sure that we are helping emotionally troubled young people get the assistance they and their families need.

It's become increasingly clear, in recent years, that we can better serve children with emotional and behavioral problems by coordinating the many services the state offers them.

Right now, we spend \$167 million a year on various services for troubled youngsters. Yet far too often, these children and their families don't receive the full-range of services they need, when they need them. The system has become too fragmented. It's time to fix it.

This budget begins a four-year effort to totally reform the way we deliver services to these children. Over that time, investment in this initiative - the Children's System of Care - will increase to \$280 million a year. We will be able to offer a broad range of treatment options to all troubled children and their families.

By revolutionizing how this state provides services to these children, we will ensure that no child simply gets bounced from agency to agency, or even worse, slips through the cracks. We want every child to receive the counseling and care they need, to have the future they deserve.

As we reach out to our most troubled youngsters, we are also doing more to give our school students somewhere to go for advice.

This budget provides a healthy increase for our nationally recognized school-based youth services program. This program provides mental health, substance abuse, employment, and family counseling.

Where this program is already in place, we are seeing great results: fewer incidents of violence, smoking, vandalism, and teen pregnancy and higher graduation rates. Through this budget, we can reach even more kids with this worthwhile program.

Of course, once our students graduate from high school, we want them to look to our state's colleges and universities for a high-quality education that prepares them to achieve their dreams.

This budget builds on our commitment to higher education with an increase of \$61 million for the senior public institutions. In total, we make a \$1.7 billion investment in New Jersey's college students.

At the same time, we are continuing our commitment to our county colleges - the gateway to opportunity for more than 121,000 New Jerseyans. With an increase of over \$17 million, we will help them hold the line on tuition for the third year in a row.

Combined with increases in Tuition Aid Grants and Educational Opportunity Fund grants and scholarships, we are keeping higher education accessible and affordable for all our students.

As important as it is to help our students with tuition aid, we know that families often share many of these expenses. We should make it even easier to save for college.

That's why we started New Jersey BEST, our college savings plan. In this budget, as they say in 4-H, we're making the best even better.

GOVERNOR'S MESSAGE

I want to improve the program in four ways. First, we'll reduce fees, so that more of the dollars you save can grow. Next, we'll allow state employees to sign up for an automatic payroll deduction, and encourage other employers to do the same. Then, we'll triple, to \$1,500, the maximum scholarship for New Jersey BEST savers who attend a New Jersey school. Finally, we will seek to improve the long-term rate of return.

Speaking of rates of return, I am happy to report that in 1999, New Jersey BEST savers earned more than 12 percent on their investments. That will go a long way toward financing Economics 101.

Just as we are able to make important new investments in New Jersey's people, so too does this budget use our prosperity dividend to promote important investments in our state's infrastructure.

The health of our transportation system is vital to the health of New Jersey. Our roads, highways, bridges, and transit are the lifeblood of this state. If we don't keep them in good repair, and if we don't keep up with the changing demands of our bustling state, New Jersey will grind to a halt.

Of course, maintaining and improving our transportation infrastructure takes years of planning, design, and engineering work before the first shovel can be put in the ground. Long-term projects require long-term planning.

That's why, in 1984, the Transportation Trust Fund was established. By ensuring a long-term commitment to meet our transportation needs, the TTF keeps New Jersey on track and moving ahead.

Almost two years ago, I presented a plan for renewing the TTF when it expires this coming June. I laid out my far-reaching vision for maintaining and improving our transportation network. I also identified a source of funding.

As you know, my proposal did not receive your support. Nevertheless, with Chairmen Cisela's and DeCroce's leadership, we have continued to meet the needs of New Jersey's motorists, commuters, and businesses.

Now, however, we are faced with the expiration of the TTF in less than six months. It is vitally important that we act now, so that when June rolls around, transportation construction and planning can also keep rolling along.

That is why my budget proposal contains a one billion-dollar program for transportation in the next fiscal year; and we fund it, as the Senate President requested, without any increase in taxes or fees.

When coupled with federal funding, we will spend almost two billion dollars on transportation in this budget.

This proposal will ensure the continuity of planning and construction that is essential to any sensible long-range transportation plan. It also boosts the amount of pay-as-you-go funding for the TTF. That's another benefit of New Jersey's prosperity dividend.

In addition, my proposal will ensure that the TTF money we spend goes to capital projects. There has been concern in the past that some TTF funds were being used for operating expenses. That's not the intent of the fund. Let's put the "trust" back into the Transportation Trust Fund.

Our transportation system is not, however, the only major infrastructure need we have in New Jersey. We also face the enormous and expensive challenge of repairing and upgrading our public school buildings.

Over the past six years, we have made substantial progress in improving the quality of learning in our schools. Our tough academic standards, our integration of information technology, and our new standards for teacher quality are all improving what goes on inside the classroom. Now it's time to improve the classrooms themselves.

