

STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 1998 – 1999

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FEBRUARY 10, 1998



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July 1, 1997

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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, 1997.

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 1999 BUDGET
OF
CHRISTINE TODD WHITMAN
TRANSMITTED TO THE FIRST ANNUAL SESSION
OF THE TWO HUNDRED AND EIGHTH LEGISLATURE**

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

We have to stop meeting like this... people will start talking.

In fact, they already are.

They're talking about the great future of this great state.

They're talking about the progress we've made over the past four years to put New Jersey on the right road to the 21st century.

And they're talking about what we still have to do to make New Jersey the Best Place to Live in America.

Today, we turn that talk into action, as I present my proposed budget for fiscal year 1999.

At \$17.9 billion, this budget reflects the strength of our economy, the health of our finances, and the priorities of our people.

This budget meets the promises I made in my State of the State and Inaugural addresses. It includes solid investments, sensible savings, and smart spending. And it honors our commitment to use taxpayer dollars wisely.

This budget is larger than the current budget. But it shows careful stewardship of the public's money.

Let me put that in context. Let me tell you where we would be today, if we hadn't made some tough decisions over the past four years.

Had we continued on the fiscal course being followed before I took office, we would be looking at an annual rate of spending more than double the 2.9 percent increase we've averaged over five budgets.

And had we stayed that course, the budget today would be \$21 billion -- and you'd be paying \$6 billion more in taxes.

Fortunately, for all our citizens, we've steered the ship of state in a new direction. And once again, we're on familiar shores. New Jersey is on sound financial footing.

For example, we've virtually wiped out the use of one-shot revenues to balance the budget. We've brought one-shots down from more than a billion dollars five years ago, to next to nothing today.

And we've balanced the budget without relying on an enormous structural deficit -- the difference between spending and revenue in any one year.

Five years ago, the structural deficit stood at \$1.5 billion. We've cut it by 75 percent.

And because of that success, I can make this pledge today: Before my term is over, we will have fully eliminated the structural deficit.

We're also shrinking the size of government. Quite simply, we now have fewer employees spending fewer tax dollars to run the government.

For the third straight year, we've cut Executive Branch spending -- the money it takes to run all of our state departments, agencies, and authorities.

GOVERNOR'S MESSAGE

And through better management we're continuing to shrink the size of the state workforce. At the end of Fiscal Year 1999, we will have reduced our workforce by nearly 4,000 positions, without sacrificing services.

These reductions are important. But it's not enough just to cut spending or reduce the workforce. We've also significantly reduced the portion of the budget that goes to running state government.

That means we've freed up nearly \$200 million for programs that make New Jersey a better place to live. Every dollar we don't spend running government is a dollar we can spend helping people. We can do more good in more ways.

We can increase spending on schools and provide more help to college students -- and we will. We can do more to improve transportation -- and we will. We can continue to cut taxes -- and we will.

Over the past four years, we've cut taxes 17 times.

These cuts range from our historic 30 percent income tax cut to eliminating the Yellow Pages sales tax.

Altogether, we've saved taxpayers more than \$6 billion. That's a record of which we can be proud.

And let's not forget, we started cutting taxes when it wasn't easy -- when it required tough decisions and real fiscal discipline.

So now, we can build on our already strong record. We can cut taxes again, for the 18th time.

Members of the Legislature: Let's take another bite out of the telecommunications tax enacted by the previous administration. Let's abolish the sales tax on calls across New Jersey regional calling areas -- saving businesses and families \$24 million a year.

What this means is simple -- if you're in Tewksbury and you call your mother in Trenton, that call won't be taxed by the State.

So, just as I've taken a minute to talk about this tax cut, I hope everyone listening will take a minute later today to call your mom, wherever she lives.

We will continue to build on our record of cutting taxes. After all, when we do, we're not really giving people anything back, we're just taking less -- less of what is already theirs.

Over the past six years, you in the Legislature have earned a reputation as champion tax cutters. You began by rolling back the sales tax in 1992, and you haven't stopped yet. But of course, not all legislatures share that same commitment to lower taxes.

Like you, I don't have much experience in raising taxes -- I like to cut them. But I do believe that it's too easy to increase taxes in New Jersey -- and we should do something about it.

I've already proposed that we give local voters final say on excessive local tax hikes. If a town council has a good reason for raising taxes, voters will approve.

The same is true of this Legislature. For example, you voted overwhelmingly to raise the cigarette tax. But you had good reason -- to fund charity care and school repair. When it makes sense, the votes are there.

