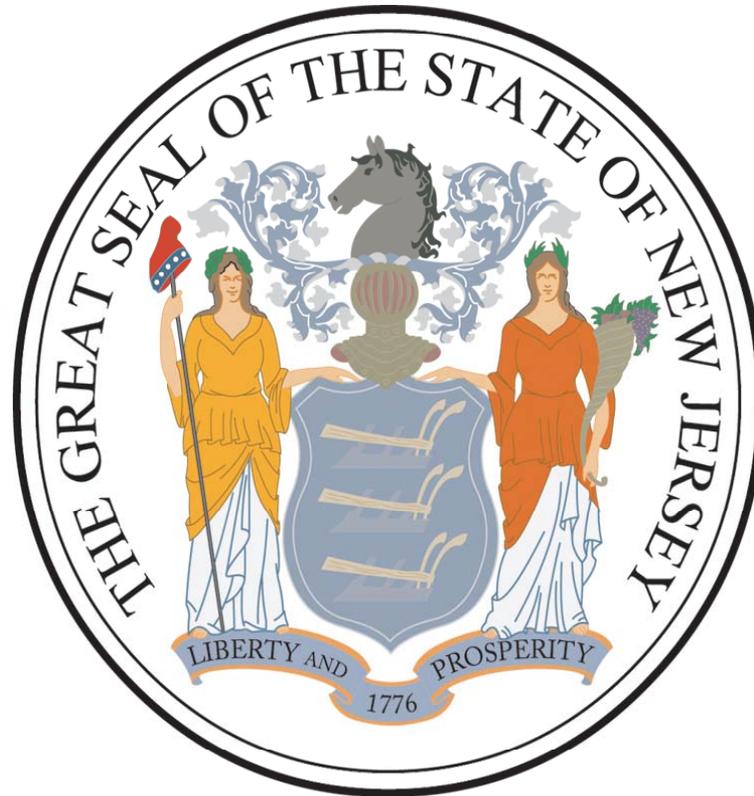


# *FY 2010 Appropriations Act*



*June 2009*

***Fiscal Year 2010 Appropriations Act***

## **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**

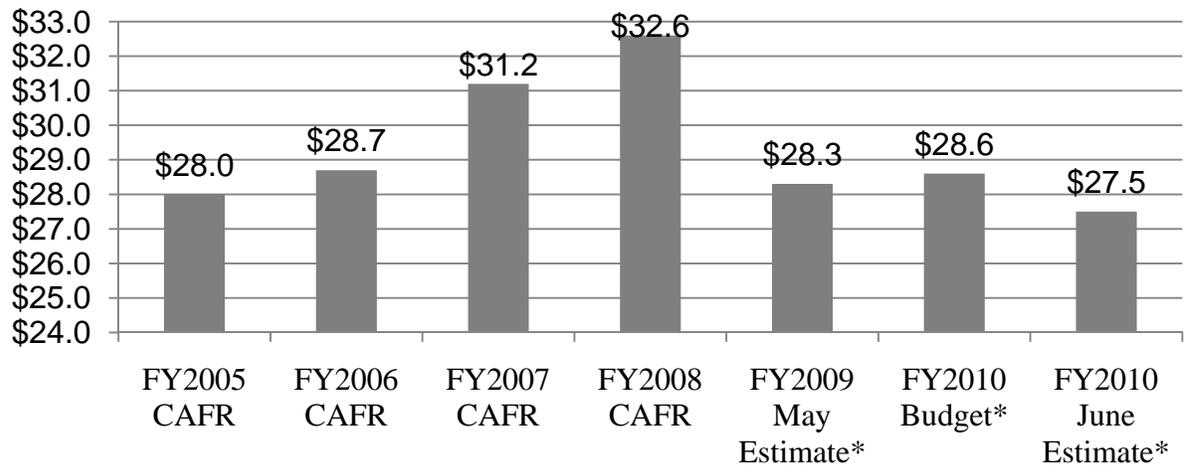
FY 2010 Total Projected Model	\$ 35,736,827
FY 2010 Base Resources *	<u>27,487,635</u>
FY 2010 Projected Shortfall	\$ 8,249,192

\* 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)



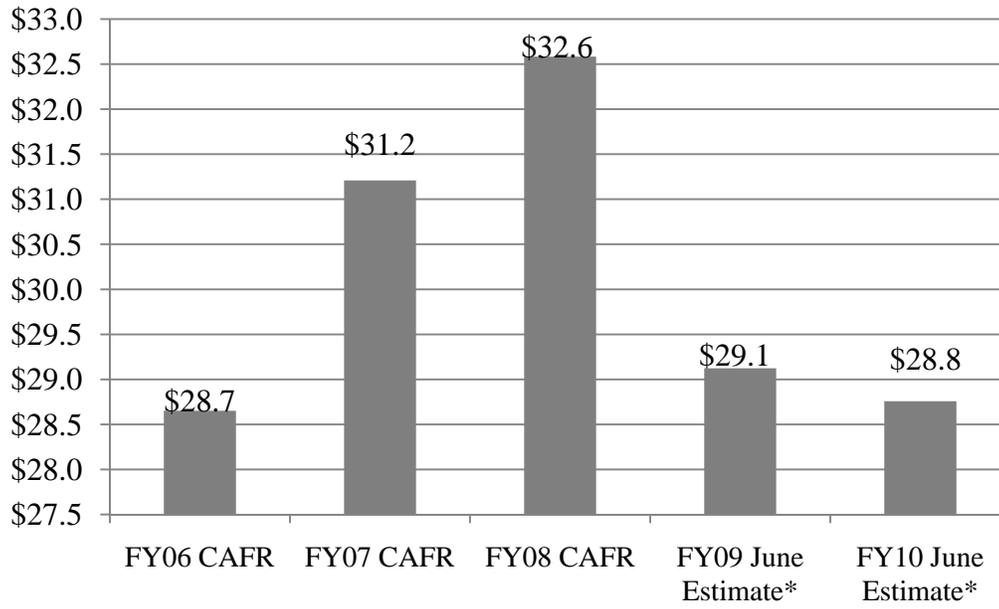
\*Without solutions

CAFR – Comprehensive Annual Financial Report

# History of Total Revenues

## FY2010 Approximates FY2006

(In Billions)