While the State Supreme Court has ordered us to fully fund necessary repairs and upgrades to the school buildings in our Abbott districts, they are not the only schools that need attention. In every part of the state, in every type of community, far too many children are learning in antiquated classrooms and outdated buildings.

My proposal embraces this challenge. Using the money from the tobacco settlement I mentioned earlier, as well as lottery and cigarette tax receipts, we will begin an up to \$10 billion effort to make every school building and every classroom conducive to learning.

Lest anyone question whether this is enough, let me point out that ours will be the biggest school construction and modernization program in America; bigger than any other state; bigger even than the President's proposal for the entire nation.

I hope to see a school construction bill introduced as soon as possible. Let's give future governors and legislatures a complete program that's manageable, affordable and does the job for all our kids.

Our strong fiscal position also allows us to attend to another important part of New Jersey's infrastructure - our hospital industry.

New Jersey has an outstanding statewide network of quality hospitals. We all know how important they are to our health and the health of our communities. It's good to know that a quality hospital is nearby if you or someone you love needs acute medical care.

Yet today, our hospitals are facing their toughest financial challenge ever. On any given day, one-third of New Jersey's hospital beds are empty. The changing nature of medicine in America - including everything from managed care to out-patient surgery - has made it increasingly difficult for hospitals to balance their budgets.

That's why, last year, I appointed the Governor's Advisory Commission on Hospitals. This commission has identified several steps we can take to help improve the health of our hospital industry.

As I mentioned earlier, the first thing we should do is assist those hospitals that have been providing charity care but haven't qualified for reimbursement.

State law requires every hospital to treat patients, whether they can afford to pay or not. Since 1993, our charity care program has helped reimburse the largest providers of free care. I don't intend to change that formula. But increasingly, many hospitals have been providing greater levels of charity care without qualifying for reimbursement.

Of course, programs like New Jersey FamilyCare, which will pay hospitals for the care they provide, will help. But they won't fully address the problem.

So as the advisory committee recommended, this budget makes available \$30 million - \$15 million in tobacco funds and \$15 million in matching federal funds - to provide nearly every hospital with some assistance in meeting its charity care obligations.

In addition, my budget includes \$50 million to help reimburse all those medical providers who weren't paid because of two recent HMO failures. This represents one-third of the unreimbursed costs these HMOs left behind. We expect the state's other HMOs to provide another \$50 million, with the providers themselves absorbing the last third of the cost.

This is a fair and equitable solution, but it will require legislative action. I look forward to working with Senator Cardinale and Assemblyman Bateman to make this happen.

This year we will provide \$172 million to help our hospitals recover their strength, so that they can continue to serve the health care needs of all New Jerseyans.

There's another use of our prosperity dividend I want to propose today. In a way, it's an investment in our infrastructure; but not in the usual sense of the word. I'm not speaking of things we can touch, like roads, bridges, and buildings.

Instead, I'm talking about things that touch us and make us proud to call New Jersey home. Tony-award winning theaters. First-class museums. Heroic battleships and hushed battlefields.

Kids who pick up a paintbrush or a pen and realize they are good at something - that they can learn and achieve. That is what our vital and vibrant arts and history communities bring to us every day.

I know you share my belief that a thriving cultural community is an integral part of any civilized society and every successful state. That's why we met the goal of providing \$20 million in 2000 to the Arts Council and are supplying the first-ever operating funds for history.

But the need for funding is still great - greater than the General Fund should be expected to accommodate. That's why today I propose that we create a \$200 million Cultural Trust for New Jersey.

The Trust, which will supplement, not replace, current funding for the arts, history, and humanities, will be a true public/private partnership. Private funding will leverage public dollars.

In this budget I propose we commit \$100 million over the next ten years to fund the Trust, matching private contributions dollar for dollar. I challenge the business community, our foundations, and all New Jerseyans to do as the State will do - go above and beyond your usual generous support for our cultural institutions.

I look forward to working with Assemblyman Leonard Lance to establish this Trust. Together, we will guarantee the future of our cultural treasures. Let's make sure they will be there for your great-grandchildren and mine.

Over the past six years, we've accomplished so much together for the people of our state. Our careful stewardship of our state's resources - and the prosperity dividend it has helped create - is making it possible for us to do even more.

Now we have another opportunity -- the opportunity to lock-in our legacy of fiscal responsibility. Let's establish a system to save money in the future by systematically reducing New Jersey's debt load.

Like every governor and legislature before us, we have taken advantage of favorable market conditions to finance several long-term projects with long-term debt. During that time, the state's total debt load has increased about six percent a year.

I know this number will surprise those who have been arguing that debt has grown at a much faster rate. The numbers differ because we have, for the first time, introduced honest accounting to debt calculations.

In previous administrations, a substantial portion of the money New Jersey owed was carried off the books. For example, more than \$1.4 billion in JUA/MTF debt - debt the state owed to insurance companies and policyholders - was not counted.