So let's amend the Constitution. Let's make it harder to raise taxes. Let's make all future state tax increases subject to a super-majority. Unless two-thirds of both houses of the Legislature vote to raise a tax, that tax will not increase.

Our economic policies have helped New Jersey climb out of the worst recession since the Great Depression.

Four years ago, New Jersey's economy lagged behind our regional neighbors. Today, we're a regional leader. Our economy hasn't just caught up, it's caught fire.

But we can't stop now. We must continue to follow the same principles that have brought us so far, so fast.

GOVERNOR'S MESSAGE

We've cut taxes and made tough choices.

And we've avoided putting money into programs that we could fund today, but might not be able to afford tomorrow.

We've put New Jersey's fiscal house back in order.

So today, the state's coffers are benefiting from our strong economy and our sensible policies. That makes the temptation to spend greater than ever.

But I believe this: just because we have the money, doesn't mean we have to spend it all. Good, smart fiscal policy dictates that we use these funds -- these taxpayer dollars -- wisely.

That's why I propose to put something aside, by increasing our budget surplus.

Today, the budget surplus tops \$550 million. And because our economy is so strong now, we should add to that surplus. We should bring it to \$650 million, which will give us the largest budget surplus in New Jersey history.

We've accomplished much these past four years because we've aimed high.

We've cut taxes -- 17 times -- and still revenues have grown by \$2.6 billion.

We no longer depend on one-shot revenues to plug holes in the budget.

We've met the Court's mandate to increase spending for the Abbott school districts, sending them nearly \$10 billion since I took office.

We've assumed the cost of running county courts, saving property taxpayers \$210 million a year.

And in this budget we do more.

We will provide funding to move an additional 500 people with developmental disabilities off the waiting list. Since 1994, we've provided funds to move more than 1,700 people off the list and into appropriate community placements.

This budget also provides child care for an additional 1,000 children of working parents.

For those parents with kids in school, we're providing \$2.5 million for safe, constructive, after-school programs.

In addition, we include \$6 million to ensure quality residential treatment services for at-risk children, and we fund a new initiative to help reduce black infant mortality.

For the parents of all these children -- and everyone else who uses our buses and trains -- this budget freezes New Jersey Transit fares for the eighth year running.

In short, we're doing what government should do: we're ensuring that all the citizens of New Jersey get the services they need and expect.

One of these services is a "thorough and efficient education" for every child in this state. And we're providing that.

This budget includes nearly \$6 billion to educate New Jersey's students -- fully one-third of our entire state budget. That's a \$540 million increase over the current year, making this the fourth straight budget to increase direct school aid.

This state is not reluctant to spend money to educate our kids. We spend more on each student than any other state in the Union and any other country in the world. The education portion of our budget exceeds the entire budgets of 28 other states.

So, when it comes to our children's education, we've opened our hearts, our minds, and our wallets.

But every wallet has a bottom. As you and I know, there's a limit to what we can afford.

Let's look at the big picture: the 28 Abbott districts will receive nearly \$2.3 billion in the budget I'm submitting today. That's 49 percent of our formula aid going to 25 percent of our students. But as Governor, I have to be concerned about 100 percent of our students.

GOVERNOR'S MESSAGE

Right now, the average per-pupil expenditure in the Abbott districts equals that of New Jersey's most affluent districts. After 25 years, parity has been achieved.

And we haven't stopped there. Our new program, "Success for All," will remake every failing urban school from the ground up. We'll involve parents, teachers, administrators and others to turn these schools into real success stories. We're not content just to spend money. We want to remake whole schools.

But despite all our efforts, a lower court has said that's not enough. It has recommended spending an additional \$312 million in the Abbott districts. The question to ask is: Is this the best way to help our children?

The lower court wants to mandate a host of social programs for every 3 and 4-year-old, even though the Constitution's "thorough and efficient" guarantee starts at age 5.

We all agree that children must be healthy and ready to learn when they start school. It's difficult for them to succeed otherwise.

That's why we've developed and funded programs like KidCare and FACES and Bright Beginnings -- and it's why this administration has already moved on half-day kindergarten for 4-year-olds.

So I think it's clear: this Legislature and this Governor know what our jobs are and we know how to do them.

Schools shouldn't have the primary responsibility for solving every social problem. They're not prepared to and, frankly, that's not their mission.

But together, we can -- and we are -- making a difference. Let's give these programs time to work.