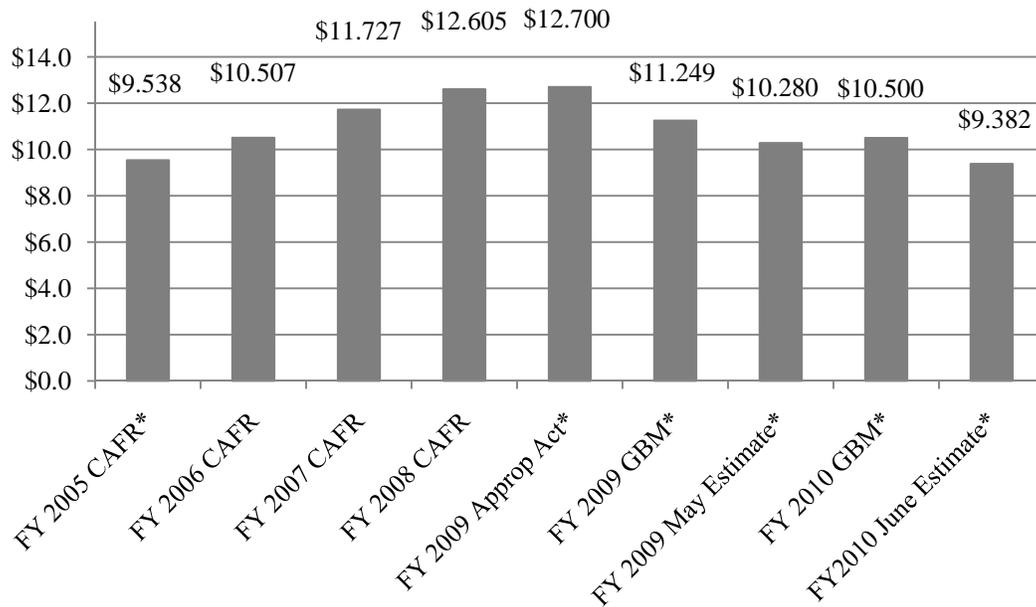


\*With solutions

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

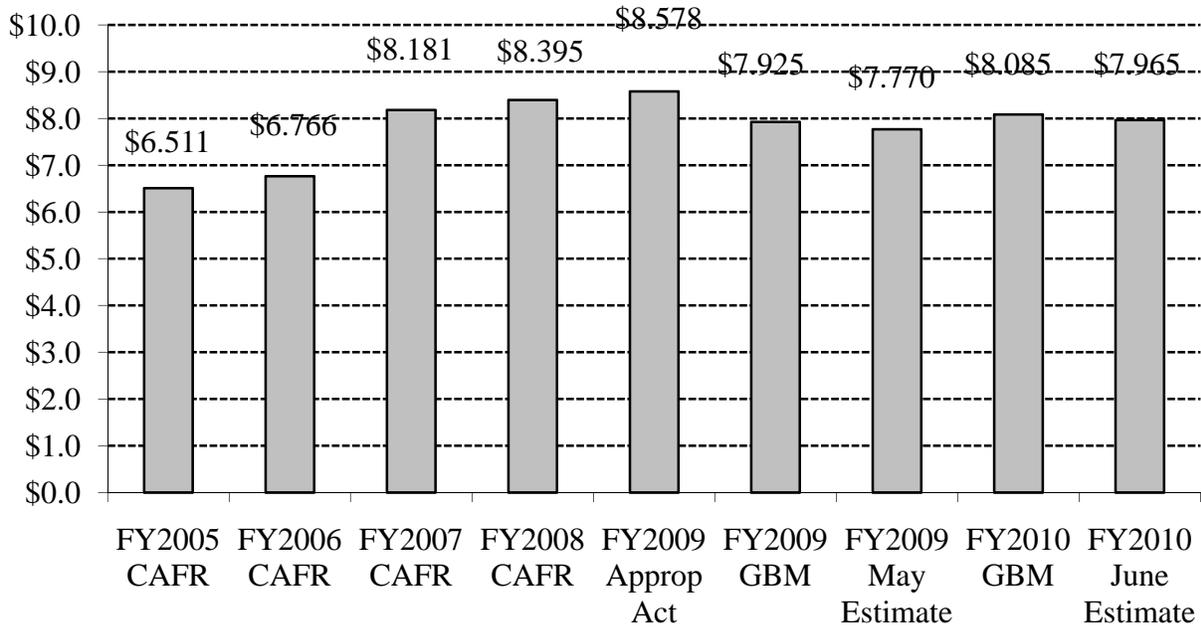
FY 2009 – Incremental Change in EITC Expansion (\$60 million)

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

CAFR – Comprehensive Annual Financial Report

# Sales Tax

(In Billions)

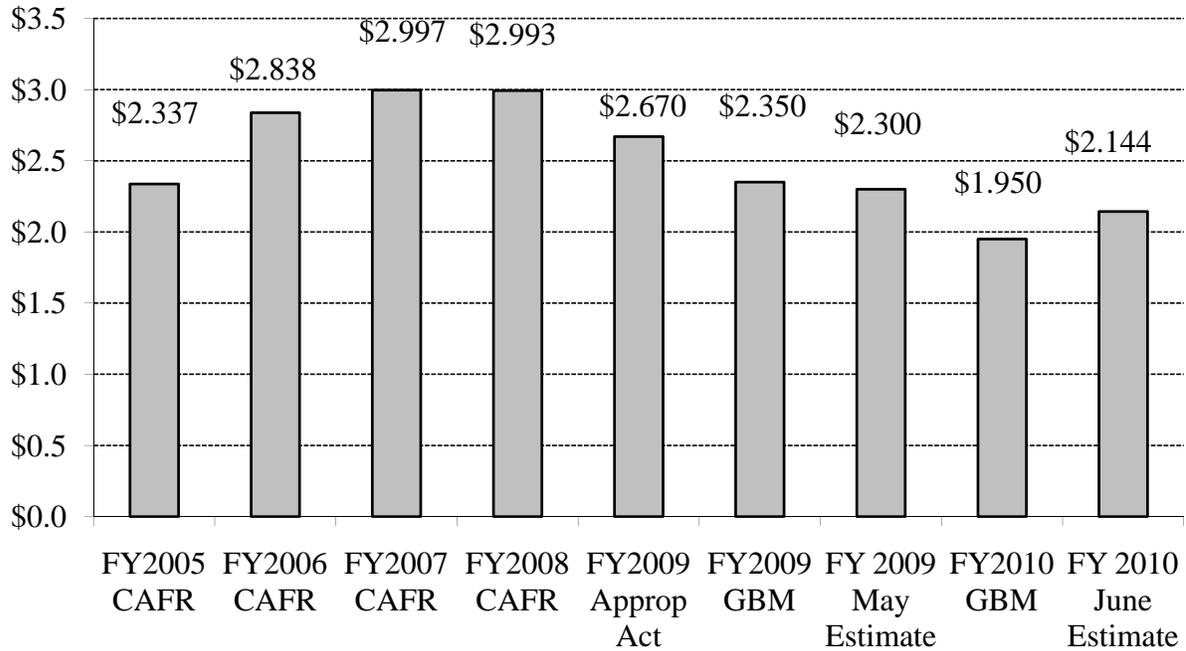


FY2007 had a change in tax policy.  
 - increase in Sales Tax rate from 6% to 7%  
 - broadened Sales Tax base

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

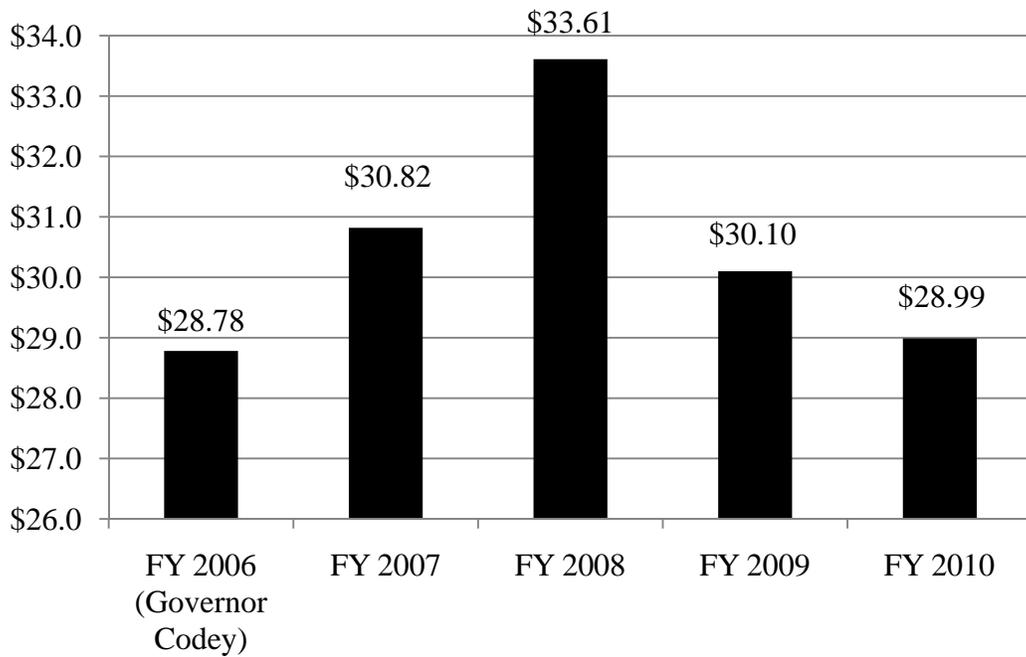
(In Millions)

	FY 2009		FY 2010	
	<u>March 10</u>	<u>June 2009</u>	<u>March 10</u>	<u>Approp. Act</u>
<b>Opening Surplus</b>	<b>\$ 1,308</b>	<b>\$ 1,308</b>	<b>\$ 702</b>	<b>\$ 735</b>
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
<b>Total Revenues</b>	<b>\$ 29,980</b>	<b>\$ 29,123</b>	<b>\$ 29,641</b>	<b>\$ 28,757</b>
Lapses	2,293	3,044		
Long Term Obligation and Capital Expenditure Fund	365	365		
<b>Total Resources</b>	<b>\$ 33,946</b>	<b>\$ 33,840</b>	<b>\$ 30,343</b>	<b>\$ 29,492</b>
Appropriations				
Original	\$ 32,868	\$ 32,868	\$ 29,841	\$ 28,990
Supplemental	376	237		
<b>Total Appropriations</b>	<b>\$ 33,244</b>	<b>\$ 33,105</b>	<b>\$ 29,841</b>	<b>\$ 28,990</b>
<b>Fund Balance</b>	<b>\$ 702</b>	<b>\$ 735</b>	<b>\$ 502</b>	<b>\$ 501</b>