GOVERNOR'S MESSAGE

In total, we found that more than \$4 billion in state obligations were excluded. New Jersey's true debt load was significantly understated. It's as if an individual applying for credit listed his mortgage balance but failed to list the balance of his car loan.

We've corrected that accounting oversight. Now, every obligation of the State of New Jersey is reflected in our debt reporting. That was an important first step - giving a true picture of what we owe. Now it's time to take the next step.

In this budget I propose the creation of a permanent, dedicated Debt Retirement Fund. This fund would be used at the discretion of the Treasurer to strategically reduce New Jersey's outstanding debt.

The fund would be replenished as part of the annual budget process, tied to a formula that maintains a healthy surplus and Rainy Day Fund, while still putting aside money to make payments on what we owe.

To accomplish this, I propose that when the Rainy Day Fund reaches \$720 million, we split any additional revenues between debt retirement and the general surplus.

Putting money toward debt reduction is like paying more than the minimum due on your credit card. The sooner you pay down the balance, the less you have to pay in the long run.

We will know later this year, when the Comprehensive Annual Financial Report is issued, exactly how much we will be able to put toward debt retirement; but it's not too early to prepare.

Members of the Legislature, this is my budget proposal for fiscal year 2001. This budget maintains and expands our commitment to the major accomplishments we've achieved over the past six years and it uses New Jersey's prosperity dividend to do even more for the people we serve.

I look forward to working with the Senate President, the Speaker, Chairman Littell in the Senate, and Chairman Lance in the Assembly to advance the goals we all share. Together, we will produce a budget that reflects our commitment to investing the people's resources in the people's priorities.

Thank you.