Last month I spelled out how we can help make New Jersey the best place to live in America. Since those two speeches, some people have questioned whether this administration is ready to put its money where its mouth is.

Here's my answer: we're not just ready, we're also willing and able.

To begin with, this budget makes New Jersey more affordable. It includes a total of \$850 million more in savings and assistance for local government and taxpayers.

For example, we're raising the property tax deduction for the second year in a row, saving taxpayers \$83 million more than last year.

Our new energy tax reform will save people another \$65 million.

And the next phase of our county courts take-over will save property taxpayers an additional \$90 million.

That's almost \$250 million in new money for direct tax savings this year -- and the people of this state deserve every penny of it.

This budget also includes a significant down-payment on my goal of preserving 300,000 acres of open space and farmland over the next four years.

I am committed to finding a stable source of funding to achieve this goal this year.

But I also know, that with every day that passes, opportunities are lost. We have to begin saving land now.

Over the past several years, voters in 13 counties and 53 municipalities have started saving open space on their own. They've dedicated property taxes to fund their efforts. I applaud that commitment. And I believe we should help them and others who are committed to open space preservation.

Therefore, this budget includes a new \$50 million program to match their funds with state funds and to purchase more open space in the coming fiscal year.

In spending this money, we'll make sure every dollar we invest follows the State Plan.

GOVERNOR'S MESSAGE

This new program will double the effectiveness of these local and county efforts while we work to establish a stable source of funding. And it will guarantee that the grass is always greener in the Garden State.

Next, this budget includes seed money to get my new urban initiative up and running. Through the HMFA and the EDA, we will raise \$400 million to help rebuild and renew our cities. This budget commits \$25 million to the New Jersey Redevelopment Authority, to get this program started right away.

In addition, we fully fund my \$5 million Faith-Based Community Development Initiative. This could prove to be some of the most important money ever spent in New Jersey's cities. Let's help our religious leaders build up services such as child care and job training.

Of course, training for any job is easier with a solid education behind you. Thanks to a long-standing partnership between the state and county governments, New Jersey has one of the best community college systems in America.

Now, together, we're making sure it remains one of the most affordable -- by providing the additional \$12 million they need to freeze tuition in the next school year.

We're also doing more for students at four-year colleges and universities.

We're spending more on Tuition Aid Grants -- extending this program to an additional 1,100 students, while increasing the size of the grant by as much as 5 percent.

To help keep our best students right here in New Jersey, we'll add \$4.2 million to our Outstanding Scholar Recruitment Program. That makes this program available to yet another class of New Jersey high school seniors.

And for the first time, we will balance autonomy with accountability at our senior state colleges and universities. If they want more money, they'll have to perform -- including holding the line on tuition and fees.

Of course, creating bold new programs for tomorrow means taking a fresh look at what we are doing today.

Before we enter the 21st century, we should first make sure we're taking full advantage of today's technology. If technology can help us provide a service at lower cost with fewer headaches, then I say "let's do it."

For example, I've had hundreds of people tell me they'd do just about anything to avoid a trip to the DMV. I suspect most of us feel the same.

So let's eliminate the hassle of renewing a driver's license every four years. Let's shift gears and give New Jersey drivers a 10-year license.

And rather than printing those licenses only on paper, let's also make them available as "smart cards." Smart card technology can condense a wallet-full of credit cards, ATM cards, licenses and the like into one piece of plastic -- and that will take yet another load off people's backs.

On-line technology can also improve our election process. That's why this budget includes an additional \$1 million for the Election Law Enforcement Commission.

The Commission will use this money to make all campaign finance reports available on-line. Interested citizens shouldn't have to wait weeks to receive this information, when we can put it at their fingertips.

This budget also ensures that we continue to find savings and efficiencies within government.

For example, we've had real success with our privatization efforts.

Those already in place -- such as prison medical care and the DMV -- are saving taxpayers more than \$31 million a year.

Privatizations now under way will save another \$6 million a year.

GOVERNOR'S MESSAGE

And the new initiatives in this budget -- including privatizing the food service at some prisons -- will save another \$4.7 million annually.

Every step of the way, some have argued that privatization isn't worth the effort. Well, in my book, saving the taxpayers \$40 million a year is certainly worthwhile.

One of government's most important functions is promoting economic growth. We've done that over the past four years. We've made it clear that New Jersey is open for business -- and business has walked through the door and made itself at home.