Fiscal Year 2009 projected spending \$30.1 billion

# FY 2010 Spending Approximates FY 2006 Expenditure Level

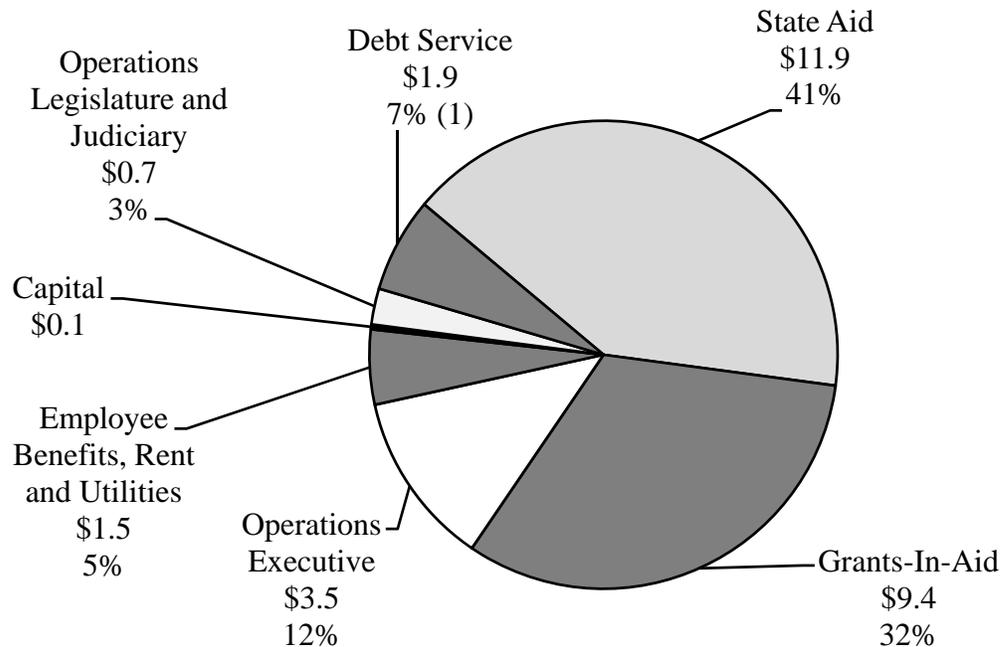
(In Billions)



# 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.

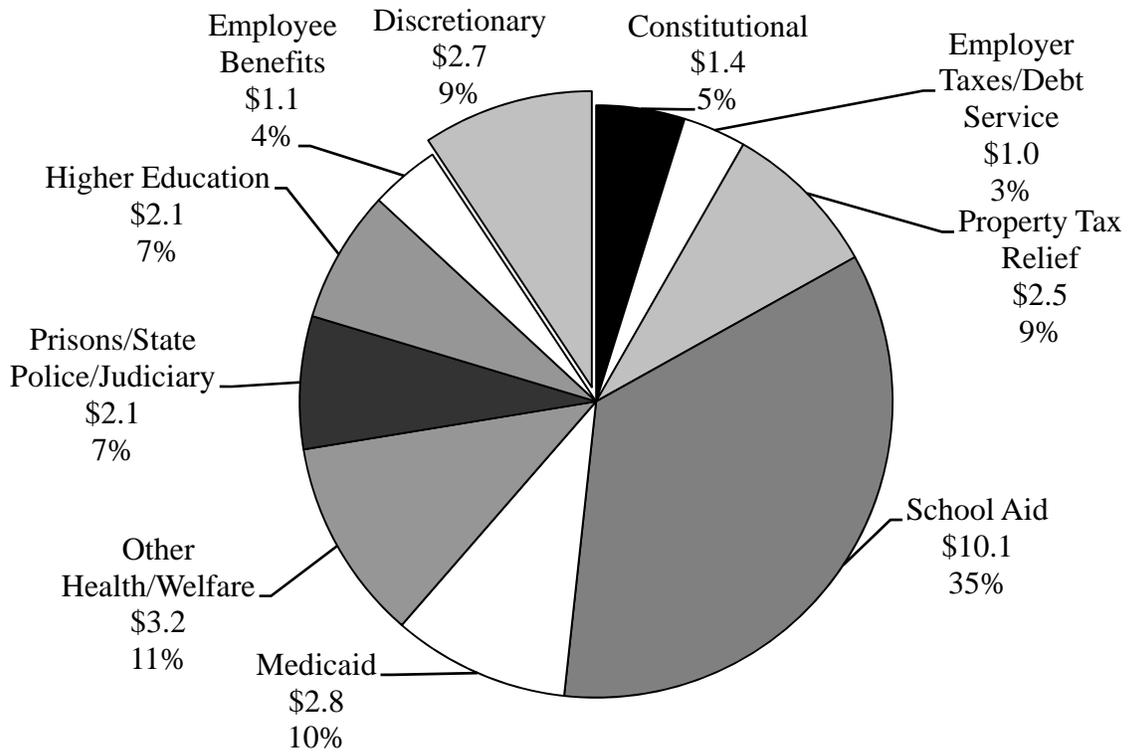
Growth in Judiciary for incarceration diversion programs generates savings in the Department of Corrections Grants-in-Aid.

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

Fiscal Year 2009 projected 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 Services By Department

(In Millions)

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		-	-
<b>Total Executive Branch</b>	<b>\$ 3,749,937</b>		<b>\$ 3,530,564</b>		<b>\$ (219,373)</b>	<b>-6%</b>
<b>Interdepartmental</b>	<b>2,128,571</b>		<b>1,756,798</b>		<b>(371,773)</b>	<b>-17%</b>
<b>Legislature</b>	<b>74,644</b>		<b>73,815</b>		<b>(829)</b>	<b>-1%</b>
<b>Judiciary</b>	<b>641,007</b>		<b>648,385</b>		<b>7,378</b>	<b>1%</b>
<b>Total</b>	<b>\$ 6,594,159</b>		<b>\$ 6,009,562</b>		<b>\$ (584,597)</b>	<b>-9%</b>

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

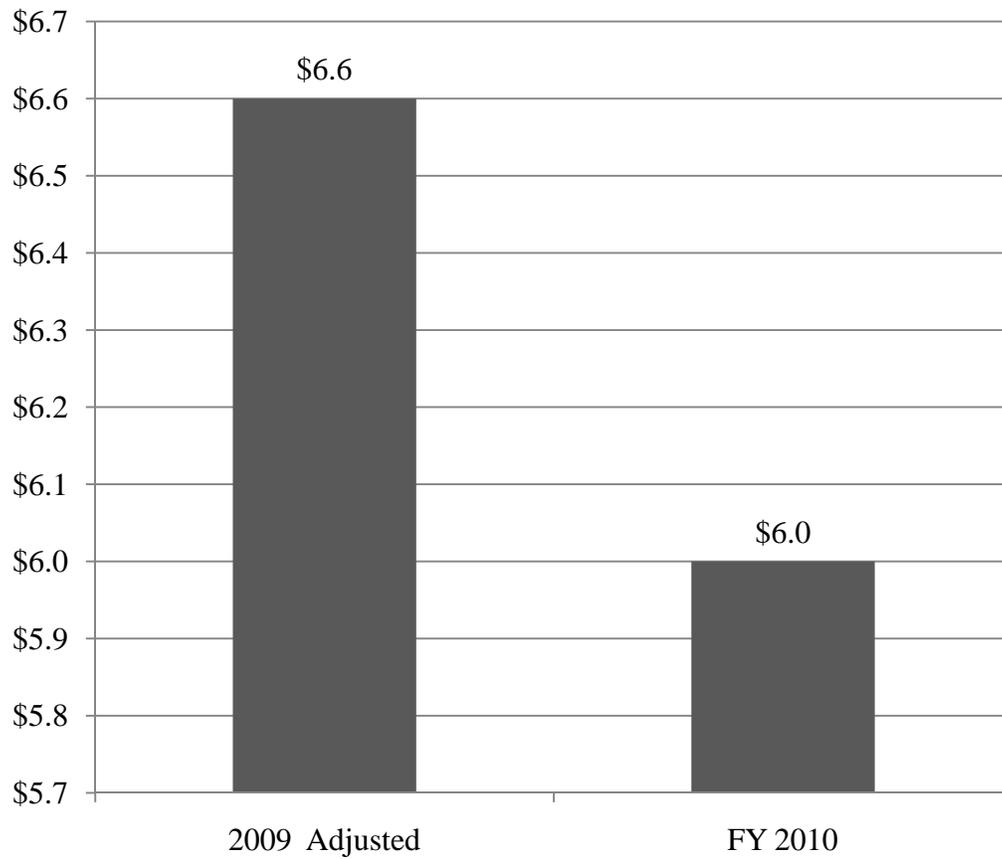
Departmental budgets will be further impacted by furlough savings, procurement savings, (\$25 million)