Respectfully submitted,

Christine Todd Whitman
Governor of New Jersey

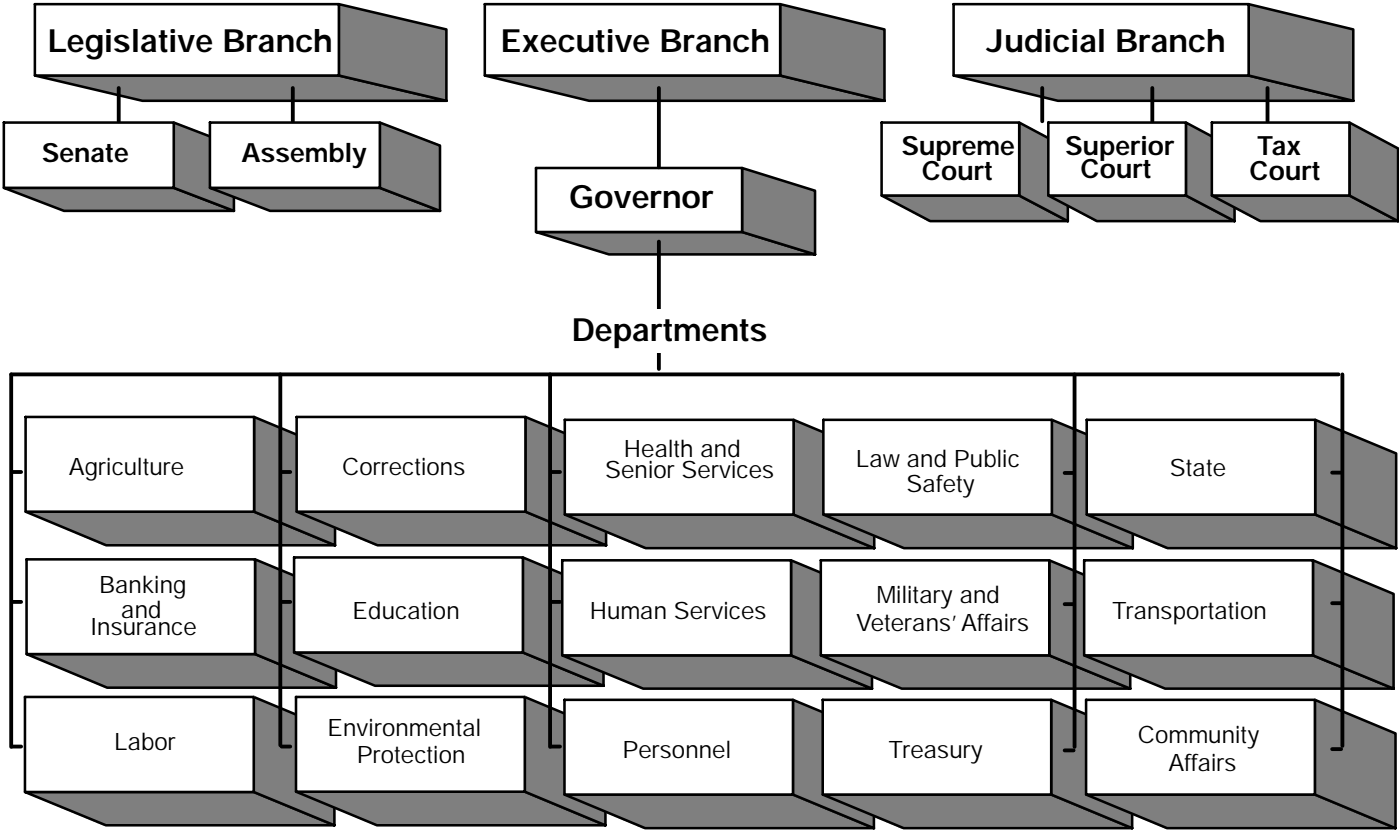
Background

The State of New Jersey was one of the original thirteen colonies, and was the third state to ratify the United States Constitution in 1787. New Jersey's governmental structure is similar to the federal model, with three separate branches of government - a Legislative Branch, a Judicial Branch and an Executive Branch. The original State Constitution was adopted on July 2, 1776 and was subsequently superseded in 1844 and 1947.

The Constitution of the State requires a balanced budget and restricts State long-term borrowing to one percent of total appropriations, unless higher amounts are specifically approved by voters at a general election. Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within the same fiscal year, is not prohibited by the Constitution, and is authorized in the Annual Appropriations Act.

A State Government Organization chart is provided below:

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



READER'S GUIDE

THE STATE BUDGET PROCESS

The fiscal year for New Jersey State government, which includes the Legislature, the Judiciary, and all Executive Branch departments and agencies, is from July 1 to June 30 of the following year. For example, "fiscal year 2001" refers to the fiscal year ending June 30, 2001 (The federal government's fiscal year begins October 1, and ends on September 30.)

In the past, the budget process in New Jersey has had several variations, including Zero Based Budgeting (ZBB) and the Planning, Programming and Budgeting System (PPBS).

The current process, the Integrated Planning and Budgeting Process, uses several of the key features of all previous budget processes, and is designed to result in planning driven budgets. Implementation of the process usually begins during the month of April some fifteen months prior to the year for which the budget will be effective.

The planning framework that begins this process each year includes reviews of the Governor's program priorities, economic forecasts, demand assumptions and analyses of selective program areas. General guidance is provided to each State agency, usually in August - September.

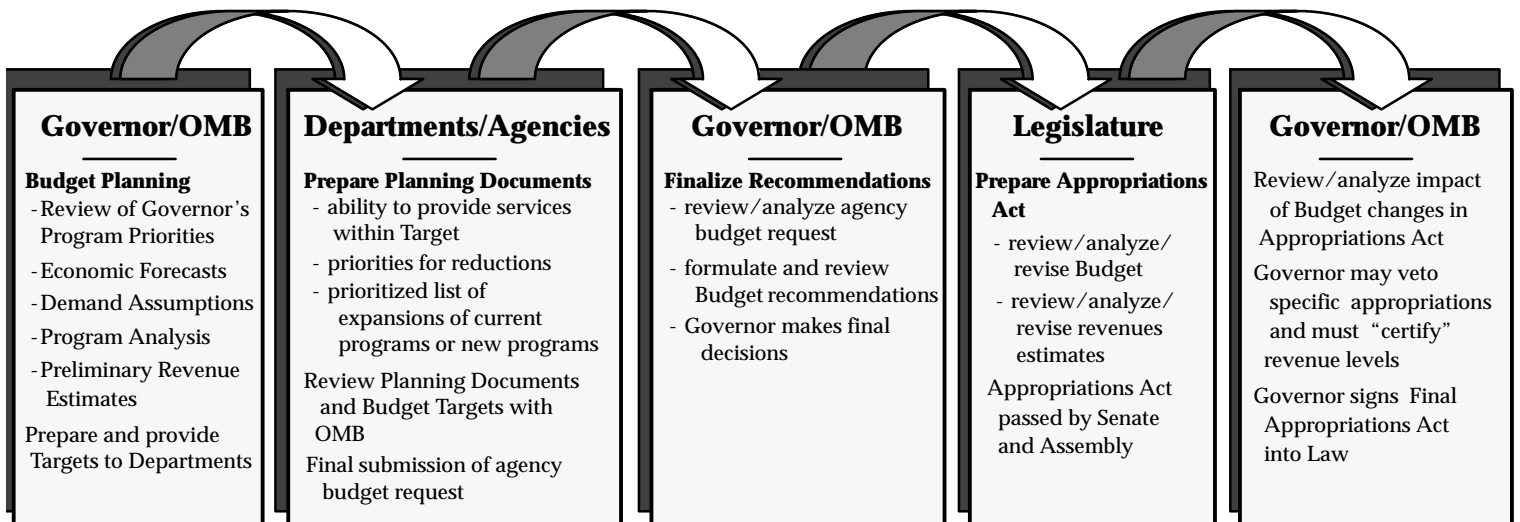
Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office of Management and Budget (OMB) reviews the planning documents with the agencies and budget targets are agreed upon. The planning portion of the process is then culminated by the final submission of the agency budget request to OMB.