Where government has a direct role to play -- we've played it.

We've made substantial investments in infrastructure improvements over the past four years, and this budget continues that commitment.

It includes \$2 billion for everything from bridges and roads to safe drinking water and shore protection. This will create more than 55,000 private sector jobs -- jobs that make New Jersey stronger.

This budget also includes new initiatives to make government more efficient and more responsive to the demands of today's business world.

We all know that the primary source of jobs is the private sector. And the changing business world demands that we re-tool the state's main machine for promoting economic growth, our Department of Commerce.

So today I am proposing that we transform that department into an innovative public/private partnership -- the New Jersey Commerce and Economic Growth Commission.

This is much more than a name change. It's a major step forward.

State government and the private sector share a common goal: economic prosperity for New Jersey.

Our new Commerce Commission will combine the best of both worlds.

It will attract the brightest economic minds and reward them for their creativity in keeping our economy robust.

And it will position New Jersey to respond to a market economy with a market mindset -- just as our competitor states are doing.

In addition, this budget provides \$5 million to create high tech jobs in fields ranging from developing anti-cancer compounds to preserving the Delaware Bay oyster industry. It also offers an additional \$10 million for customized job training, to help New Jersey businesses retain and expand jobs.

We can also do more to make it easier for New Jersey business to do business with the state. Currently, a new company has to register with three different state departments. We're cutting that down to one.

And right now, New Jersey companies have to send three different checks to three different departments when they file their annual report and make their tax, unemployment, and disability payments. We're changing that, too.

Now, companies will just have to fill out one form, write one check, and use one envelope. Or, if they wish, they'll be able to file electronically instead.

Today's reality is that states are competing fiercely for jobs and business, not just here at home, but abroad as well.

That's why these plans aren't just something we should do. They're something we must do.

And just as these actions will help us secure our economic future, we must also look at how we sustain the richness of our culture. To this end, I propose some sweeping changes in our Department of State.

For too long, we've scattered historical programs among several different departments. As a result, New Jersey's proud history hasn't received the attention it deserves.

GOVERNOR'S MESSAGE

We can't allow the state where Washington battled the Hessians, Edison invented the light bulb, and Sarah Vaughan learned to sing, to lose its historical focus.

My plan will re-energize the Department of State, combining travel and tourism and many arts, history, and cultural programs now located in other departments.

My Task Force on New Jersey History recommended this action. I'm convinced it will improve public appreciation for our state. And that will encourage more families, from all over, to visit New Jersey and see for themselves our many historic sites and cultural attractions.

Members of the Legislature: A few weeks ago, I received a pamphlet from Rabbi Moshe Zev Weisberg. It said something that embodies my own hopes for New Jersey, and I'd like to share it with you:

The pursuit of wisdom and knowledge... social responsibility... loving families and compassionate communities... pride in one's heritage... respect for self and others... faith... the courage of hope.

My friends, I think that says so well what we all want for our state.

And while the process of drawing up and deliberating on a budget often seems a job only for accountants, it's really not. A budget should advance our hopes and aspirations for New Jersey. That's what this budget does.

It signals that we're serious about making our state more affordable and our schools stronger.

It solidifies our commitment to preserving the beauty of New Jersey for generations to come, while striving to make life better for those here now.

And, it fulfills the oath we all took just days ago: to serve the people of this state to the very best of our abilities.

I look forward to working with you in the weeks ahead to achieve these goals, and the many others we all share. Together, we can keep people talking -- talking about the great future of this great state and saying, once again, that New Jersey and you are perfect together.

Thank you very much.

Respectfully submitted,

Christine Todd Whitman
Governor of New Jersey

Attest:

John J. Farmer
Chief Counsel to the Governor
February 10, 1998

Introduction

This section of the Budget is designed to assist readers with interpreting and understanding the content of the Governor's annual budget proposal. Included are brief descriptions of the major sections of the Governor's Budget, a guide to reading the financial tables included in the budget summaries, and a brief description of New Jersey's budget process.