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

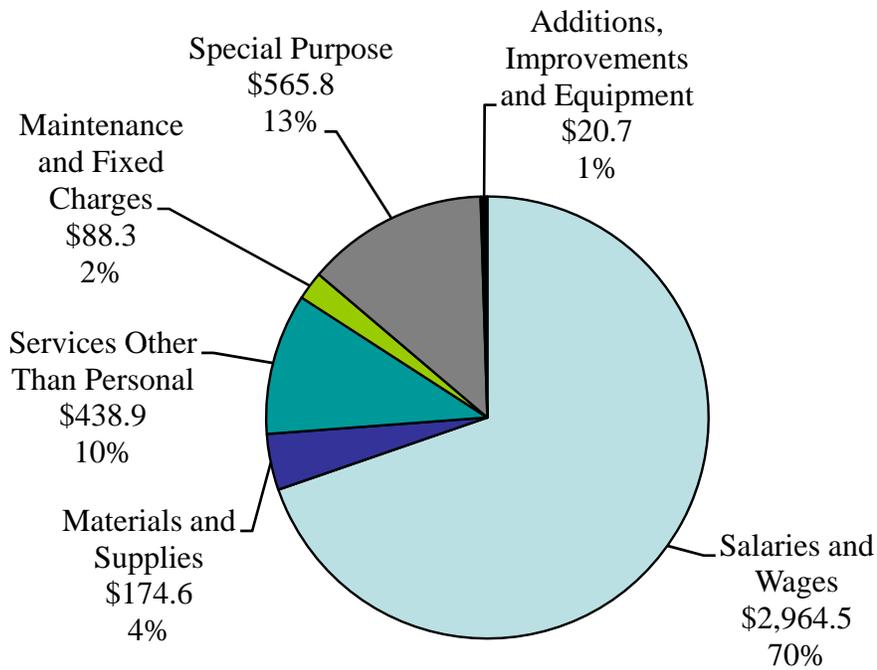
(In Billions)



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

# Operating Split between Salaries and Other Costs

(In Millions)

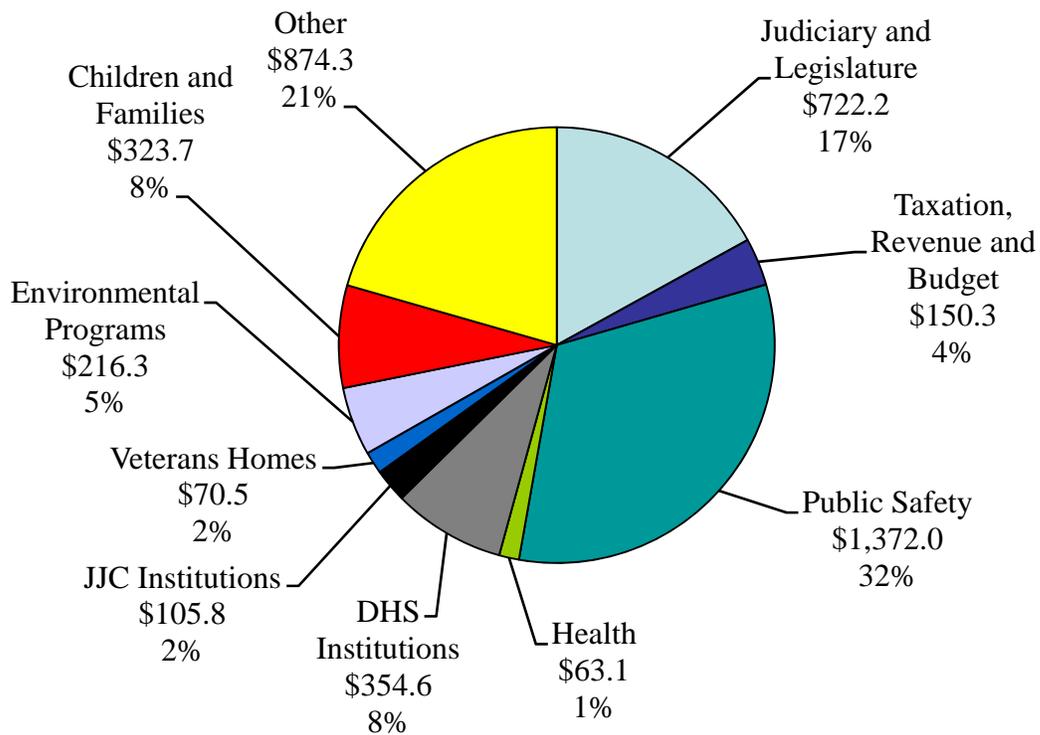


Total Operating Budget is \$4.25 billion

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

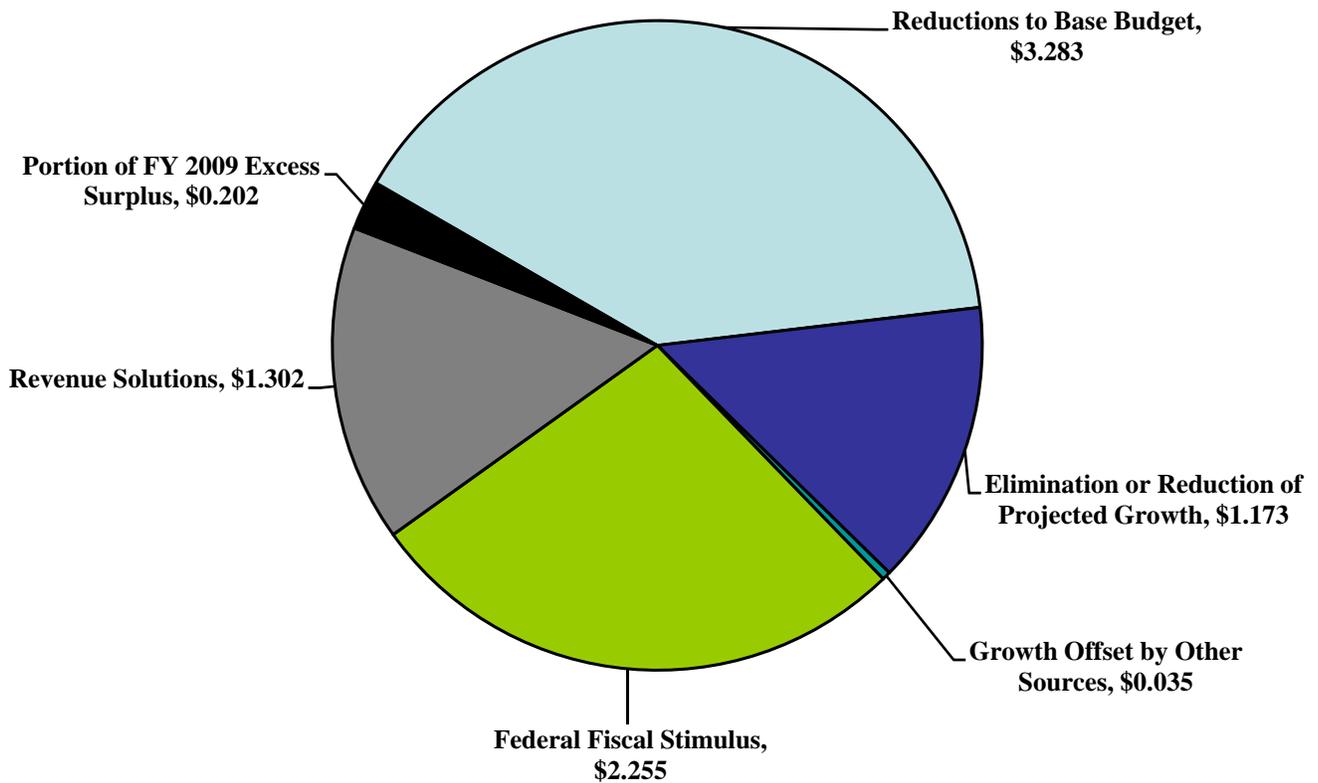
(In Thousands)

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
<b>ACTIONS TO CLOSE STRUCTURAL GAP</b>	\$	8,250,192
<b>Reductions to Base Budget</b>	\$	<b>3,283,373</b>
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
<b>Elimination or Reduction of Projected Growth</b>	\$	<b>1,172,961</b>
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
<b>Subtotal</b>	\$	<b>4,456,334</b>
<b>Federal Fiscal Stimulus</b>	\$	<b>2,255,277</b>
Enhanced Medicaid Funding		1,051,330
Fiscal Stabilization		1,128,655
NJ Transit		59,100
Other		16,192
<b>Revenue Solutions</b>	\$	<b>1,302,283</b>
Revenue Adjustments - Policy		1,113,000
Other Revenue Actions		189,283
<b>Added Reductions in FY 2009 to Generate Excess Surplus</b>	\$	<b>201,566</b>
<b>Growth Offset by Other Sources</b>	\$	<b>34,732</b>