During the months of December and January, the Director of the Office of Management and Budget reviews budget recommendations with the Governor, the State Treasurer and the Governor's staff. The Governor makes the final decisions in January. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the

Legislature on or before the third Tuesday following the first meeting of the State Legislature, except in the year when the Governor is inaugurated, when it must be transmitted on or before February 15 (although the Legislature may extend this deadline under unusual circumstances). From year to year, the Budget probably is the single most important policy statement that the Governor makes.

The Legislature, through a series of hearings conducted by its Appropriations Committees, reviews the Budget and makes changes. The Legislature also reviews the revenue estimates included in the Governor's Budget, and based upon several additional months of actual revenue collections in the current fiscal year, makes adjustments to the Budget's revenue projections and surplus estimates. The Budget, including changes made by the Legislative Committees, must then be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced budget must be approved and signed by the Governor before July 1. After the Legislature passes the Appropriations Act, the Governor has the power to veto specific appropriations (line items), or Appropriation Language segments, which may have been added by the Legislature as a result of its review of the Governor's proposals. The line-item veto allows the Governor to reshape the final Budget and ensure that appropriations do not exceed the certified level of revenues. (As part of the final Appropriations Act, the Governor must "certify" the level of revenues in order to meet the constitutional requirement of a balanced budget.) The final approved budget, which includes the Governor's line item vetoes and certification of revenues, is the Appropriations Act. Once the budget is enacted, it becomes an effective tool for fiscal control and monitoring program effectiveness.

As part of the first execution phase of the Budget process, and to ensure that State monies are spent according to the intent of the Budget, all state departments are required by appropriations language included in the Budget to submit quarterly spending plans to the Office of Management and Budget and the Legislative Budget Officer.



HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections, which provide information on a broad range of budget related topics, including anticipated state revenues, gubernatorial policies

and new initiatives, and agency programmatic achievements. The major sections are described below:

- 1.) The **Governor's Budget Message** describes in general terms the policies and new initiatives as well as the reductions and efficiencies proposed in the Budget. The Governor's Message generally includes a description of the economic situation within the state and the expected impact of projected economic trends on the state's fiscal condition. The Governor's Message may also include broad programmatic goals for each of the individual State departments or major segments of the government as well as policy directions for the upcoming fiscal year.
- 2.) The **Summaries of Appropriations Section** of the Budget includes a selection of tables and charts designed to summarize the Governor's recommendations and highlight the major changes included within the proposed Budget. For instance, the *Budget in Brief* provides a summary of total revenues and recommendations for each of the state's major fund categories, such as the General Fund, Casino Revenue Fund, and Property Tax Relief Fund. This section also includes a number of fiscal tables which explain the Governor's recommendations at various, significant levels of aggregation.

Summary of Appropriation Recommendations

- Summary of Appropriation Recommendations by Fund*
- Summary of Appropriation Recommendations by Organization*
- Summary of Appropriations by Category or Purpose*
- Summary of Appropriations by Statewide Program*
- Appropriations - Major Increases and Decreases*

Also included within this section is the *Major Highlights* of the fiscal year 2001 Budget, which discusses the major programmatic and operational impact of the budget proposals.

Additional summaries of major increases and decreases, and charts and graphs depicting significant programmatic or fiscal trends included within the FY 2001 Budget are also included within this section.

- 3.) The **Summaries of Revenues, Expenditures and Fund Balances** section provides an overview of the state's economy and revenue outlook and the impact that anticipated economic trends will have on the state's revenue estimates. The tables included within this section highlight the state's major revenue sources, such as the income tax, sales tax, corporation tax, etc., and provide year-to-year comparisons and projections for the fiscal year 2001 budget year. Most of the schedules and exhibits in this section are displayed by *Fund*. For the purposes of state financial accounting, funds are accounting entities which segregate financial resources according to the purposes for which they may be used.

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

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

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

- 4.) The **Budget Recommendations** section is the largest section of the Budget and includes the greatest detail on proposed appropriations. It is divided into categories based on the source and use of appropriations; and is organized by Governmental Branch and sorted in alphabetical order by agencies or executive departments. The major sub-divisions of this section are summarized below:

- a. Department and Branch Recommendations
(Direct State Services, Grants-In-Aid, State Aid and Capital Construction)
- b. Debt Service
- c. Language Provisions
- d. Revolving Funds

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4.A.) Budget Recommendations - Overview

For fiscal 2001, the Budget has been refined to improve its readability and usefulness. The most notable change is the inclusion of all of a department's non-debt appropriations into a single subdivision of the document. The separate sub-divisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, State Aid and Capital Construction have been eliminated and all non-debt appropriations associated with each department are now shown together in a new, consolidated display. Appropriations for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) are also included in the consolidated departmental presentation. An aggregate view of appropriation recommendations affecting State Aid, the Casino Revenue Fund, etc., are presented in new summaries in the "Summaries of Appropriations" section.