Background

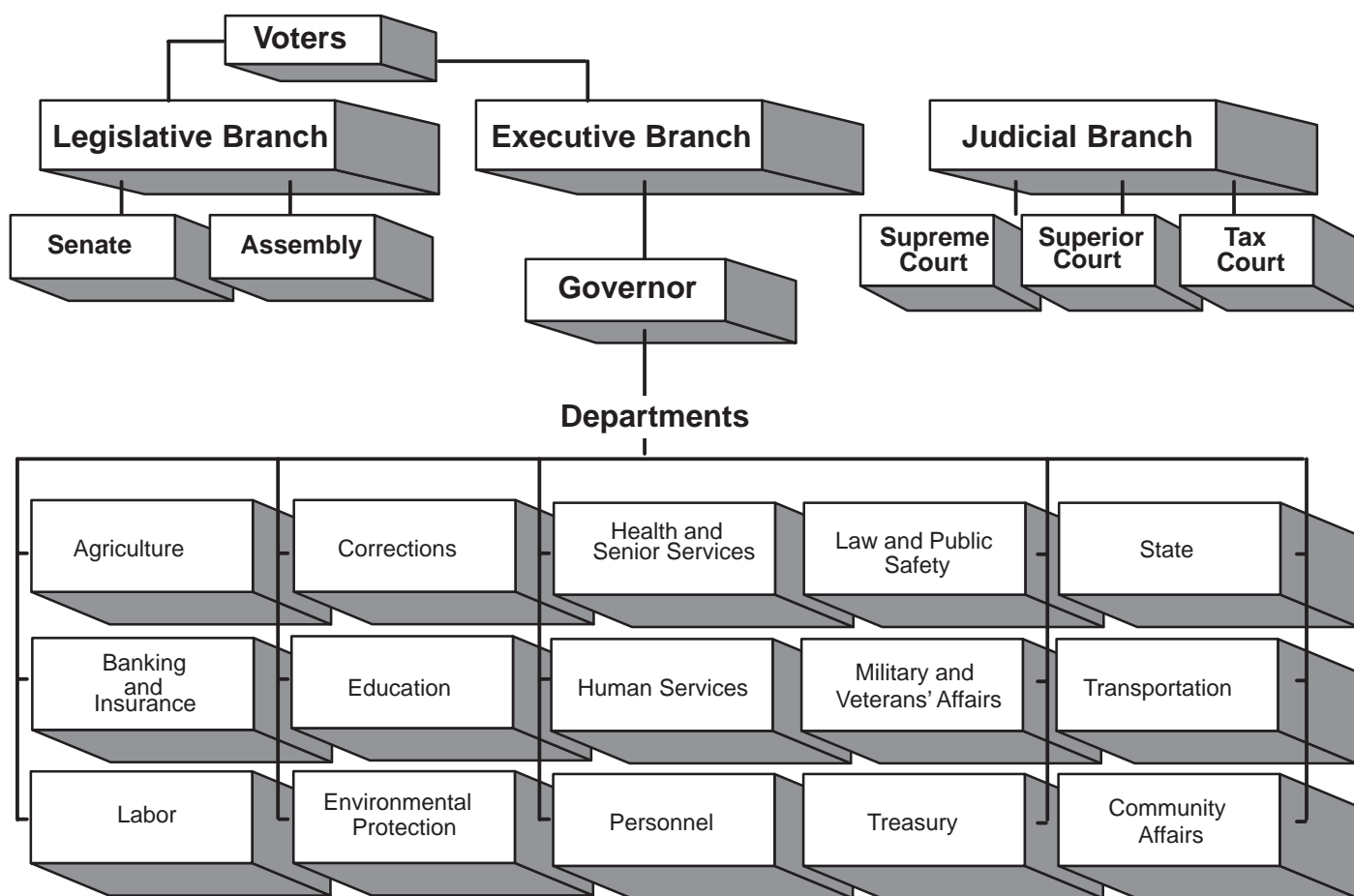
The State of New Jersey was one of the original thirteen colonies, and was the third state to ratify the United States Constitution in 1787. New Jersey's governmental structure is similar to the

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 1999" refers to the fiscal year ending June 30, 1999 (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.