# 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

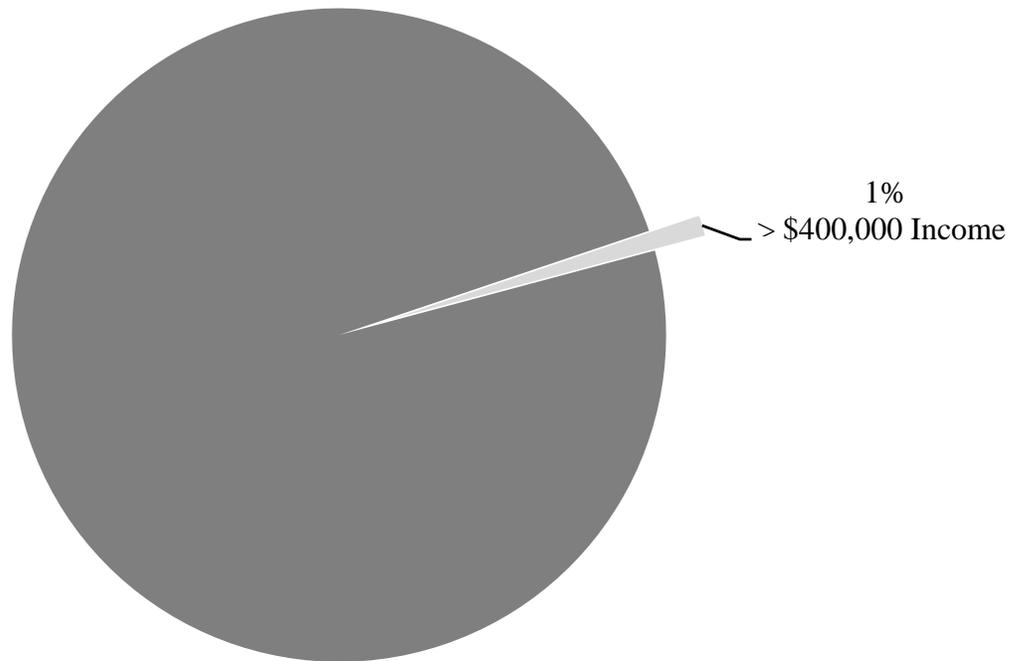
Total Revenue Solutions	\$ 1,302	
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## Off Budget Revenue Solutions

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>
<b>Total Property Tax Relief</b>	<b><u>\$ 16,642.8</u></b>	<b><u>\$ 15,430.2</u></b>	<b><u>\$ (1,212.6)</u></b>

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

# Direct Property Tax Relief

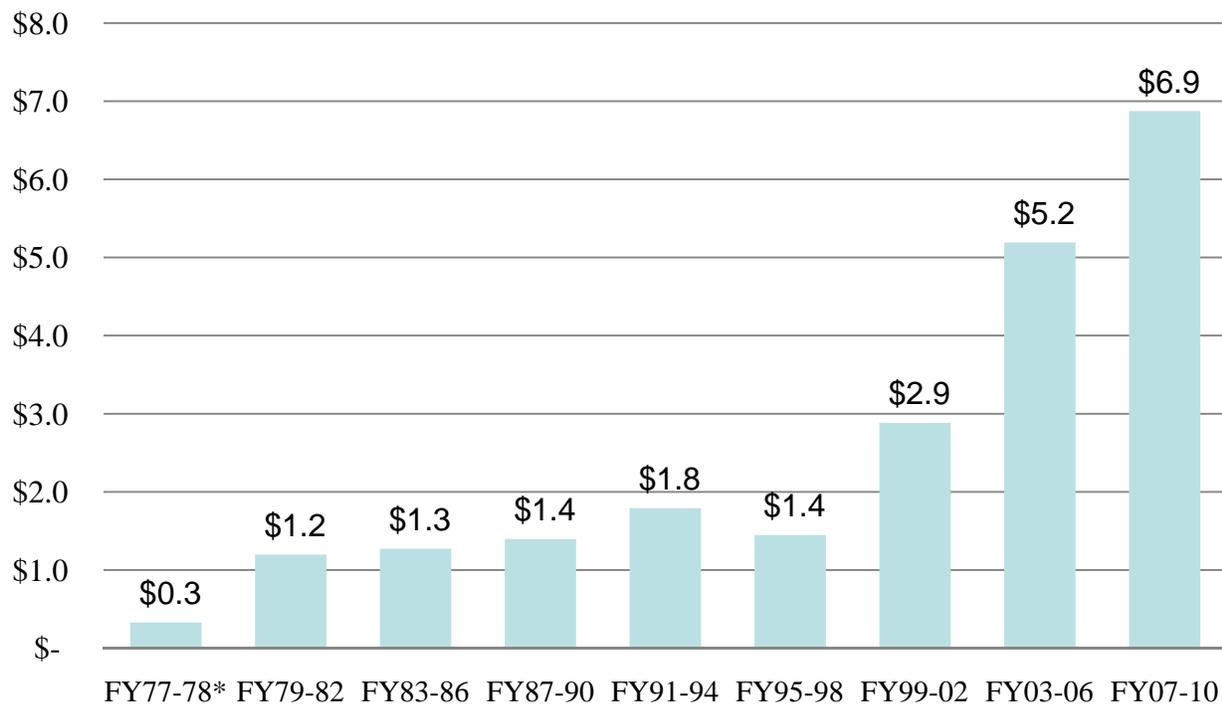
(In Millions)

	<b>FY 2009 Adjusted Approp.</b>	<b>FY 2010 Approp. Act</b>	<b>\$ Change</b>
	<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>
<b>Total Direct Property Tax Relief</b>	<b><u>\$ 2,439.5</u></b>	<b><u>\$ 1,731.1</u></b>	<b><u>\$ (708.4)</u></b>

# 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 <sup>3</sup>
<b>Non-Senior</b>			
@\$30k	\$ 854 <sup>1</sup>	\$ 1,709 <sup>2</sup>	\$ 2,986
@\$50k	\$ 851 <sup>1</sup>	\$ 1,841 <sup>2</sup>	\$ 3,118
@\$75k	\$ 871 <sup>1</sup>	\$ 1,835 <sup>2</sup>	\$ 3,201
@\$100k	\$ 880 <sup>1</sup>	\$ 1,830 <sup>2</sup>	\$ 2,466
<b>Senior</b>			
@\$30k	\$ 2,062	\$ 5,240	\$ 8,894
@\$50k	\$ 1,593	\$ 3,965	\$ 8,970
@\$75k	\$ 971 <sup>4</sup>	\$ 2,250 <sup>4</sup>	\$ 4,581
@\$100k	\$ 980 <sup>4</sup>	\$ 2,229 <sup>4</sup>	\$ 4,568

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

<sup>1</sup> 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.

<sup>2</sup> Reflects NJ SAVER checks for FY03-04 and Homestead Rebate checks thereafter.

<sup>3</sup> Reflects Budget estimates for FY10 average checks .

<sup>4</sup> 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)