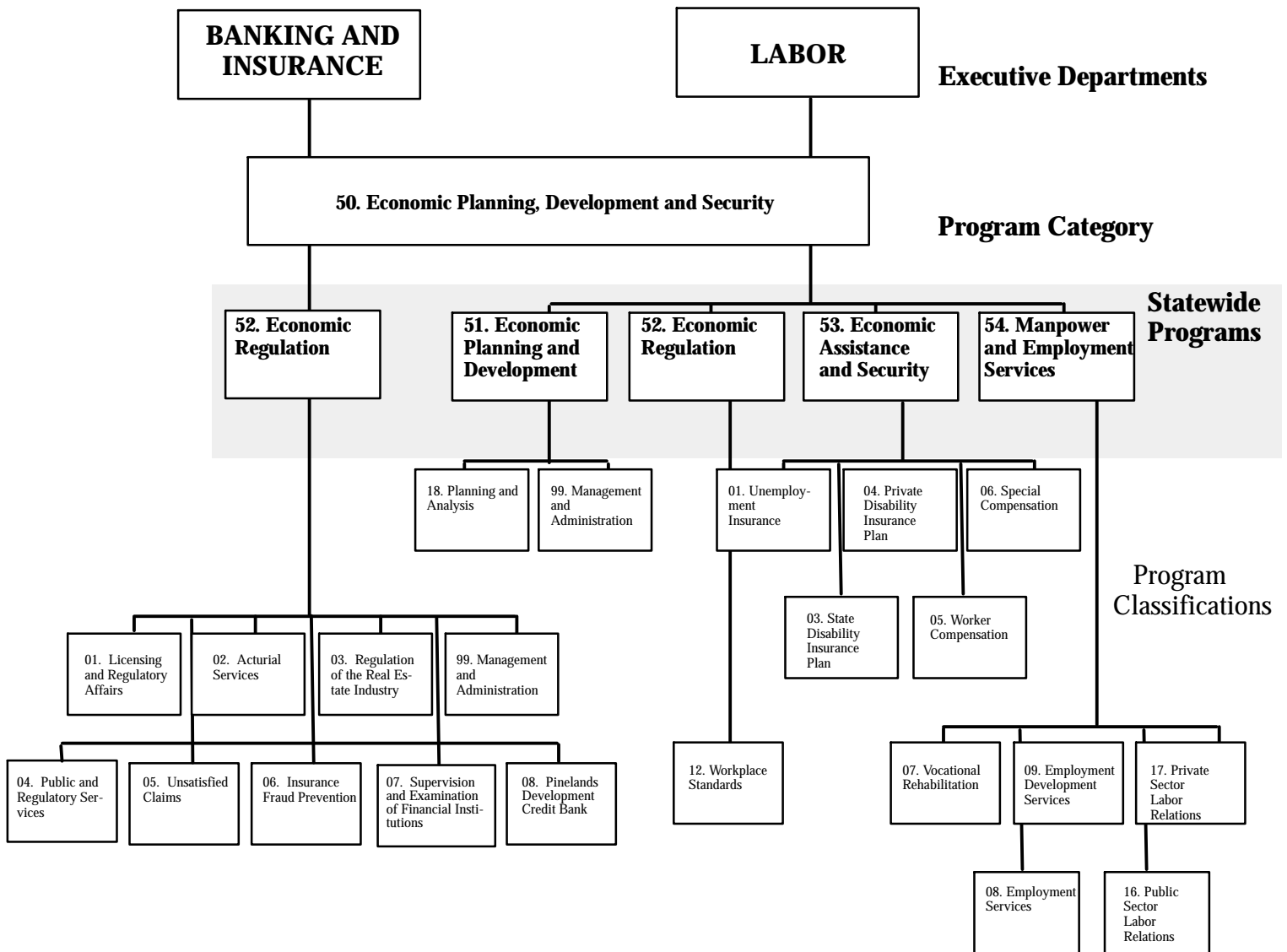
These changes were made to better organize program descriptions and operating and evaluation data with the relevant appropriation recommendations. This consolidated presentation will provide readers with a comprehensive view of all of a department's operations, across all spending categories and funds. This should help New Jersey citizens better understand the relationships between *all* of the recommendations affecting departmental programs.

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

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

In the Department of Labor for example, all programs are grouped under the broad **Program Category** of *Economic Planning, Development and Security*. They are further divided into the following four **Statewide Programs**: 1.) *Economic Planning and Development*, 2.) *Economic Regulation*, 3.) *Economic Assistance and Security*, and 4.) *Manpower and Employment Services*. Each of these **Statewide Programs** are made up of a number of individual program classifications. **Program Categories and Statewide Programs** generally span multiple departments.