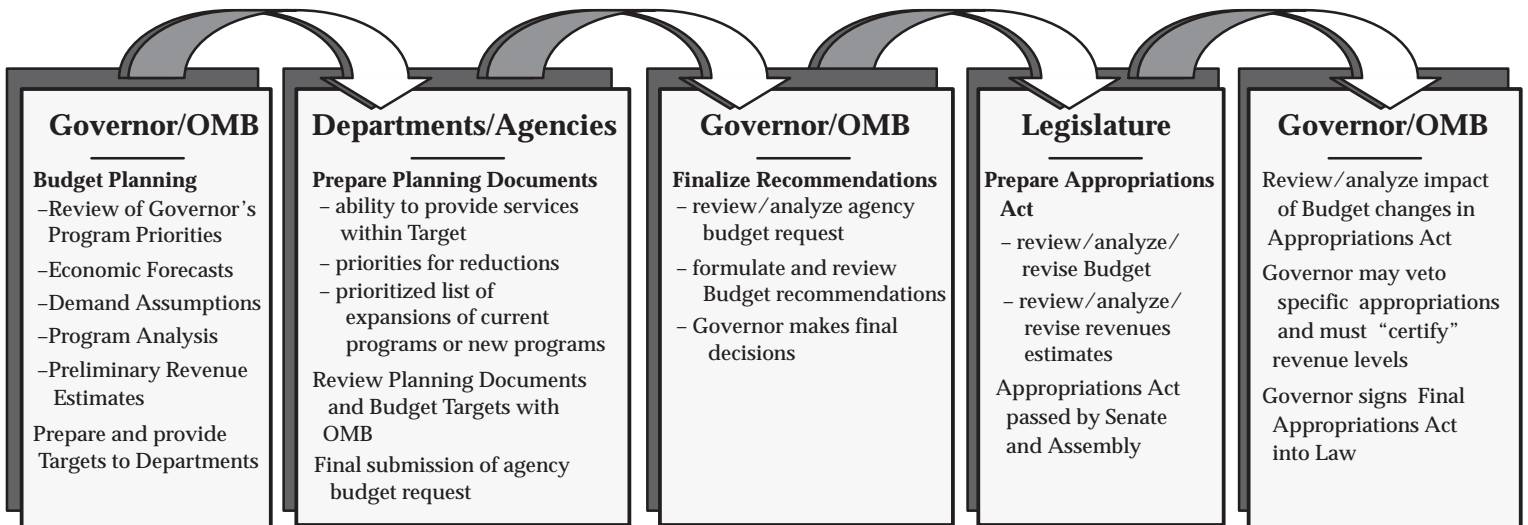
Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office 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*
- . *Appropriations – Major Decreases*

Also included within this section is the **Major Highlights** of the fiscal year 1999 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 1999 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 1999 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 (Expenditures Budgeted) summarized in **Schedule III**.

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 subdivisions of this section are summarized below:

- a. Direct State Services
- b. Grants In Aid
- c. State Aid
- d. Capital Construction
- e. Debt Service
- f. Dedicated Funds
- g. Language Provisions
- h. Revolving and Other Funds