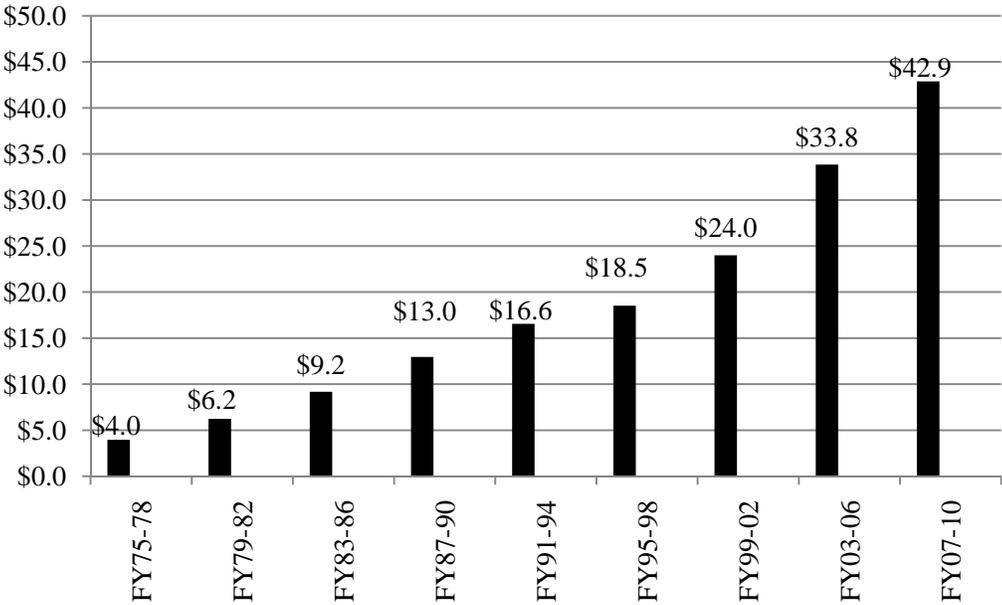
	<b>FY 2009 Adjusted Approp.</b>	<b>FY 2010 Approp. Act*</b>	<b>\$ Change</b>
Formula Aid	\$ 7,795.4	\$ 7,941.4	\$ 146.0
Preschool Programs	543.8	596.1	52.3
Extraordinary Special Education Aid	52.0	140.1	88.1
Adult Education	10.0	10.0	-
Other Aid	130.0	120.1	(9.9)
<b>Total Direct School Aid</b>	<b>\$ 8,531.2</b>	<b>\$ 8,807.7</b>	<b>\$ 276.5</b>
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
<b>Total Direct State Payments for Education</b>	<b>\$ 2,287.0</b>	<b>\$ 1,757.6</b>	<b>\$ (529.4)</b>
School Construction and Renovation Fund	\$ 559.5	\$ 465.9	\$ (93.6)
Debt Service Aid	103.1	99.2	(3.9)
<b>Total School Building Aid</b>	<b>\$ 662.6</b>	<b>\$ 565.1</b>	<b>\$ (97.5)</b>
<b>Total School Aid</b>	<b>\$ 11,480.8</b>	<b>\$ 11,130.4</b>	<b>\$ (350.4)</b>

\* 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

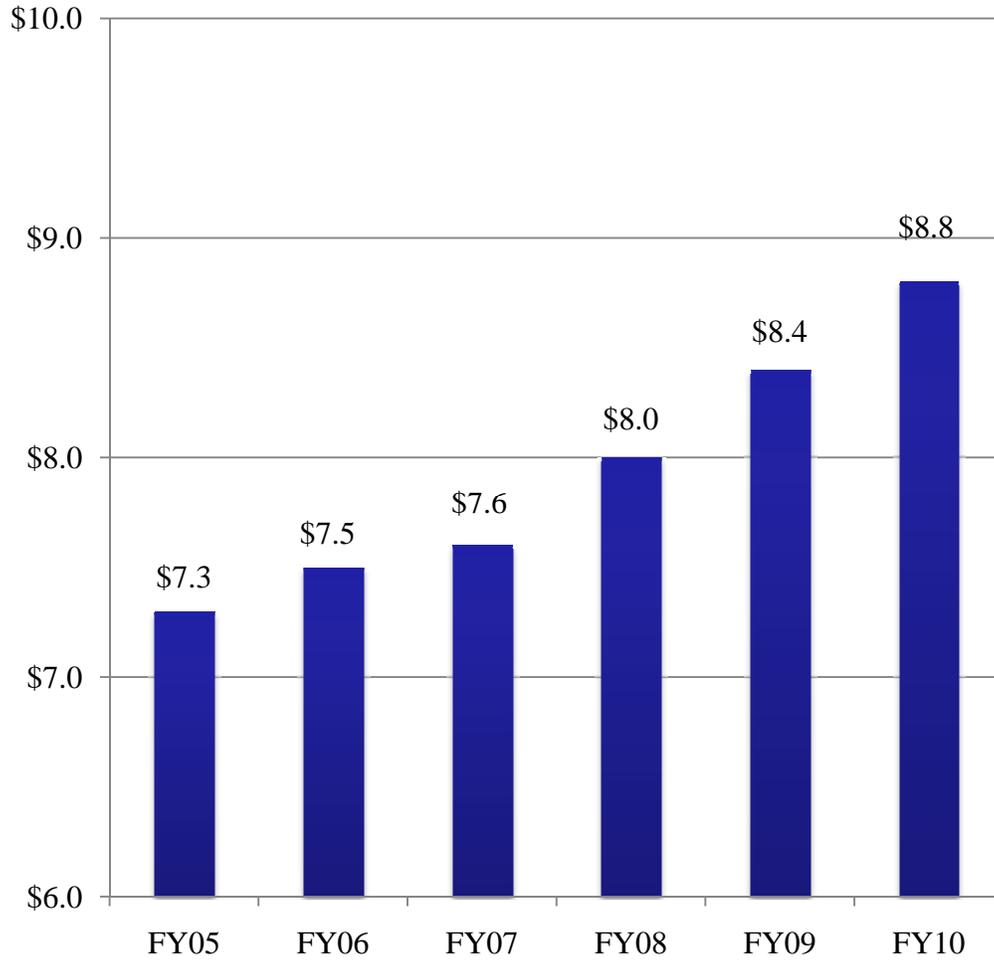
(In Billions)



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)

	<b>FY 2009 Adjusted Approp.</b>	<b>FY 2010 Approp. Act</b>	<b>\$ Change</b>
	<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>
<b>Total Municipal Aid</b>	<b><u>\$ 1,834.3</u></b>	<b><u>\$ 1,778.1</u></b>	<b><u>\$ (56.2)</u></b>

# Higher Education

(In Millions)

	<b>FY 2009</b>	<b>FY 2010</b>	<b>Change</b>	
	<b>Adjusted</b>	<b>Approp.</b>		
	<b>Approp.</b>	<b>Act</b>	<b>\$</b>	<b>%</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Colleges and Universities</b>				
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)
<b>Student Financial Assistance</b>	<b>288.5</b>	<b>322.4</b>	<b>33.9</b>	<b>11.7</b>
<b>Educational Opportunity Fund</b>	<b>41.2</b>	<b>41.2</b>	-	-
<b>Facility and Capital Improvement Programs</b>	<b>88.1</b>	<b>76.4</b>	<b>(11.7)</b>	<b>(13.3)</b>
<b>Other Programs</b>	<u>10.4</u>	<u>8.8</u>	<u>(1.6)</u>	<u>(15.1)</u>
<b>Total Higher Education</b>	<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	\$	%
<b>Senior Public Institutions</b>				
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	-	-
<b>Subtotal Senior Publics Direct Aid<sup>(a)</sup></b>	<b>\$ 846.2</b>	<b>\$ 876.9</b>	<b>\$ 30.7</b>	<b>3.6</b>
Senior Publics Salary Funding	-	-	-	
Senior Publics Net Fringe Benefits	610.5	631.4	20.9	3.4
<b>Total Senior Publics</b>	<b>\$ 1,456.7</b>	<b>\$ 1,508.3</b>	<b>\$ 51.6</b>	<b>3.5</b>
<b>County Colleges</b>				
Operating Support <sup>(a)(b)</sup>	\$ 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
<b>Total County Colleges</b>	<b>\$ 221.6</b>	<b>\$ 226.7</b>	<b>\$ 5.1</b>	<b>2.3</b>
<b>Total Independent Colleges and Universities</b>	<b>\$ 18.4</b>	<b>\$ 17.5</b>	<b>\$ (0.9)</b>	<b>(5.0)</b>
<b>Student Financial Assistance</b>				
Tuition Aid Grants (TAG) <sup>(a)</sup>	\$ 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)
<b>Total Student Financial Assistance</b>	<b>\$ 329.7</b>	<b>\$ 363.6</b>	<b>\$ 33.9</b>	<b>10.3</b>
<b>Other Programs</b>				
Capital Grants and Facilities Support <sup>(c)</sup>	\$ 88.1	\$ 76.4	\$ (11.7)	(13.3)
All Other Programs	10.4	8.8	(1.6)	(15.1)
<b>Total Other Programs</b>	<b>\$ 98.5</b>	<b>\$ 85.2</b>	<b>\$ (13.3)</b>	<b>(13.5)</b>
<b>Grand Total Higher Education</b>	<b>\$ 2,124.9</b>	<b>\$ 2,201.3</b>	<b>\$ 76.4</b>	<b>3.6</b>