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



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4.B.) Budget Recommendations - Descriptions of Sub-Divisions

Detailed descriptions of the sub-divisions of the *Budget Recommendations Section* are provided below:

- a.) *Department and Branch Recommendations* is the sub-division of the Budget that relates to the appropriations and expenditures that support operations of State agencies, grants and state aid. In addition to appropriation and expenditure data, agency objectives, descriptions of agency programs and programmatic evaluation data are detailed. Federal and non-state funds are also included here.

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

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

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

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

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

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

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

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

- b.) The *Debt Service* sub-division depicts the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing of capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current Debt Service appropriations. Historically, New Jersey Debt Service payments average approximately three percent of the total General Fund appropriations.
- c.) The *Language Provisions* sub-division of the Budget establishes authority beyond the specificity of the detailed line-item budgets for both general and federal funds. They apply to broad areas of the budget such as entire funds, appropriations in general and in some cases mandate additional administrative requirements related to the enactment of the budget. Language also authorizes adjustments for reorganizations and corrections to the appropriations act after its enactment.

- d.) *Revolving Funds* is the sub-division of the Budget that depicts programs or agencies not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.
- 5.) The **Appendix** includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 1999, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 2000 and fiscal 2001.

Special Revenue Funds (Appendix 1A) are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds (Appendix 1B) are used to account for financial resources to be used for the acquisition or construction of major capital facilities for State use. Funds granted to other units of government for facilities are not classified as Capital Project Funds and are included as expenditures of Special Revenue Funds. Various Capital Projects Funds include funds both for capital facilities for State use and for grants to other units of government.

Trust Funds (Appendix 1C) are used to account for assets held by the State in a trustee capacity for individuals, private organizations, other governments and/or other funds.

Other exhibits in the appendix include a listing of programs eligible for support from the Lottery Fund in addition to other special summaries.

BASIS OF BUDGETING

An annual budget is prepared for the General Fund and certain special revenue funds (Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief funds). The Legislature enacts the Budget through passage of specific departmental appropriations, the sum of which may not exceed estimated revenues and the Governor is responsible for the final certification of revenue.

The Governor's budget is prepared in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when susceptible to accrual; that is, when they are both measurable and available to finance expenditures of the fiscal period. Significant revenue sources which are susceptible to accrual include sales tax, individual income taxes, corporate income taxes and federal grants.

Appropriations are recommended at a level sufficient to recognize all accrued expenditures applicable to the fiscal period. Expenditures are recorded on an accrual basis when the related liability is incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded when expenditures are incurred. Expenditures for principal and interest on general obligation long-term debt are recognized when due.

The use of the term "expended" to report the most recent actual year activity in the budget is not in strict accordance with GAAP, in that this amount includes encumbrances which under GAAP are reservations of fund balance, not expenditures.

RELATIONSHIP TO THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Department of the Treasury, OMB, issues the Comprehensive Annual Financial Report (CAFR) which includes all funds and account groups. The State's budgetary basis differs from that utilized to present financial statements in conformance with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, the federal revenue related to such encumbrances is also recognized, and the budgetary basis reflects transactions only for the current fiscal year. In addition, the budgetary basis does not accrue the value of food stamps.

BUDGETARY CONTROL

Budgetary control is maintained at the item of appropriation level. "Item of appropriation" means the spending authority associated with an organization, appropriation source, and program classification, as identified by line-items in the Appropriations Act. Internal transfers within programs are permitted within certain constraints, transfers between program or over designated levels require the approval of the legislature. In cases where appropriations are based on anticipated revenues, spending authority will be reduced by the amount of the deficiency. Other changes to the budget not authorized by specific language provision, must be approved by the legislature in a supplemental appropriation.

YEAR END BALANCES

Appropriations are authorized for expenditures during the fiscal year and for a period of one month thereafter, and unencumbered appropriations lapse at year end, unless otherwise specified by the Appropriations Act. Non-lapsing balances are considered automatically reappropriated as authorized by statute or by the appropriations act.

NOTES

CRIMINAL JUSTICE ENFORCEMENT

PROGRAM CLASSIFICATIONS

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

FINANCIAL DATA

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

RECOMMENDATIONS DATA
(in dollars)

Description	Prog. Class.	Year-Ending June 30, 2000		
		1999 Adjusted Approp.	Requested	Recommended
09. Criminal Justice	09	21,691	28,291	28,291
09. Criminal Justice - Direct State Services - General Fund		14,477	17,677	17,677
09. Criminal Justice - In-Aid - General Fund		7,214	10,614	10,614
09. Criminal Justice - Grants-In-Aid - General Fund		0	0	0
09. Criminal Justice - Other - General Fund		0	0	0
09. Criminal Justice - Other - Special Purpose		0	0	0
09. Criminal Justice - Other - Federal Funds		0	0	0
09. Criminal Justice - Other - Other Funds		0	0	0
09. Criminal Justice - All Other Funds		3,600	3,600	3,600
TOTAL		21,691	28,291	28,291

RELATED APPROPRIATIONS

Description	Prog. Class.	1999 Adjusted Approp.	Requested	Recommended
09. Criminal Justice - Capital Construction		0	0	0
09. Criminal Justice - Capital State Appropriations		0	0	0
09. Criminal Justice - All Funds		21,691	28,291	28,291
09. Criminal Justice - All Other Funds		3,600	3,600	3,600
TOTAL		21,691	28,291	28,291

09. Criminal Justice - Advocacy Fund account, together with receipts derived.

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

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

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

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

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

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

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

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

READER'S GUIDE

GLOSSARY

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

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

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

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

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

ALLOTMENT— An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter. In the instance of Inter-departmental appropriations, allotments made to the various agencies simultaneously transfer appropriations and make them available for encumbrance or disbursement by the agency.