READER'S GUIDE

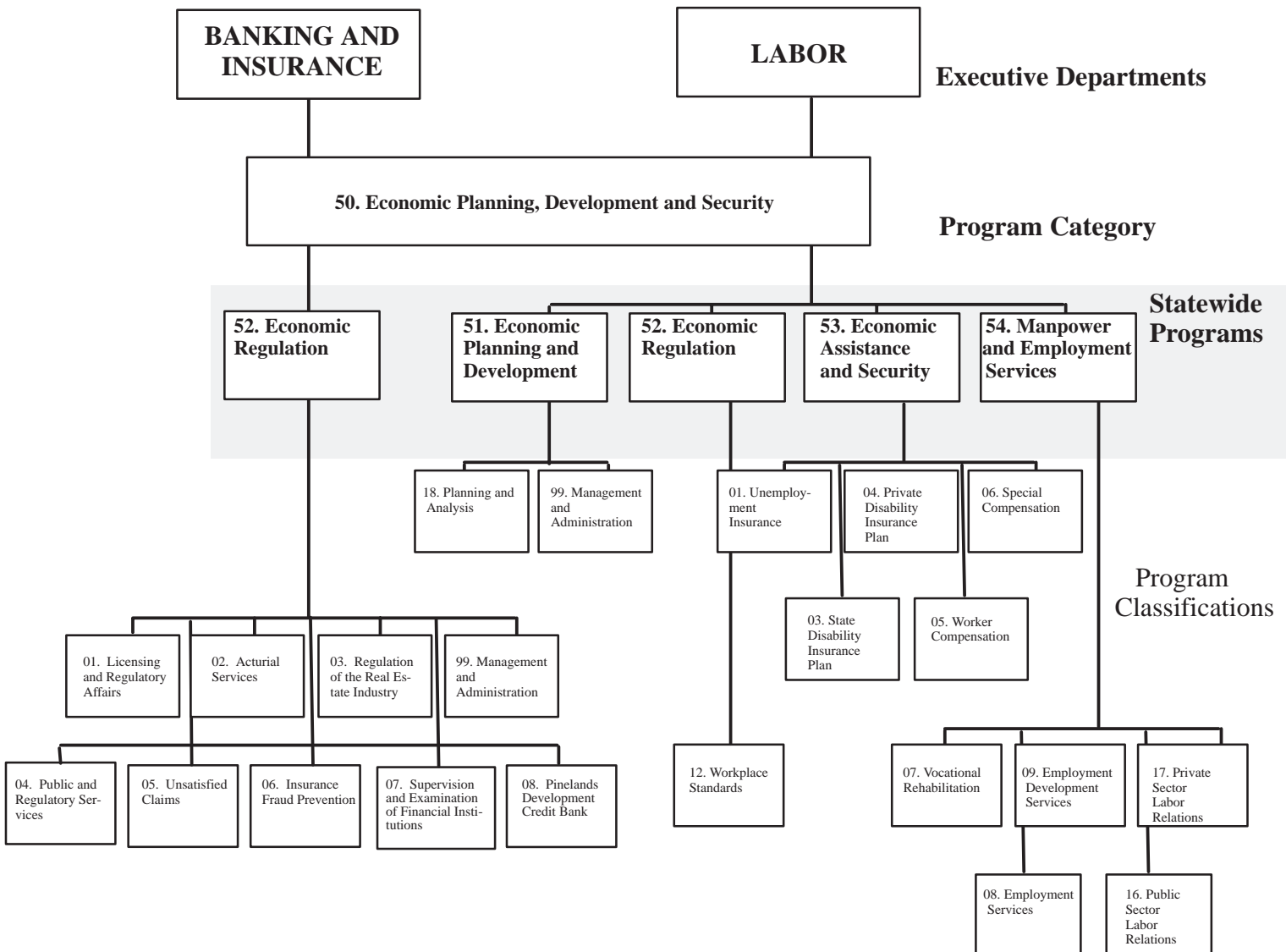
4.a.) Budget Recommendations – Overview

Each of the sub-sections of the *Budget Recommendation* section follow a consistent hierarchical order – Department, Program Category, Statewide Program, Organization and/or Program Class. 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 Classes,” which represent a lower level, operating program function, consisting of closely related activities with identifiable objectives or goals. Examples of program classes 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 classes. **Program Categories** and **Statewide Programs** generally span multiple departments.

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



4.B.) **Budget Recommendations – Sub-Section Descriptions**

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

- a.) *Direct State Services* is the portion of the Budget that relates to the appropriations and expenditures that support the operations of the State agencies and programs. Most of the costs associated with State employee salaries, pension contributions, office supplies, printing, and equipment and maintenance is budgeted in the Direct State Services presentation. This section includes the most detailed description of agency programs, including programmatic evaluation data. The *Direct State Services* presentation also includes information on federal funds and other related appropriations.

Each statewide program presentation includes a sampling of agency *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.

In addition to programmatic descriptions and agency evaluation data, the *Direct State Services* presentation also includes information on the number of employees (past years and current year) and funded positions (budget year) within each department. The actual number of employees may be less than the number of positions and is dependent upon authorized hiring levels and other factors. Position and Personnel data are generally 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* portion of the *Direct State Services* section includes the detailed funding recommendations by program classification, and by object of expenditure. Objects of expenditure include salaries, materials and supplies (paper, printing, etc.), services other than personal (travel, telephones, postage, micro computer software, consultant services) maintenance, equipment and special purpose accounts. By examining the incremental changes in the program class recommendations vis-a-vis prior year spending levels and other programs, readers will be able to ascertain the relative priority that is being placed on specific agency program activities.

One final, significant item of this portion of the budget is the *Language Recommendations* included at the end of the 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 this language, for example, that prior year balances are appropriated for current year expenses or lapsed, and that departments are provided with incentives that allow them to keep fine or fee revenue above a specific predetermined amount.

- b.) *Grants-In-Aid* follows the same tabular format as the *Direct State Services* presentation and shows the Governor's recommendations for 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 programmatic descriptions for these grants are generally provided in the *Direct State Services* display with some exceptions such as the colleges. The recommended appropriation language provisions affecting grants is also included in this section. A summary of all State Grants-In-Aid, by department, is provided on page E-1.
- c.) The *State Aid* section comprises recommendations 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. The programmatic descriptions for state aid are also provided in the Direct State Services display, although recommended appropriations language affecting state aid is included in this section.
- d.) The *Capital Construction* section 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 the Direct State Services Section.
- e.) The *Debt Service* section shows 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.