(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

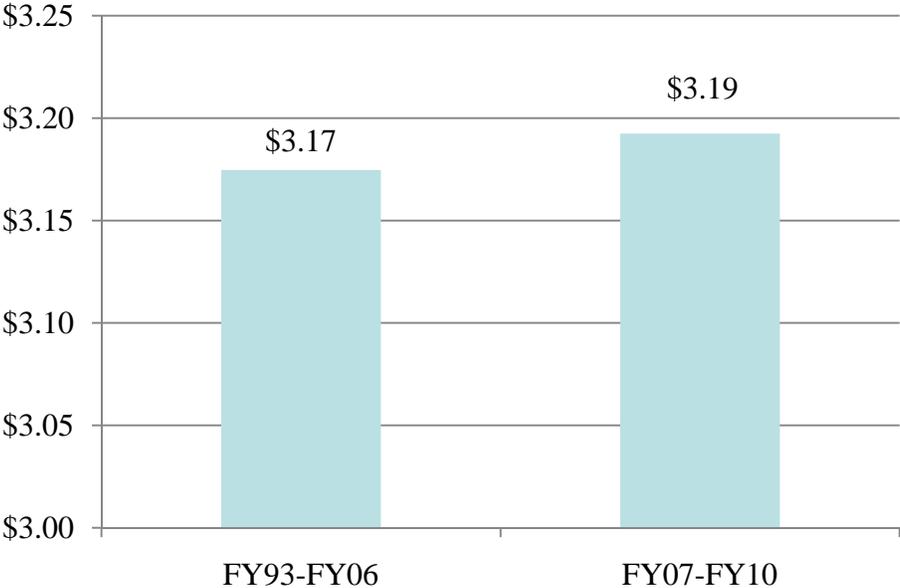
(In Millions)

	<b>FY 2009 Adjusted Approp.</b>	<b>FY 2010 Approp. Act</b>	<b>Change</b>
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
<b>TOTAL</b>	<b>\$975.5</b>	<b>\$951.5</b>	<b>(\$24.0)</b>

\* 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.

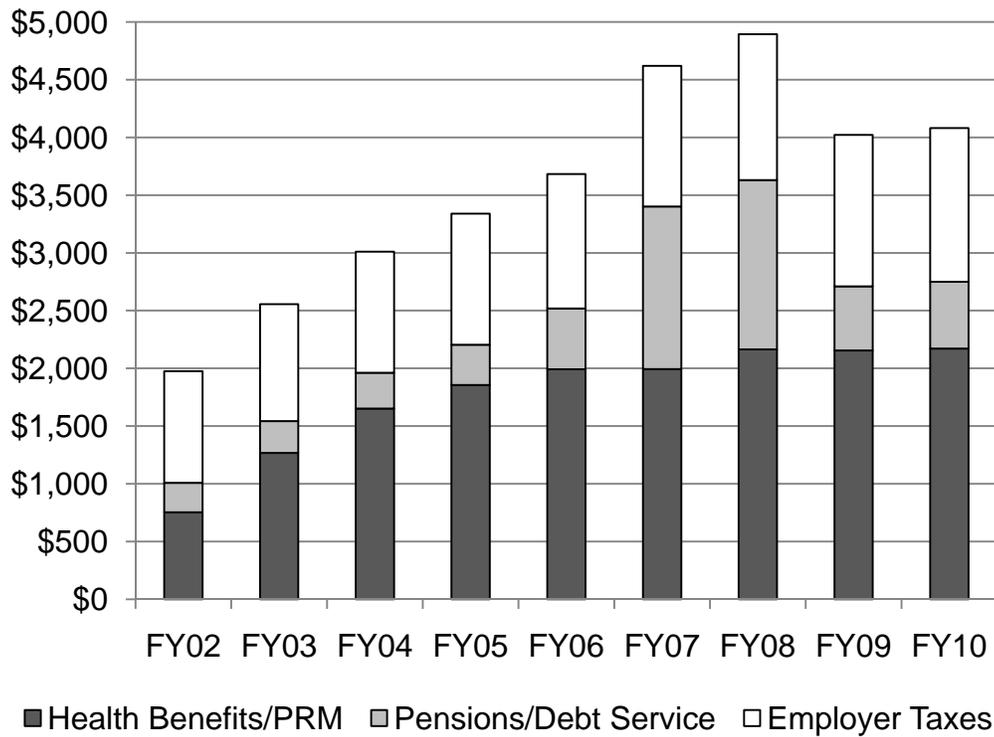
# Corzine Administration Has Paid the Approximate Same Amount for Pensions in Four Years As the Previous 14 Years Combined

(In Billions)



# Employee Benefit Costs

(In Millions)



FY09 reflects the revised proposed spending for pensions.

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

(In Millions)

	<b>State</b>	<b>Local</b>	<b>Total</b>
	<b>PERS/TPAF</b>	<b>PERS</b>	<b>PERS/TPAF</b>
<b>Pension Savings</b>			
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
<b>TOTAL PENSION SAVINGS</b>	<b>\$ 2,287.8</b>	<b>\$ 1,292.4</b>	<b>\$ 3,580.2</b>
	<b>State</b>	<b>Locals Including Municipalities, Counties &amp; School Boards</b>	<b>Total State/Local</b>
<b>Health Benefit Savings</b>			
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
<b>TOTAL HEALTH BENEFIT SAVINGS</b>	<b>\$ 2,517.6</b>	<b>\$ 300.9</b>	<b>\$ 2,818.5</b>
<b>GRAND TOTAL PENSION &amp; HEALTH BENEFIT SAVINGS</b>	<b>\$ 4,805.4</b>	<b>\$ 1,593.3</b>	<b>\$ 6,398.7</b>

(1) For local employers if 50% of them negotiate and adopt with their employees the 1.5% of salary contribution toward health 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)

<b>Pension Savings</b>	<b>State PERS/TPAF</b>	<b>Local PERS</b>	<b>Total PERS/TPAF</b>
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)	-	-	-
<b>TOTAL PENSION SAVINGS</b>	<b>\$ 54.5</b>	<b>\$ 65.6</b>	<b>\$ 120.1</b>

<b>Health Benefit Savings</b>	<b>State</b>	<b>Locals Including Municipalities, Counties &amp; School Boards</b>	<b>Total State/Local</b>
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)	-	-	-
<b>TOTAL HEALTH BENEFIT SAVINGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL PENSION &amp; HEALTH BENEFIT SAVINGS</b>	<b>\$ 54.5</b>	<b>\$ 65.6</b>	<b>\$ 120.1</b>
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<b>Other Savings</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
Eliminate Lincoln's Birthday as Holiday	\$ 32.2	\$ -	\$ 32.2
<b>GRAND TOTAL SAVINGS</b>	<b>\$ 86.6</b>	<b>\$ 65.6</b>	<b>\$ 152.2</b>

## **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
<b>Sub-Total</b>	<b>\$ 587,352</b>	<b>\$ 1,051,330</b>	<b>\$ 1,638,682</b>
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
<b>Total</b>	<b>\$ 753,635</b>	<b>\$ 2,255,277</b>	<b>\$ 3,008,912</b>

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 ----- \$	----- %
<b>2010</b>	<b>\$ 28,990.5</b>	<b>\$ 33,244.5</b>	<b>\$ (4,254.0)</b>	<b>(12.8)</b>
<b>2009</b>	<b>32,868.5</b>	<b>33,908.4</b>	<b>(1,039.9)</b>	<b>(3.1)</b>
2008	33,470.9	31,020.5	2,450.4	7.9
2007	30,818.7	28,087.7	2,731.0	9.7
<b>2006</b>	<b>27,919.9</b>	<b>28,644.8</b>	<b>(724.9)</b>	<b>(2.5)</b>
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
<b>1997</b>	<b>15,977.8</b>	<b>16,297.3</b>	<b>(319.5)</b>	<b>(2.0)</b>
1996	15,994.6	15,528.7	465.9	3.0
<b>1995</b>	<b>15,280.7</b>	<b>15,608.7</b>	<b>(328.0)</b>	<b>(2.1)</b>
1994	15,466.9	14,737.5	729.4	4.9
<b>1993</b>	<b>14,625.5</b>	<b>14,955.7</b>	<b>(330.2)</b>	<b>(2.2)</b>
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
<b>1976</b>	<b>2,698.1</b>	<b>2,794.4</b>	<b>(96.3)</b>	<b>(3.4)</b>
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
<b>1951</b>	<b>164.1</b>	<b>164.5</b>	<b>(0.4)</b>	<b>(0.2)</b>