ANTICIPATED RESOURCES— For each fiscal year, is the sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental Federal aid and revenues of trust funds which are not within the General Treasury.

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

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

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

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

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

BEGINNING BALANCE— The amount of funds available at the start of a state fiscal year that is left over from the previous year.

BILL— A proposed law.

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

BOND— A funding tool representing a written promise to pay a specific sum of money in the future plus interest. In New Jersey, bonds are used to finance capital improvements.

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

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

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

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

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

CAPITAL CONSTRUCTION— This category includes funds budgeted for:

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

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

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

CASINO REVENUE FUND— Accounts for the tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

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

CERTIFICATES OF PARTICIPATION— Certificates which are sold to investors to raise cash to purchase equipment through a master lease-purchase agreement. The principal and interest on the certificates are paid from appropriations made to agencies which obtained equipment through the master lease-purchase program. (See also MASTER LEASE PROGRAM.)

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

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

CONTROL ACCOUNT— Denotes an account established for the purpose of receiving and holding unallocated appropriations or appropriated receipts pending transfer to operating, or expenditure accounts.

GLOSSARY

DEBT SERVICE— One of the major subdivisions of the State budget, this category provides the resources to finance payment of general long-term debt principal and interest, such as bond issues or other long-term financing.

DEDICATED FUND— A fund normally contained in the General Fund, consisting of resources owned by the State, the use of which is constrained, either by statutory specification, dedication or other restriction, or a particular purpose or program. Receipts from a specific revenue source may be dedicated by the annual Appropriations Act or other legislation, to be used for some specific purpose.

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

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

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

EMERGENCY TRANSFER— The allocation of funds to an agency from the Emergency Fund to meet unanticipated expenditures.

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

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

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

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

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

EXPENDITURE ACCOUNT— An account in which expenditure transactions are recorded, normally termed an object account; as opposed to a control account in which expenditures may not be recorded.

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

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

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

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

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

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

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

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

GRANTS IN AID— One of the major subdivisions of the State budget, this category includes all payments not otherwise defined as State Aid, made to individuals, public agencies or private agencies for benefits or services of three types: benefits to which the recipient is entitled by law or regulation; provision of services for which the State has primary responsibility; and subsidies and provision of services for which the State has no responsibility, but which it elects to provide.

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

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

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

LANGUAGE RECOMMENDATIONS - Language located at the end of a statewide program or department, which provides specific spending or budget authority and/or places limitations on such authority.

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

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

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

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

MASTER LEASE PROGRAM— A program of financing selected equipment including computers, vehicles and furniture purchases, over multiple years through the issuance of Certificates of Participation. The State of New Jersey, as lessee, is obligated to make payments equal to principal and interest of the certificates. (See also CERTIFICATES OF PARTICIPATION.)

READER'S GUIDE

GLOSSARY

MATCHING FUNDS— A type of grant that requires the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.

MATERIALS AND SUPPLIES— Materials and supplies are defined as tangible consumable items used for operations not for the maintenance of machinery or equipment.

NON-BUDGETED POSITION— A position, established on a temporary basis, for a limited period of time, using funds available from a Special Purpose appropriation, from balances available from unfilled budgeted positions, or from funds provided as a lump sum amount in a salary appropriation.

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

OBJECT ACCOUNT— This term applies to account classification to identify funds for articles purchased or services obtained (as distinguished from the results obtained from expenditures).

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

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

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

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

ORIGINAL APPROPRIATION— An appropriation made in the annual Appropriations Act.

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

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

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

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

RAINY DAY FUND— A reserve into which certain revenues are deposited when the amount collected exceeds the amount anticipated.

The balance in this fund may be appropriated upon certification by the Governor that anticipated revenues are less than those certified or to meet emergencies.

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

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

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

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

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

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

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

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

SERVICES OTHER THAN PERSONAL— Charges to this series of accounts represent the cost of purchased services which are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

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

SPECIAL REVENUE FUNDS— These funds are used to account for resources legally restricted to expenditure for specified current operating purposes.

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

UNEXPENDED BALANCE— The remaining appropriation balance in an account after charging all disbursements and encumbrances.

VETO— An official action by the governor to nullify legislative action.

NOTES