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- f.) *Dedicated Funds* comprise direct state services, grants-in-aid, and state aid programs funded from one of 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, finances 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.
- g.) *Revolving Funds* are established for State entities which are 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, 1997, presented in accordance with generally accepted accounting principles, as well as estimated amounts for 1998 and 1999.

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.

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 code, 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 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. Nonlapsing balances are considered automatically reappropriated as authorized by statute or by the appropriations act.

20. PHYSICAL AND MENTAL HEALTH
21. HEALTH SERVICES

OBJECTIVES

- To provide a system for the registration of births, deaths, marriages and other vital statistics and to furnish certified copies as requested.
- To reduce infant mortality and improve the health of mothers and children; and to provide medical and dental services to special high risk populations.

PROGRAM CLASSIFICATIONS

- Vital Statistics. Collects and records data such as births, deaths and marriages from the 566 local registrars; approves appointment of, instructs and supervises local registrars of vital statistics; searches and makes certified copies of these records (RS 26:8-23 et seq.); processes legal changes of name, adoptions and corrections to vital records.
- Family Health Services. Provides funding of specialized medical and rehabilitative services for handicapped children (RS 9:13-1 et seq.).

EVALUATION DATA

PROGRAM DATA	Actual FY 1990	Actual FY 1991	Revised FY 1992	Budget Estimate FY 1993
Vital Statistics				
Searches	116,165	84,167	80,000	80,000
Certified Copies Issued	77,164	61,801	50,000	60,000
Family Health Services				
Agencies receiving health services grants Handicapped Children	120	105	112	112
Physically disabled children receiving services	28,400	27,200	28,000	25,000
Newborns registered with Special Child Health Services	7,930	9,065	9,700	10,500
PERSONNEL DATA				
Position Data				
Budgeted Positions				176
Family Health Services				57
Epidemiology and Infection Control				119

Reading the Budget Tables

The Appropriation summaries and individual agency Budgets included in the New Jersey Budget document generally follow a consistent format, an annotated version of which is shown on the following pages.

Orig. & (S) Supplemental						ing 1993	Recom- mended		
1,250							1,073		
31,893							27,220		
33,143							28,293		
20,741							20,003		
20,741							20,003		
4,302							3,008		
3,939							2,306		
589 ^B							379		
3,552									
	78	-17	931		Supplemental Nutrition Assistance Contingency Fund	02	2,727	2,727	2,597
3,552	3,766	-77	7,241	2,639	Total Special Purpose		2,727	2,727	2,597
20	278	-115	183	35	Additions, Improvements Equipment				
OTHER RELATED APPROPRIATIONS									
46,048	3,583	1,129	50,760	48,071	Total Grants-in-Aid		36,674	40,333	31,382
79,191	7,689	277	87,157	77,469	Total General Fund		67,939	69,308	59,675
2,463		1	2,464	2,414	Total Casino Revenue Fund -- Direct State Services		2,380	2,380	2,380
2,463		1	2,464	2,414	Total Casino Revenue Fund		2,380	2,380	2,380
81,654	7,689	278	89,621	79,883	TOTAL STATE APPROPRIATIONS		70,319	71,688	62,055
	29,597				Federal Funds				
	56,853 ^R	24,196	110,646	110,367	Family Health Services	02	141,776	148,243	148,243
	86,450	24,196	110,646	110,367	Total Federal Funds		141,776	148,243	148,243
	3,428				All Other Funds				
	8,998 ^R	1,402	13,818	12,288	Family Health Services	02	8,952	8,861	8,861
	12,426	1,402	13,828	12,288	Total All Other Funds		8,952	8,861	8,861
81,654	106,565	25,876	214,095	202,538	GRAND TOTAL		221,047	228,792	219,159

Notes: (a) The 1993 appropriation has been adjusted for the allocation of the salary program.

LANGUAGE PROVISIONS

It is recommended that the unexpended balance as of June 30, 1993, in the Supplemental Nutrition Assistance Contingency Fund account be appropriated.

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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 \$100,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment. Any addition and improvement that is \$100,000 or more or is for a new structure is classified as Capital Construction.

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

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— One of the major subdivisions of the State budget, 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.

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.

GLOSSARY

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.

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.

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, department, or fund 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.

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GLOSSARY

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.)

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.

GLOSSARY

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.

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.