\* Original Appropriations Act plus Supplementals

# Comparison of Appropriation Acts

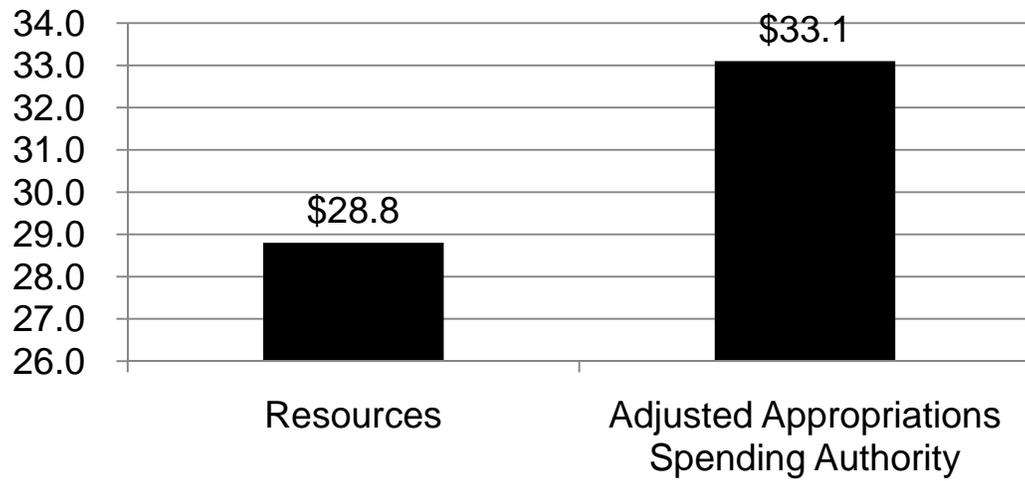
(In Millions)

Fiscal Year	Approp. Act	Change	
		\$	%
<b>2010</b>	\$ <b>28,990.5</b>	\$ <b>(3,878.0)</b>	<b>(11.8)</b>
<b>2009</b>	<b>32,868.5</b>	<b>(602.4)</b>	<b>(1.8)</b>
2008	33,470.9	2,652.2	8.6
2007	30,818.7	2,898.8	10.4
<b>2006</b>	<b>27,919.9</b>	<b>(107.4)</b>	<b>(0.4)</b>
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
<b>1997</b>	<b>15,977.8</b>	<b>(16.8)</b>	<b>(0.1)</b>
1996	15,994.6	713.9	4.7
<b>1995</b>	<b>15,280.7</b>	<b>(186.2)</b>	<b>(1.2)</b>
1994	15,466.9	841.4	5.8
<b>1993</b>	<b>14,625.5</b>	<b>(26.0)</b>	<b>(0.2)</b>
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
<b>1976</b>	<b>2,698.1</b>	<b>(58.0)</b>	<b>(2.1)</b>
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)

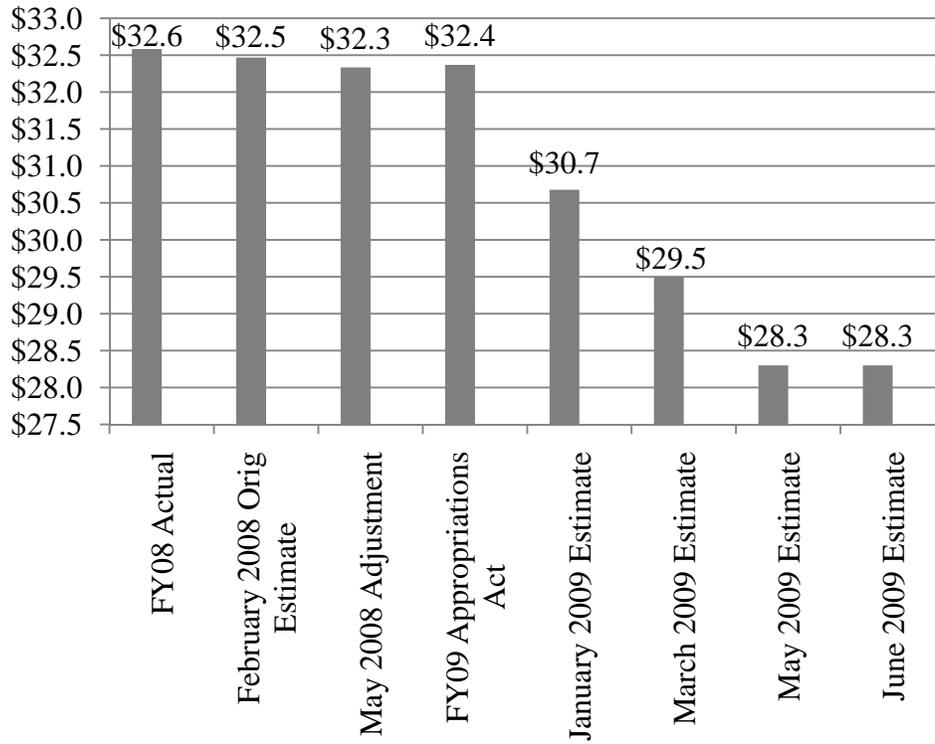
	<u>Jan 2nd</u>	<u>Added Feb 17</u>	<u>Added Mar 10</u>	<u>Added May 14</u>	<u>Added May 19</u>	<u>Added June</u>	<u>Total</u>
Revenue Shortfall	\$ 1,683,000	\$ 1,146,189	\$ 66,117	\$ 1,126,358	\$ 34,000	\$ (10,039)	\$ 4,045,625
Added Spending Needs	276,308	42,282	(92,744)	26,047	(2,665)	(132,516)	116,712
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)

	<u>FY2008 CAFR</u>	<u>FY2009 Adjusted**</u>	<u>Change to CAFR \$</u>	<u>%</u>
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*	<u>8,591</u>	<u>8,774</u>	<u>183</u>	2.1
<b>Total</b>	<b><u>\$ 32,584</u></b>	<b><u>\$ 29,124</u></b>	<b><u>\$ (3,460)</u></b>	(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)

	<b>FY2009 Approp. Act</b>	<b>FY2009 Adjusted**</b>	<b>Change \$</b>	<b>%</b>
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*	8,420	8,774	354	4.2
<b>Total</b>	<b>\$ 32,368</b>	<b>\$ 29,124</b>	<b>\$ (3,244)</b>	(10.0)

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

\*\* FY 2009 includes solutions

# Summary of Actions

(In Thousands)

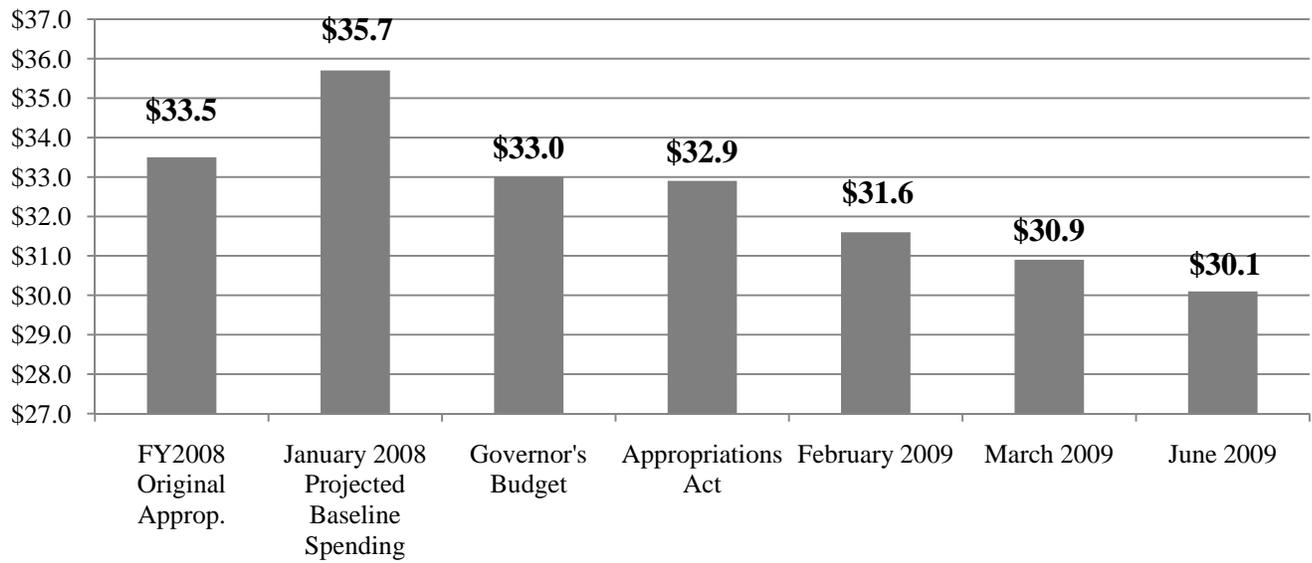
	<u>Jan 2nd</u>	<u>Added Feb 17</u>	<u>Added Mar 10</u>	<u>Added May 14</u>	<u>Added May 19</u>	<u>Added June</u>	<u>Total</u>
Budget Cuts	\$ 812,199	\$ 472,943	\$ 475,112	\$ 304,894	\$ 6,234	\$ (66,967)	\$ 2,004,415
School Aid and BEIP Deferral				453,000			453,000
Transfer from Long Term Obligation & 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
<b>Total</b>	<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>
<b>Cumulative Total</b>		<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>